DATE OF CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM: NOVEMBER 1, 2016
DELIVERED TO _____
NUMBER: _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

MVP REIT II, INC., a Maryland corporation

$50,000,000 in Shares of Series A Convertible Redeemable Preferred Stock

Price per Share: $1,000.00
Minimum Purchase: $10,000

FOR ACCREDITED INVESTORS ONLY

THE SECURITIES OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK.

MVP REIT II, Inc., a Maryland corporation (the "***Company***", "***we***", "***us***" and "***our***"), is offering an aggregate of up to 50,000 shares of the Company's Series A Convertible Redeemable Preferred Stock, par value $0.0001 per share (the "***Shares***"). You should read this Confidential Placement Memorandum (this "***Memorandum***") carefully and in its entirety prior to investing in our Shares. The Shares are being offered on a "best efforts" basis and are only being offered to persons who meet the definition of an "accredited investor" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended. The offering price is $1,000 per Share with a minimum purchase of $10,000, or 10 Shares. In addition, each Investor will receive, for every $1,000 in Shares subscribed by such Investor, 30 detachable warrants to purchase shares of common stock, par value $0.0001 per share, of the Company if the Company's common stock is listed on a national securities exchange. At our discretion, we may accept a subscription for less than the minimum amount and may reject any subscription in whole or in part for any reason. There is no minimum offering amount or number of Shares to be sold. The targeted maximum offering amount is $50,000,000, however the maximum offering amount shall not exceed, at any time during the offering, 60% of the total value of the common stock issued and outstanding ("***Maximum Offering Amount***").

Investing in the Shares is speculative and involves a high degree of risk. You should purchase the Shares only if you can afford a complete loss of your investment. See "Risk Factors" beginning on page 18 to read about the more significant risks you should consider before buying the Shares. These risks include the following:

- The Shares and shares of our common stock are illiquid. No public market currently exists for any of our shares, and our charter does not require us to liquidate our assets or list our shares on an exchange by any specified date, or at all. If you purchase Shares, it will be difficult for you to sell your Shares, and if you are able to sell your Shares, you will likely sell them at a substantial discount.
- We have a limited operating history having commenced operations in December 30, 2015.
- There are substantial conflicts of interest regarding compensation, investment opportunities and management resources among our advisor, our sponsor, our affiliated selling agent and us. Our agreements with our affiliates were not determined on an arm's-length basis and may require us to pay more than we would if we exclusively dealt with third parties.
- Our charter permits us to pay distributions from any source, including from offering proceeds, borrowings, sales of assets or waivers and deferrals of fees otherwise owed to our advisor. As a result, the amount of distributions paid at any time may not reflect the performance of our properties or our cash flow from operations. Any distributions paid from sources other than cash flow from operations may reduce the amount of capital we can invest in our targeted assets and, accordingly, may negatively impact your investment. As of June 30, 2016, all of our distributions have been paid from offering proceeds and constitute a return of capital.
- We may incur substantial debt, which will increase our risk and may reduce our distributions.
- Failure to qualify for and maintain our status as a REIT would adversely affect our ability to make distributions to our stockholders.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "*SECURITIES ACT*") IN RELIANCE UPON THE EXEMPTIONS THEREFROM PROVIDED BY SECTION 4(a)(2) OF THE SECURITIES ACT AND RULE 506 OF REGULATION D PROMULGATED THEREUNDER. THE SECURITIES AND EXCHANGE COMMISSION HAS NOT PASSED UPON THE MERITS OF THE SECURITIES OFFERED HEREBY NOR HAS IT PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT TERMS SHEET OR ANY OTHER DOCUMENTS FURNISHED IN CONNECTION HEREWITH. FURTHERMORE, THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAW IN RELIANCE UPON EXEMPTIVE PROVISIONS THEREOF. THE SECURITIES OFFERED HEREBY ARE ONLY OFFERED IN, AND MAY ONLY BE SUBSCRIBED FOR BY, RESIDENTS OF SUCH STATES THAT PERMIT THE OFFER OR PURCHASE OF SUCH SECURITIES UNDER APPLICABLE STATE SECURITIES LAWS.

	Price	Selling Expenses*	Reimbursable Offering Expenses**	Proceeds to the Company
Minimum Purchase	**$10,000**	**Up to $1,000**	**Up to $200**	**$8,800**
Maximum Offering	**$50,000,000**	**Up to $5,000,000**	**Up to $1,000,000**	**$44,000,000**

*Selling expenses consist of selling commissions of up to 6.0% of gross offering proceeds, a dealer manager fee of up to 2.0%, of gross offering proceeds and due diligence fees of up to 2.0% of gross offering proceeds.

**Up to 2.0% of the gross offering proceeds may be used to pay or reimburse our affiliates for offering expenses incurred on behalf of the Company.

THIS MEMORANDUM CONTAINS, IN ADDITION TO OTHER INFORMATION, A SUMMARY OF CERTAIN DOCUMENTS. HOWEVER, POTENTIAL INVESTORS ARE ADVISED TO REFER TO THE SPECIFIC DOCUMENTS FOR A MORE THOROUGH UNDERSTANDING. IN ADDITION, THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY THE CONTENTS OF ANY AND ALL DOCUMENTS INCORPORATED HEREIN AND ALL OTHER DOCUMENTS THAT ARE SUPPLIED TO POTENTIAL INVESTORS IN CONNECTION WITH THIS OFFERING.

SHARES ARE BEING OFFERED SUBJECT TO PRIOR SALE, ALLOTMENT, ACCEPTANCE, WITHDRAWAL, CANCELLATION OR MODIFICATION OF THIS OFFERING. ANY MODIFICATION TO THIS OFFERING WILL BE MADE BY MEANS OF AN AMENDMENT TO THIS MEMORANDUM. THE COMPANY HAS RESERVED THE RIGHT TO WITHDRAW OR CANCEL THIS OFFERING WITHOUT NOTICE UNDER CERTAIN CIRCUMSTANCES AND TO REJECT, IN WHOLE OR IN PART, ANY SUBSCRIPTION FOR SHARES.

NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION AND REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. NO REPRESENTATION OR WARRANTY OF ANY KIND IS INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN, IF ANY, WHICH MAY ACCRUE TO AN INVESTOR. A PROSPECTIVE INVESTOR IS NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATION AS BEING LEGAL OR TAX ADVICE. THE DELIVERY OF THIS MEMORANDUM DOES NOT CREATE ANY IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE OF THIS MEMORANDUM.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SHARES IN ANY JURISDICTION OR TO ANY PERSON IN WHICH, OR TO WHOM, IT IS UNLAWFUL TO DO SO, OR IN ANY JURISDICTION IN WHICH THE PERSON MAKING THE OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. NO ELIGIBLE INVESTOR MAY PARTICIPATE IN THIS OFFERING EXCEPT PURSUANT TO, AND SUBJECT TO, THE TERMS SET FORTH HEREIN.

THIS MEMORANDUM HAS BEEN PREPARED SOLELY FOR THE BENEFIT OF PERSONS INTERESTED IN INVESTING IN THE SHARES. THE INFORMATION CONTAINED IN THIS MEMORANDUM IS CONFIDENTIAL AND IS FURNISHED ON A CONFIDENTIAL BASIS. BY ACCEPTING THIS MEMORANDUM, THE RECIPIENT AGREES THAT HE, SHE OR IT WILL NOT TRANSMIT, REPRODUCE OR MAKE AVAILABLE TO ANY OTHER PERSON THIS MEMORANDUM, ANY DOCUMENT OR OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS MEMORANDUM OR THIS OFFER, OR ANY INFORMATION CONTAINED IN OR THAT IS A PART OF ANY OF THE FORGOING. THE RECIPIENT OF THIS MEMORANDUM, BY ACCEPTING DELIVERY, HEREBY AGREES TO RETURN IT, AND THE EXHIBITS ATTACHED HERETO AND ALL OTHER DOCUMENTS AND INFORMATION THAT ARE SUPPLIED TO POTENTIAL INVESTORS IN CONNECTION WITH THIS OFFERING, TO THE COMPANY IN THE EVENT THAT THE RECIPIENT DOES NOT UNDERTAKE TO PURCHASE ANY SHARES.

AN INVESTMENT IN OUR SERIES A CONVERTIBLE REDEEMABLE PREFERRED STOCK INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" TO READ ABOUT THE RISKS THAT EACH POTENTIAL INVESTOR SHOULD CAREFULLY CONSIDER BEFORE ACQUIRING OUR SERIES A CONVERTIBLE REDEEMABLE PREFERRED STOCK.

IN MAKING AN INVESTMENT DECISION, AN INVESTOR MUST RELY ON HIS, HER OR ITS OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT IN THE COMPANY.

COMPANY'S PRIOR WRITTEN PERMISSION IS STRICTLY PROHIBITED. ALL RIGHTS ARE RESERVED BY MVP REIT II, INC.

THIS MEMORANDUM HAS BEEN PREPARED FOR DISTRIBUTION TO A LIMITED NUMBER OF PERSONS WHO MEET THE DEFINITION OF AN "ACCREDITED INVESTOR" ("*INVESTORS*" OR "*OFFEREES*") AS SET FORTH IN, OR DETERMINED IN ACCORDANCE WITH, SECTION 2(15) OF THE 1933 ACT AND RULES 215, 501(A) AND 506(B) PROMULGATED THEREUNDER. THIS MEMORANDUM CONSTITUTES AN OFFER ONLY TO THE PERSON(S) NAMED ON THE COVER PAGE HEREOF. SUBSCRIPTIONS WILL BE ACCEPTED ONLY FROM PERSONS DEEMED ELIGIBLE UNDER THE CRITERIA SET FORTH IN THIS MEMORANDUM. THE COMPANY RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART.

THROUGH DELIVERY OF THIS MEMORANDUM, THE COMPANY GRANTS TO EACH OFFEREE THE OPPORTUNITY TO ASK QUESTIONS AND RECEIVE ANSWERS CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION THAT THE COMPANY POSSESSES OR CAN OBTAIN WITHOUT UNREASONABLE EFFORT OR EXPENSE AND THAT IS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM, THE EXHIBITS HERETO, AND ANY OTHER DOCUMENT OR INFORMATION PROVIDED IN CONNECTION WITH THIS OFFERING. PROSPECTIVE INVESTORS ARE URGED TO REQUEST FROM THE COMPANY ANY ADDITIONAL INFORMATION THAT THEY MAY CONSIDER NECESSARY IN MAKING AN INFORMED INVESTMENT DECISION. THE INFORMATION CONTAINED IN THIS MEMORANDUM IS, AS OF THE DATE ON THE COVER PAGE. THE DELIVERY OF THIS MEMORANDUM AT ANY LATER TIME DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE ON THE COVER PAGE HEREOF.

FORWARD-LOOKING STATEMENTS

This memorandum contains forward-looking statements about our business, including, in particular, statements about our plans, strategies and objectives. We caution that forward looking statements are not guarantees. You can generally identify forward-looking statements by our use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “anticipate,” “estimate,” “believe,” “continue” or other similar words. You should not rely on these forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. Our actual results, performance and achievements may be materially different from that expressed or implied by these forward-looking statements.

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

- the fact that we have a limited operating history;
- our ability to effectively raise and deploy the proceeds raised in our initial public offering and this offering;
- the performance of properties the Company has acquired or may acquire or loans the Company has made or may make that are secured by real property;
- changes in economic conditions generally and the real estate and debt markets specifically;
- legislative or regulatory changes (including changes to the laws governing the taxation of real estate investment trusts, or REITs);
- potential damage and costs arising from natural disasters, terrorism and other extraordinary events, including extraordinary events affecting parking facilities included in our portfolio;
- risks inherent in the real estate business, including ability to secure leases or parking management contracts at favorable terms, tenant defaults, potential liability relating to environmental matters and the lack of liquidity of real estate investments;
- competitive factors that may limit our ability to make investments or attract and retain tenants;
- our ability to generate sufficient cash flows to pay distributions to our stockholders;
- our failure to maintain our status as a REIT;
- the availability of capital and debt financing generally, and any failure to obtain debt financing at favorable terms or a failure to satisfy the conditions and requirements of that debt;
- interest rates; and
- changes to generally accepted accounting principles, or GAAP.

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

MVP REIT II, INC. $50,000,000 SERIES A CONVERTIBLE REDEEMABLE PREFERRED STOCK

The following is a brief description of the terms of the Shares and the Warrants. The description of the Shares and the Warrants contained herein does not purport to be complete and is qualified in its entirety by reference to the Articles Supplementary and form of Warrants in substantially the forms attached hereto as Exhibit C and Exhibit D, respectively.

Type of Security Offered: 50,000 shares of Series A Convertible Redeemable Preferred Stock, par value of $0.0001 per share, of MVP REIT II, Inc., a Maryland corporation (the "Shares"). For every Share purchased, each holder will also receive warrants to purchase 30 shares of the Company's common stock, par value $0.0001 per share (the "Warrants").

Minimum Purchase: $10,000, which represents 10 Shares at a price of $1,000.00 per Share. At our discretion, we may accept a subscription for less than the minimum amount and may reject any subscription in whole or in part for any reason. Investor must purchase whole Shares; no fractional Shares will be issued in the private placement.

Ranking: The Shares rank senior to our common stock with respect to the payment of dividends and rights upon liquidation, dissolution or winding up. The rights, preferences and limitations of the Shares are set forth in the articles supplementary (the "Articles Supplementary") in substantially the form attached hereto as Exhibit C.

Stated Value: Each Share will have an initial "Stated Value" of $1,000, subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting the Shares, as set forth in the Articles Supplementary.

Listing Event: In this memorandum, a "Listing Event," with respect to our common stock, means either: (i) the listing of our common stock on a national securities exchange or (ii) a merger, sale of all or substantially all of our assets or another transaction, in each case, approved by our board of directors in which our common stockholders will receive common stock that is listed on a national securities exchange, or options or warrants to acquire common stock that is listed on a national securities exchange, in exchange for their existing shares of Company common stock, options and warrants, as applicable.

Dividends: Subject to the rights of holders of any class or series of Senior Stock (as defined in the charter), holders of the Shares are entitled to receive, when and as authorized by our board of directors and declared by us out of legally available funds, cumulative, cash dividends on each Share at an annual rate of 5.75% of the Stated Value; ***provided***, ***however***, that if a Listing Event has not occurred within 12 months of the final Closing of this Offering, such annual dividend rate on each Share will be increased to 7.50% of the Stated Value until the occurrence of a Listing Event, at which time, the annual dividend rate will be reduced back to 5.75% of Stated Value. Dividends on each Share will begin accruing on, and will be cumulative from, the date of issuance. We expect to pay dividends on the Shares monthly, unless our results of operations, our general financial condition, general economic conditions, applicable provisions of Maryland law or other factors make it imprudent to do so. We also expect our board of directors and the Company to continue to authorize and declare dividends, respectively, on the Shares on a monthly basis payable on the 12th day of the month following the month for which the dividend was declared (or the next business day if the 12th day is not a business day) to the holders of record as they appear in the stock records of the Company at the close of business of the applicable record date 15 days preceding the applicable dividend payment date.

Holders of the Shares do not have a right to receive a return of capital prior to holders of our common stock upon the individual sale of a property. Depending on the price at which such property is sold, it is possible that holders of our common stock will receive a return of capital prior to the holders of the Shares, provided that any accrued but unpaid dividends have been paid in full to holders of the Shares. It is also possible that holders of common stock will receive additional distributions from the sale of a property (in excess of their capital attributable to the asset sold) before the holders of the Shares receive a return of their capital.

Conversion:

Subject to the Company's redemption rights as described below, each Share will be convertible into shares of our common stock, at the election of the holder thereof by written notice to the Company (each, a "Conversion Notice") containing the information required by the charter, at any time beginning upon the earlier of (i) 90 days after the occurrence of a Listing Event or (ii) the second anniversary of the final Closing of this Offering (whether or not a Listing Event has occurred). Each Share will convert into a number of shares of our common stock determined by dividing (i) the sum of (A) 100% of the Stated Value, initially $1,000, plus (B) any accrued but unpaid dividends to, but not including, the date of conversion, by (ii) the conversion price for each share of our common stock (the "Conversion Price") determined as follows:

- Provided there has been a Listing Event, if a Conversion Notice with respect to any Share is received on or prior to the day immediately preceding the first anniversary of the issuance of such Share, the Conversion Price for such Share will be equal to 110% of the volume weighted average price per share of the common stock of the Company (or its successor) for the 20 trading days prior to the delivery date of the Conversion Notice.

- Provided there has been a Listing Event, if a Conversion Notice with respect to any Share is received on or after the first anniversary of the issuance of such Share, the Conversion Price for such Share will be equal to the volume weighted average price per share of the common stock of the Company (or its successor) for the 20 trading days prior to the delivery date of the Conversion Notice.

- If a Conversion Notice with respect to any Share is received on or after the second anniversary of the final Closing of this Offering, and at the time of receipt of such Conversion Notice, a Listing Event has not occurred, the Conversion Price for such Share will be equal to 100% of our net asset value per share, or NAV per share, if then established, and until we establish a NAV per share, the Conversion Price will be equal to $25.00, or the initial offering price per share of our common stock in our initial public offering.

For more information on how we determine NAV per share, please see "Conversion" under "Overview of the Offering" below.

Notwithstanding anything in the articles supplementary designating the Shares to the contrary and except as otherwise required by law, the persons who are the holders of record of Shares at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those Shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date.

The conversion of the Shares subject to a Conversion Notice into shares of our common stock will occur at the end of the 20th trading day after the Company's receipt of such Conversion Notice (the "Conversion Date"). Holders must state in the Conversion Notice (i) the number of Shares to be converted and (ii) that the Shares are to be converted pursuant to the applicable terms of the Shares.

Notwithstanding the foregoing, upon a holder providing a Conversion Notice, the Company will have the right (but not the obligation) to redeem any or all of the Shares subject to such Conversion Notice at a redemption price, payable in cash, determined as follows (the "Redemption Price"):

- If a Conversion Notice with respect to any Share is received on or prior to the day immediately preceding the first anniversary of the issuance of such Share, the Redemption Price for such Share will be equal to 90% of the Stated Value of the Shares, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

- If a Conversion Notice with respect to any Share is received on or after the first anniversary of the issuance of such Shares, the Redemption Price for such Share will be equal to 100% of the Stated Value of the Shares, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

- If a Conversion Notice with respect to any Share is received after the second anniversary of the final Closing of this Offering, and at the time of receipt of such Conversion Notice, a Listing Event has not occurred, the Redemption Price for such Share will be equal to 100% of the Stated Value of the Shares, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

The Company in its discretion may elect to redeem any such Shares by delivering written notice to the holder thereof (each, a "Redemption Notice") no later than the 10th trading day prior to the close of trading on the Conversion Date. If a Redemption Notice is not delivered by the Company prior to such time, the Shares subject to the Conversion Notice shall thereafter convert into shares of our common stock, effective as of the close of trading on the Conversion Date. Holders of the Shares will not have any right to convert any such Shares that the Company has elected to redeem. The Company shall pay the Redemption Price, without interest, to holder of the redeemed Shares promptly following the delivery of a Redemption Notice.

Optional Redemption by the Company:

At any time, from time to time, after the 20th trading day after the date of a Listing Event, the Company (or its successor) will have the right (but not the obligation) to redeem, in whole or in part, the Shares at the Redemption Price equal to 100% of the Stated Value, initially $1,000 per share, plus any accrued but unpaid dividends if any, to and including the date fixed for redemption. In case of any redemption of less than all of the Shares by the Company, the Shares to be redeemed will be selected either pro rata or in such other manner as the board of directors may determine. If the Company (or its successor) chooses to redeem any Shares, the Company (or its successor) has the right, in its sole discretion, to pay the Redemption Price in cash or in equal value of common stock of the Company (or its successor), based on the volume weighted average price per share of the common stock of the Company (or its successor) for the 20 trading days prior to the redemption, in exchange for the Shares.

As disclosed in the section entitled "Conversion" above, the Company (or its successor) also will have the right (but not the obligation) to redeem all or any portion of the Shares subject to a Conversion Notice for a cash payment to the holder thereof equal to the applicable Redemption Price set forth in the section entitled "Conversion" above, by delivering a Redemption Notice to the holder of such Shares on or prior to the 10th trading day prior to the close of trading on the Conversion Date for such Shares.

Notwithstanding anything in the articles supplementary designating the Shares to the contrary and except as otherwise required by law, the persons who are the holders of record of Shares at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the redemption of those Shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the

persons who were the holders of record at the close of business on such dividend record date.

Our obligation to redeem any of the Shares, under any circumstances, is limited to the extent that we do not have sufficient funds available to fund any such redemption or we are restricted by applicable law from making such redemption.

Liquidation Preference: In the event of any voluntary or involuntary liquidation or winding up of the Company, the holders of Shares will be entitled to receive, in preference to the holders of shares of common stock of the Company, but *pari passu* with other preferred stockholders, the amount per share equal to 100% of the Stated Value, initially $1,000.00 per share, plus any accumulated, accrued and unpaid dividends (whether or not declared), if any, to and including the date of payment. A merger, acquisition or sale of all or substantially all of the assets of the Company or statutory share exchange will not be deemed to be a liquidation for purposes of the liquidation preference. A Listing Event will not be deemed a liquidation for purposes of the liquidation preference.

No Voting Rights: Holders of the Shares will not have any voting rights.

Warrants: For every $1,000 in Shares subscribed, a holder will receive Warrants to purchase 30 shares of the Company's common stock. The Warrants may be exercised after the 90th day following the occurrence of a Listing Event, at an exercise price, per share, equal to 110% of the volume weighted average closing price during the 20 trading days ending on the 90th day after the occurrence of such Listing Event; however, in no event shall the exercise price of the Warrants be less than $25 per share. The Warrants will expire five years from the 90th day after the occurrence of a Listing Event. In addition, if a Listing Event does not occur on or prior to the fifth anniversary of the final Closing date of this Offering, then all outstanding Warrants will expire automatically on such anniversary date without being exercisable by the holders thereof.

The Warrants will be exercisable for shares of common stock of the Company's successor, subject to appropriate adjustments, upon the occurrence of a Listing Event involving a merger, sale of all or substantially all of the Company's assets or another transaction, in each case, approved by the Company's board in which the Company's common stockholders will receive, as consideration, common stock that is listed on a national securities exchange, or options or warrants to acquire common stock that is listed on a national securities exchange.

Transfer Restrictions: None of the Shares may be sold or otherwise transferred unless the holder thereof delivers evidence, to the satisfaction of the Company, that such sale or other transfer of the Shares is made to an accredited investor solely in compliance with all federal and state securities laws. Any sale or transfer of the Shares made in violation of any federal or state securities laws shall be *void ab initio*.

In addition, the Shares are subject to the restrictions on ownership and transfer set forth in the Company's charter. In order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes, among other purposes, Article VI of the charter provides that unless an exemption is granted prospectively or retroactively by our board of directors, no person (as defined to include entities) may own more than 9.8% in value of the aggregate of our outstanding shares of capital stock or more than 9.8%, in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. The Shares will also be subject to all of the other restrictions on ownership and transfer contained in Article VI of the charter. These provisions may restrict the ability of a holder of Shares to convert such stock into our common stock. Our board of directors may, in its sole discretion, prospectively or retroactively exempt a person from the 9.8% ownership limit under certain circumstances. Please see the section entitled "Description of Capital Stock—Restrictions on Ownership and Transfer of Shares—Ownership Limit" below.

Estimated Use of Proceeds: We expect to use substantially all of the net proceeds from this offering to invest in a portfolio of parking facilities located throughout the United States and Canada. No more than 10% of the proceeds of this offering will be used for investment in Canadian properties. We will focus our investments primarily on parking lots, parking garages and other parking structures. To a lesser extent, we may also invest in properties other than parking facilities. We may not be able to promptly invest the net proceeds of this offering. In the interim, we may invest in short-term, highly liquid or other authorized investments. Such short-term investments are not anticipated to earn as high of a return as we expect to earn on our real estate investments.

Subscription Procedure: Investors must complete and sign both the Subscription Agreement, attached to this Memorandum as Exhibit A, and the Accredited Investor Representation Letter, attached to this Memorandum as Exhibit B, to purchase the Shares. Investors should deliver the Subscription Agreement, the Accredited Investor Representation Letter, and purchase price for the Shares pursuant to the instructions in the Subscription Agreement. Pursuant to securities exemptions applicable to the Offering, namely SEC Rule 506(c) and related state laws, the Company must verify the accredited status of each investor. Each prospective investor will be required to submit extensive financial information so that the Company can satisfy its verification obligation as part of the subscription documents.

Closing: **There is no minimum amount of Series A Convertible Redeemable Preferred Stock which must be sold pursuant to this offering.** We will hold closings (each, a "Closing") on the 15th and last day of each month for each Investor's subscription of Shares who has subscribed for a minimum amount of $10,000, which represents 10 Shares at a price of $1,000.00 per Share (or such lesser amount as we may have accept in our sole discretion), and has remitted the purchase price therefor. This offering will continue until we have sold all of the Shares or two years from the date of the first purchase of the Shares, whichever occurs first.

GENERAL INFORMATION REGARDING OUR BUSINESS

The Company is subject to the reporting requirements of the Securities Exchange Act of 1934. Copies of our most recent annual report on Form 10-K and our latest quarterly report on Form 10-Q are being delivered concurrently with this offering memorandum. These reports discuss, among other things, general information regarding our business in greater detail. In addition, you can access these and other reports about the Company at www.sec.gov or by contacting the Company and requesting a copy of any of our SEC reports.

The Company

MVP REIT II, Inc. (the "Company" or "MVP") was incorporated on May 4, 2015, as a Maryland corporation, and has elected to be taxed, and operates in a manner that will allow the Company to qualify as a real estate investment trust ("REIT") for U.S. federal income tax purposes beginning with the taxable year ended December 31, 2016.

The Company operates as a REIT. The Company is not a mutual fund or an investment company within the meaning of the Investment Company Act of 1940, nor is the Company subject to any regulation thereunder. As a REIT, the Company is required to have a December 31 fiscal year end. Among other requirements, REITs are required to satisfy certain gross income and asset tests, which may affect the composition of assets the Company acquires with the proceeds from its public offering. In addition, REITs are required to distribute to stockholders at least 90% of their annual REIT taxable income (computed without regard to the dividends paid deduction and excluding net capital gain).

The Company was formed to focus primarily on investments in parking facilities, including parking lots, parking garages and other parking structures throughout the United States and Canada. MVP Realty Advisor, LLC (the "Advisor"), is the Company's affiliated advisor.

We utilize an Umbrella Partnership Real Estate Investment Trust ("UPREIT") structure to enable us to acquire real property in exchange for limited partnership interests in our operating partnership from owners who desire to defer taxable gain that would otherwise normally be recognized by them upon the disposition of their real property or transfer of their real property to us in exchange for shares of our common stock or cash.

Investment Objectives

The Company's primary investment objectives are to:

- preserve, protect and return stockholders' capital contributions;
- provide periodic distributions once the Company has acquired a substantial portfolio of investments; and
- realize growth in the value of the Company's investments.

The Company cannot assure stockholders that the Company will attain these objectives or that the value of the Company's assets will not decrease. Furthermore, within the investment objectives and policies, the Advisor has substantial discretion with respect to the selection of specific investments and the purchase and sale of the Company's assets. Our board of directors will review investment policies at least annually to determine whether the investment policies continue to be in the best interests of stockholders.

The charter does not require the Company to consummate a transaction to provide liquidity to stockholders on any certain date or at all; therefore, the Company may continue indefinitely.

Investment Strategy

The Company's investment strategy will focus primarily on parking lots, parking garages and other parking structures throughout the United States and Canada. To a lesser extent, the Company may also invest in properties other than parking facilities. No more than 10% of the proceeds of the Offering will be used for investment in Canadian properties.

Parking Facilities

The primary focus of the Company's investment strategy will be on parking facilities, including parking lots, parking garages and other parking structures throughout the United States and Canada. No more than 10% of the proceeds of this offering will be used for investment in Canadian properties.

The Company believes parking facilities possess attractive characteristics not found in other commercial real estate investments, such as:

- generally can be leased to any number of parking operators, which gives the property owner flexibility and pricing power;
- if a tenant that operates a facility terminates a lease, we believe a replacement operator can generally be found quickly, minimizing any dark period;
- generally, no leasing commissions;
- generally, no tenant improvement requirements;
- during the recent recession, parking revenues remained generally resilient;
- relatively low capital expenditures; and
- opportunity for geographic diversification.

Moreover, the Company believes the REIT industry is evolving, with more REITs moving towards specializing in particular types of properties or property location rather than building a diversified portfolio of a variety of property types and locations. As a result, the Company believes that focusing the portfolio on parking facilities would enhance stockholder value through specialization that could distinguish the Company from other REITs in the marketplace. The Company also believes that a parking-focused investment strategy may enhance the value of the Company (including its portfolio) upon a sale, merger or listing of our shares on a national securities exchange, if and when our board of directors determines to pursue such a transaction to provide our stockholders with liquidity for their shares.

Other Real Property Investments

Up to 10% of the proceeds from our offerings may be used to invest in properties other than parking facilities. The Company may also enter into various leases for these properties. The terms and conditions of any lease the Company enters into with our tenants may vary substantially. However, the Company expects that leases will be the type customarily used between landlords and tenants in the geographic area where the property is located.

The Advisor has substantial discretion with respect to the selection of specific properties. Our board of directors has delegated to the Advisor the authority to make certain decisions regarding investments consistent with the investment guidelines and borrowing policies approved by our board of directors and subject to the limitations in the charter, advisory agreement, and the direction and oversight of our board of directors. There is no limitation on the number, size or type of properties that the Company may acquire or on the percentage of net offering proceeds that may be invested in any particular property type or single property. The number and mix of properties will depend upon real estate market conditions and other circumstances existing at the time of acquisition and the amount of proceeds raised in the Offering and our initial public offering. Moreover, depending upon real estate market conditions, economic changes and other developments, the board of directors may change the targeted investment focus or supplement that focus to include other targeted investments from time to time without stockholder consent.

Conflicts of Interest

Our advisor and its affiliates will experience conflicts of interest in connection with the management of our business. Some of the material conflicts that our advisor and its affiliates will face include the following:

- Our sponsor's real estate, finance and securities professionals acting on behalf of our advisor must determine which investment opportunities to recommend to us and other affiliates which have investment objectives similar to this offering and are also seeking investment opportunities.

- Our sponsor's real estate, finance and securities professionals acting on behalf of our advisor have to allocate their time among us, our sponsor's business and other programs and activities in which they are involved.

- Our advisor and its affiliates will receive fees in connection with transactions involving the purchase, origination, management and sale of our assets regardless of the quality or performance of the asset acquired or the services provided. This fee structure may cause our advisor to recommend borrowing funds in order to acquire assets or to fail to negotiate the best price for the assets we acquire.

- The terms of the advisory agreement (including the substantial fees our advisor and its affiliates will receive thereunder) were not negotiated at arm's length.

- Our property manager may be an affiliate of our advisor and, as a result, may benefit from our advisor's determination to retain our assets while our stockholders may be better served by the sale or disposition of our assets.

Our Advisor

We are externally managed by MVP Realty Advisors, LLC, which we refer to as our advisor. MVP Realty Advisors, LLC, was formed as a Nevada limited-liability company on March 23, 2012. Our advisor's principal is Michael V. Shustek. For additional information about Michael Shustek, see the section of this memorandum captioned "Management." Most of the employees of our advisor are associated with Vestin Mortgage, LLC, which manages Vestin Realty Mortgage I, Inc. ("VRM I") and Vestin Realty Mortgage II, Inc. ("VRM II"), two companies engaged primarily in the business of investing in loans secured by commercial real estate. VRM I and VRM II own 40% and 60% of the outstanding membership interests in our advisor, respectively. We contract with our advisor to manage our day-to-day operations. Our advisor has substantial discretion with respect to decisions regarding the selection, negotiation, financing and disposition of our investments, subject to certain limitations and the direction and oversight of our board of directors. Our advisor also provides asset management, marketing, investor relations and other administrative services on our behalf with the goal of maximizing our operating cash flow and preserving our invested capital. Our advisor performs its duties and responsibilities as our fiduciary under an advisory agreement.

Our advisor also manages MVP REIT, Inc., a Maryland corporation and a non-traded REIT that also invests predominately in parking facilities located throughout the United States.

Our Sponsor

MVP Capital Partners II, LLC, a Nevada limited-liability company ("MVPCP"), contributed $200,000 to us in connection with our formation. We refer to MVPCP as our "sponsor". MVPCP is owned sixty percent (60%) by VRM II and forty percent (40%) by VRM I.

Our Board of Directors

We operate under the direction and oversight of our board of directors, the members of which are accountable to us and our stockholders as fiduciaries. Our board of directors has ultimate responsibility for our operations, corporate governance, compliance and disclosure. We have five members of our board of directors, a majority of which are independent of us, our advisor and our affiliates. Our charter requires that a majority of our directors be independent. A majority of our independent directors will be required to review and approve all matters the board believes may involve a conflict of interest between us and our sponsor, out advisor, a director or any of their respective affiliates. Our directors are elected annually by our common stockholders.

Our Affiliates

Various affiliates of ours are involved in this offering and our operations. We refer to our advisor and other affiliates each as an "MVP affiliate" and collectively as "MVP affiliates".

Estimated Use of Proceeds

We expect to use substantially all of the net proceeds from this to invest in a portfolio of parking facilities located throughout the United States and Canada. No more than 10% of the proceeds of this offering will be used for investment in Canadian properties. We will focus our investments primarily on parking lots, parking garages and other parking structures. To a lesser extent, we may also invest in properties other than parking facilities. We may not be able to promptly invest the net proceeds of this offering. In the interim, we may invest in short-term, highly liquid or other authorized investments. Such short-term investments are not anticipated to earn as high of a return as we expect to earn on our real estate investments. In the event we are not able to promptly invest the net proceeds of this offering, it may also be necessary for us to pay distributions from offering proceeds.

In addition, as of June 30, 2016, we have paid distributions from offering proceeds only. We may not be able to make distributions on a monthly basis and may continue to pay distributions from sources other than cash flow from operations, including offering proceeds, the sale of assets or borrowings. We have no limits on the amounts we may pay from such sources. If we pay distributions from sources other than our cash flow from operations, the funds available to us for investments would be reduced and your share value may be diluted.

Advisor Fees and Other Expenses

Our advisor and its affiliates will receive compensation, fees and expense reimbursements for services related the investment and management of our assets, subject to the review and approval of our independent directors. Certain fees and expense reimbursements for services will be paid by us while other fees and expense reimbursements for services will be paid by third parties. The most significant items of compensation are included in the following tables.

Fees and Expense Reimbursements Paid by Us:

The following tables summarize all of the compensation and fees, including reimbursement of expenses, to be paid by us or by third parties to our advisor and its affiliates in connection with this offering and our operations, assuming we raise the maximum amount offered hereby.

Type of Fee and Recipient	Description of Amount	Estimated Amount for Offering[1]
	Offering	
Selling Commissions— Selling Agents	The Company will pay selling commissions of up to 6.0% of gross offering proceeds from the sale of the Shares in this offering.	Up to $3,000,000; actual amounts are dependent upon the gross proceeds raised in this offering and cannot be determined at the present time.
Due Diligence Fee— Selling Agents	The Company may pay non-affiliated selling agents a one-time fee separately negotiated with each selling agent for due diligence expenses of up to 2.0% of the gross offering proceeds.	Up to $1,000,000; actual amounts are dependent upon the gross proceeds raised in this offering and cannot be determined at the present time.
Dealer Manager Fee	The Company will pay a dealer manager fee of up to 2.0% of gross offering proceeds.	Up to $1,000,000; actual amounts are dependent upon the gross proceeds raised in this offering and cannot be determined at the present time.

Offering Expenses	Up to 2.0% of the gross offering proceeds may be used to pay or reimburse our affiliates for expenses incurred by or on behalf of the Company in connection with the offer and sale of the Shares, including but not limited to expenses for assembling, printing and mailing offering documents, legal and accounting services, registration and qualification of securities, and third-party transfer agents, consultants or service providers engaged in connection with the offering.	Up to $1,000,000; actual amounts are dependent upon the gross proceeds raised in this offering and cannot be determined at the present time.
	Acquisition and Development Stage[5]	
Acquisition Fee[2]—Advisor	Up to 2.25% of the purchase price of any real estate investment that is not acquired from an affiliate.	$1,023,750 / $2,047,500 (assuming (i) targeted 50% leverage and (ii) the entire net proceeds from this offering are used to acquire real estate).
Acquisition Expenses—Advisor	We will reimburse our advisor for actual expenses paid or incurred in connection with the selection or acquisition of an investment, whether or not we ultimately acquire the investment.	Actual amounts are dependent upon expenses paid or incurred and cannot be determined at the present time.
	Operational Stage	
Asset Management Fees[2]—Advisor or its affiliates	A monthly asset management fee equal to one-twelfth of 1.0% of the cost of each asset at the end of each month, without deduction for depreciation, bad debts or other non-cash reserves. Following the Valuation Date, the asset management fee will be based on the lower of (i) the aggregate of the value of our assets and (ii) their historical cost, both without deduction for depreciation, bad debts or other non-cash reserves.	Actual amounts are dependent on the amount of investments made, the cost of such investments and the amount of leverage and cannot be determined at the present time.
Operating Expenses[2]—Advisor or its affiliates	We will reimburse the advisor's costs of providing administrative services, subject to the limitation that we will not reimburse the advisor for any amount by which our operating expenses, at the end of the four preceding fiscal quarters (commencing after the quarter in which we make our first investment), exceed the greater of (a) 2.0% of average invested assets and (b) 25.0% of net income, unless the excess amount is approved by a majority of our independent directors. We will not reimburse the advisor for personnel costs in connection with services for which the advisor received a separate fee, such as an acquisition fee or disposition fee, or for the personnel costs our advisor pays with respect to persons who serve as our executive officers. In addition, we will not reimburse the advisor for rent or depreciation, utilities, capital equipment or other costs of its own administrative items.	Actual amounts are dependent upon expenses paid or incurred and therefore cannot be determined at the present time.

Type of Fee and Recipient	Description of Amount	Estimated Amount for Minimum Offering/ Maximum Offering[1]
	Liquidity Stage	
Disposition Fee[2]—Advisor or its affiliates	For substantial assistance in connection with the sale of real property, as determined by our independent directors, we will pay our advisor or its affiliate the lesser of (i) 3.0% of the contract sale price of the real property sold or (ii) 50% of the brokerage commission paid. Prior to the occurrence of a liquidity event, such as a listing of our common stock on a national securities exchange, the disposition fee will accrue upon the sale of real property, but will become payable only after our stockholders have received (or are deemed to have received), in the aggregate, total returns on the then outstanding shares of our common stock equal to the invested capital attributable to those shares plus a 6.0% cumulative, non-compounded, annual pre-tax return on such invested capital. The amount paid, when added to the sums paid to unaffiliated parties, may not exceed the lesser of the competitive real estate commission or an amount equal to 6.0% of the contract sales price.	Actual amounts are dependent upon the sale price received from the disposition of real property and therefore cannot be determined at the present time.
Subordinated Performance Fee—Advisor[3]	After investors have received a return of their net capital invested and a 6% annual cumulative, non-compounded return, then our advisor will be entitled to receive 15% of the remaining proceeds. We cannot assure you that we will provide this 6% return, which we have disclosed solely as a measure for our advisor's incentive compensation. We will pay a subordinated performance fee under only one of the following events: (i) if our shares are listed on a national securities exchange; (ii) if our assets are sold or liquidated; (iii) upon a merger, share exchange, reorganization or other transaction pursuant to which our investors receive cash or publicly-traded securities in exchange for their shares; or (iv) upon termination of the advisory agreement.	Actual amounts are dependent upon future events; we cannot determine these amounts at the present time.

(1) Unless otherwise indicated, assumes we sell the maximum of $50,000,000 in Series A Convertible Redeemable Preferred Shares.

(2) Our advisor in its sole discretion may defer any fee or expense reimbursement payable to it under the advisory agreement or may take such fees or expense reimbursements in shares at the then-current offering price. If any portion of such fees or expense reimbursements is deferred, the deferred amount will not accrue interest and will be paid when the advisor determines.

(3) When payable, subordinated performances fees will be payable as follows: (i) if our shares are listed on a national securities exchange, our advisor will be entitled to a subordinated performance fee equal to 15% of the amount, if any, by which (a) the market value of our outstanding stock plus distributions paid by us prior to listing, exceeds (b) the sum of the total amount of capital raised from investors and the amount necessary to generate a 6% annual cumulative, non-compounded return to investors; (ii) if our assets are sold or liquidated, our advisor will be entitled to a subordinated performance fee equal to 15% of the net sale proceeds remaining after investors have received a return of their capital invested and a 6% annual cumulative, non-compounded return; (iii) upon the occurrence of a merger, share exchange, reorganization or other transaction pursuant to which our investors receive cash or publicly-traded securities in exchange for their shares, our advisor shall be entitled to the subordinated performance fee in cash equal to 15% of the amount by which (a) the proceeds received by the investors in connection with such event plus distributions paid by us prior to such

event exceed (b) the sum of the total amount of capital raised from investors and the amount necessary to generate a 6% annual cumulative, non-compounded return to investors; and (iv) upon termination of the advisory agreement, our advisor may be entitled to a subordinated performance fee similar to that to which it would have been entitled had our portfolio been liquidated (based on an independent appraised value of our portfolio) on the date of termination. Under our charter, we cannot increase these performance-based fees without the approval of a majority of our independent directors, and any increase in these fees would have to be reasonable. Our charter provides that these subordinated fees are "presumptively reasonable" if they do not exceed 15% of the balance of such net proceeds remaining after investors have received a return of their net capital contributions and a 6% per year cumulative, non-compounded return.

Distributions

The Company intends to continue making regular cash distributions to its stockholders, typically on a monthly basis. The actual amount and timing of distributions will be authorized and determined by our board of directors in its discretion and typically will depend on the amount of funds available for distribution, which is impacted by current and projected cash requirements, tax considerations and other factors. As a result, our distribution rate and payment frequency may vary from time to time. However, to qualify as a REIT for tax purposes, the Company must make distributions equal to at least 90% of its "REIT taxable income" each year.

As of June 30, 2016, all of our distributions have been paid from offering proceeds and represent a return of capital.
The Company may not generate sufficient cash flow from operations to fully fund distributions. All or a portion of the distributions may be paid from other sources, such as proceeds from our initial public offering or this offering, cash flows from financing activities, borrowings, cash advances from our Advisor, or by way of waiver or deferral of fees. The Company has not established any limit on the extent to which distributions could be funded from these other sources. Accordingly, the amount of distributions paid may not reflect current cash flow from operations and distributions may include a return of capital, rather than a return on capital. If the Company continues to pay distributions from sources other than cash flow from operations, the funds available to the Company for investments would be reduced and the share value may be diluted. The level of distributions will be determined by the board of directors and depend on a number of factors including current and projected liquidity requirements, anticipated operating cash flows and tax considerations, and other relevant items deemed applicable by the board of directors.

Liquidity

We expect that the members of our board of directors, in the exercise of its fiduciary duty to our stockholders, will determine to pursue a liquidity event when it believes that then-current market conditions are favorable for a liquidity event, and that such a transaction is in the best interests of our stockholders. Our board of directors anticipates evaluating a transaction providing liquidity for our stockholders no earlier than the final Closing of this Offering. A liquidity event can take the form of a Listing Event or other transaction involving a merger or the sale of all or substantially all of our assets that would provide liquidity for our stockholders. In making the decision to apply for a listing of our common stock on a national securities exchange, our board of directors will consider whether listing of our common stock on a national securities exchange or liquidating our assets will result in greater value for our stockholders.

Our Series A Convertible Redeemable Preferred Stock, par value $0.0001 per share, may be converted, at the option of the holders, into shares of our common stock, which may provide the holders with potential liquidity following a Listing Event resulting in the listing of our common stock (or stock of a successor) on a national securities exchange. There is no assurance that we will be successful in completing a Listing Event or other liquidity transaction. If we do not pursue or otherwise complete a Listing Event or other liquidity transaction, the Shares (and our common stock) may continue to be illiquid. In addition, the Warrants are exercisable only upon a Listing Event. Accordingly, holders of the Shares and Warrants may, for an indefinite period of time, be unable to convert their investment to cash or may only be able to do so at significant loss.

If a Listing Event has not occurred within 12 months of the final Closing of this Offering, the annual dividend rate on the Shares will increase to 7.50% of Stated Value (initially $1,000 per share) until the occurrence of a Listing Event, at which time, the annual dividend rate will automatically revert to 5.75% of Stated Value.

Investment Company Act Considerations

We intend to conduct our operations so that neither we nor our subsidiaries are required to register as investment companies under the Investment Company Act of 1940, as amended, or the "Investment Company Act." We expect that the Company and its subsidiaries will rely on the exception from the definition of an investment company under 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." In providing guidance on this exclusion, the SEC staff, among other things, generally has focused on whether at least 55% of the issuer's assets will consist of mortgages and other liens on and interests in real estate (called "qualifying interests") and the remaining 45% of the issuer's assets will consist primarily of real estate-type interests (of which not more than 20% of the issuers assets can consist of miscellaneous non-real estate related investments). The SEC staff has also provided guidance on what types of assets constitute "qualifying interests.

For purposes of the exclusions provided by Sections 3(c)(5)(C), we will classify our investments based in large measure on no-action letters issued by the SEC staff and other SEC interpretive guidance and, in the absence of SEC Guidance, on our view of what constitutes a qualifying real estate asset and a real estate related asset. The SEC is reviewing interpretive issues relating to the status of mortgage-related pools under the Investment Company Act and whether mortgage-related pools potentially are making judgments about their status under the Investment Company Act without sufficient regulatory guidance. It is not certain whether or to what extent the SEC or its staff in the future may modify its interpretive guidance to narrow the ability of issuers to rely on the exemption from registration provided by Section 3(c)(5)(C). Any such future guidance may affect our ability to rely on this exemption.

Although we intend to monitor our portfolio periodically and prior to each investment acquisition and disposition, there can be no assurance that we will be able to maintain this exemption from registration for the Company and each of its subsidiaries. If the SEC or its staff does not agree with our determinations, we may be required to adjust our activities or those of our subsidiaries.

Qualification for this exemption will limit our ability to make certain investments. To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon such tests and/or exceptions, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

Emerging Growth Company Status

In April 2012, President Obama signed into law the Jumpstart Our Business Startups Act, or the JOBS Act. We are an "emerging growth company," as defined in the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We have not made a decision as to whether to take advantage of any or all of the exemptions available to us under the JOBS Act. If we do take advantage of any of these exemptions, we do not know if some investors will find our common stock less attractive as a result.

In addition, the JOBS Act provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of such extended transition period. Since we will not be required to comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies, our financial statements may not be comparable to the financial statements of companies that comply with public company effective dates. If we were to subsequently elect to instead comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

We could remain an "emerging growth company" for up to five years, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenues equals or exceeds $1 billion, (2) December 31 of the fiscal year that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months or (3) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

OVERVIEW OF THE OFFERING

The following is a brief description of the terms of the Share and the Warrants. The description of the Shares and the Warrants contained herein does not purport to be complete and is qualified in its entirety by reference to the Articles Supplementary and form of Warrants in substantially the forms attached hereto as Exhibit C and Exhibit D, respectively.

The Offering

The Company is authorized to issue to individual subscribers a minimum of 10 shares of the Company's Series A Convertible Redeemable Preferred Stock, or such lesser amount as we shall accept in our sole discretion. For every Share purchased, each holder will also receive Warrants to purchase 30 shares of the Company's common stock. The purchase price of the Shares is payable in full, by personal, bank or certified check, upon subscription and otherwise upon the terms set forth in this Memorandum, including the Form of Subscription Agreement appearing as Exhibit A attached hereto, and the Accredited Investor Representation Letter appearing as Exhibit B attached hereto. The Shares are being offered for sale by the Company solely by means of this Memorandum. The offering will commence on the date of this Memorandum or on such later date as is required under the applicable securities laws of the state in which the offering is made.

Offering Amount. There is no minimum offering amount or number of Shares to be sold. The targeted Maximum Offering Amount is $50,000,000, however the Maximum Offering Amount shall not exceed, at any time during the Offering, 60% of the total value of the common stock issued and outstanding. As of September 30, 2016, the Company had issued an aggregate of 1,820,392.926 shares of common stock in its initial public offering for $45,150,951.39. Investors must purchase a minimum of $10,000, or 10 Shares (unless we elect in our discretion to accept a subscription for less than the minimum amount), and only whole Shares will be issued in the private placement. We may reject any subscription in whole or in part for any reason.

Ranking. The Shares rank senior to our common stock with respect to the payment of dividends and rights upon liquidation, dissolution or winding up. The rights, preferences and limitations of the Shares are set forth in the Articles Supplementary in substantially the form attached hereto as Exhibit C. Our board of directors has the authority to issue shares of additional series of preferred stock that could be junior, *pari passu*, or senior in priority to the Series A Convertible Redeemable Preferred Stock.

Stated Value. Each Share will have an initial "Stated Value" of $1,000, subject to appropriate adjustment in relation to certain events, such as recapitalizations, stock dividends, stock splits, stock combinations, reclassifications or similar events affecting the Shares, as set forth in the Articles Supplementary.

Dividends. Subject to the rights of holders of any class or series of Senior Stock (as defined in the charter), holders of the Shares are entitled to receive, when and as authorized by our board of directors and declared by us out of legally available funds, cumulative, cash dividends on each Share at an annual rate of 5.75% of the Stated Value; *provided*, *however*, that if a Listing Event has not occurred within 12 months of the final Closing of this Offering, such annual dividend rate on each Share will be increased to 7.50% of the Stated Value until the occurrence of a Listing Event, at which time, the annual dividend rate will be reduced back to 5.75% of Stated Value.

Dividends on each Share will begin accruing on, and will be cumulative from, the date of issuance. We expect to pay dividends on the Shares monthly, unless our results of operations, our general financial condition, general economic conditions, applicable provisions of Maryland law or other factors make it imprudent to do so. We also expect our board of directors and the Company to continue to authorize and declare dividends, respectively, on the Shares on a monthly basis payable on the 12th day of the month following the month for which the dividend was declared (or the next business day if the 12th day is not a business day) to the holders of record as they appear in the stock records of the Company at the close of business of the applicable record date 15 days preceding the applicable dividend payment date.

Holders of the Shares do not have a right to receive a return of capital prior to holders of our common stock upon the individual sale of a property. Depending on the price at which such property is sold, it is possible that holders of our common stock will receive a return of capital prior to the holders of the Shares, provided that any accrued but unpaid dividends have been paid in full to holders of the Shares. It is also possible that holders of common stock will receive additional distributions from the sale of a property (in excess of their capital attributable to the asset sold) before the holders of the Shares receive a return of their capital.

Conversion. Subject to the Company's redemption rights as described below, each Share will be convertible into shares of our common stock, at the election of the holder thereof by delivery of a Conversion Notice to the Company containing the information required by the charter, at any time beginning upon the earlier of (i) 90 days after the occurrence of a Listing Event or (ii) the second anniversary of the final Closing of this Offering (whether or not a Listing Event has occurred). Each Share will convert into a number of shares of our common stock determined by dividing (i) the sum of (A) 100% of the Stated Value, initially $1,000, plus (B) any accrued but unpaid dividends to, but not including, the date of conversion by (ii) the Conversion Price for each share of our common stock, determined as follows:

- Provided there has been a Listing Event, if a Conversion Notice with respect to any Share is received on or prior to the day immediately preceding the first anniversary of the issuance of such Share, the Conversion Price for such Share will be equal to 110% of the volume weighted average price per share of the common stock of the Company (or its successor) for the 20 trading days prior to the delivery date of the Conversion Notice.

- Provided there has been a Listing Event, if a Conversion Notice with respect to any Share is received on or after the first anniversary of the issuance of such Share, the Conversion Price for such Share will be equal to the volume weighted average price per share of the common stock of the Company (or its successor) for the 20 trading days prior to the delivery date of the Conversion Notice.

- If a Conversion Notice with respect to any Share is received on or after the second anniversary of the final Closing of this Offering, and at the time of receipt of such Conversion Notice, a Listing Event has not occurred, the Conversion Price for such Share will be equal to 100% of our net asset value per share, or NAV per share, if then established, and until we establish a NAV per share, the Conversion Price will be equal to $25.00, or the initial offering price per share of our common stock in our initial public offering.

We will determine our net asset value, or NAV, on a date not later than May 29, 2018, which is 150 days following the second anniversary of the date that we satisfied the minimum offering requirement, or the Valuation Date. Commencing with the Valuation Date, our advisor will be responsible for calculating our NAV no less frequently than annually. Our board of directors will review our advisor's NAV calculation. In connection with our NAV calculation, we expect that an independent valuation expert will appraise our portfolio and that our advisor will review each appraisal. Our advisor will also determine the valuation of our portfolio and will compare each appraisal to its own determinations. If in our advisor's opinion the appraisals are materially higher or lower than our advisor's determinations of value, our advisor will discuss the appraisals with the independent valuation expert. If our advisor determines that the appraisals are still materially higher or lower than its valuations, a valuation committee, comprised of our independent directors, will review the appraisals and valuations, and make a final determination of value. To calculate our per share NAV, our advisor will follow the guidelines established in the Investment Program Association Practice Guideline 2013-01 titled "Valuations of Publicly Registered Non-Listed REITs," issued April 29, 2013.

Notwithstanding anything in the articles supplementary designating the Shares to the contrary and except as otherwise required by law, the persons who are the holders of record of Shares at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the conversion of those Shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date.

The conversion of the Shares subject to a Conversion Notice into shares of our common stock will occur at the end of the 20th trading day after the Company's receipt of such Conversion Notice. Holders must state in the Conversion Notice (i) the number of Shares to be converted and (ii) that the Shares are to be converted pursuant to the applicable terms of the Shares.

Notwithstanding the foregoing, upon a holder providing a Conversion Notice, the Company will have the right (but not the obligation) to redeem any or all of the Shares subject to such Conversion Notice at a redemption price, payable in cash, determined as follows:

- If a Conversion Notice with respect to any Share is received on or prior to the day immediately preceding the first anniversary of the issuance of such Share, the Redemption Price for such Share will be equal to 90% of the Stated Value of the Shares, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

- If a Conversion Notice with respect to any Share is received on or after the first anniversary of the issuance of such Shares, the Redemption Price for such Share will be equal to 100% of the Stated Value of the Shares, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

- If a Conversion Notice with respect to any Share is received after the second anniversary of the final Closing of this Offering, and at the time of receipt of such Conversion Notice, a Listing Event has not occurred, the Redemption Price for such Share will be equal to 100% of the Stated Value of the Shares, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

The Company in its discretion may elect to redeem any such Shares by delivering a Redemption Notice to the holder thereof no later than the 10th trading day prior to the close of trading on the Conversion Date. If a Redemption Notice is not delivered by the Company prior to such time, the Shares subject to the Conversion Notice shall thereafter convert into shares of our common stock, effective as of the close of trading on the Conversion Date. Holders of the Shares will not have any right to convert any such Shares that the Company has elected to redeem. The Company shall pay the Redemption Price, without interest, to holder of the redeemed Shares promptly following the delivery of a Redemption Notice.

Optional Redemption by the Company. At any time, from time to time, after the 20th trading day after the date of a Listing Event, the Company (or its successor) will have the right (but not the obligation) to redeem, in whole or in part, the Shares at the Redemption Price equal to 100% of the Stated Value, initially $1,000 per share, plus any accrued but unpaid dividends if any, to and including the date fixed for redemption. In case of any redemption of part less than all of the Shares by the Company, the Shares to be redeemed will be selected either pro rata or in such other manner as the board of directors may determine. If the Company (or its successor) chooses to redeem any Shares, the Company (or its successor) has the right, in its sole discretion, to pay the Redemption Price in cash or in equal value of common stock of the Company (or its successor), based on the volume weighted average price per share of the common stock of the Company (or its successor) for the 20 trading days prior to the redemption, in exchange for the Shares.

As disclosed in the section entitled "Conversion," the Company (or its successor) also will have the right (but not the obligation) to redeem all or any portion of the Shares subject to a Conversion Notice for a cash payment to the holder thereof equal to the Redemption Price, by delivering a Redemption Notice to the holder of such Shares on or prior to the close of trading on the applicable Conversion Date.

Each Redemption Notice shall include (i) the redemption date (which may not be after the Conversion Date for redemption made in connection with a Conversion Notice), (ii) the applicable Redemption Price, including a statement as to whether or not accumulated, accrued and unpaid dividends shall be payable as part of the redemption price, or payable on the next Dividend Payment Date to the record holder at the close of business on the relevant Dividend Record Date as described above; (iii) that the Shares are being redeemed pursuant to the terms of such Shares; and (iv) that dividends on the Shares to be redeemed will cease to accrue on such redemption date.

Notwithstanding anything in the articles supplementary designating the Shares to the contrary and except as otherwise required by law, the persons who are the holders of record of Shares at the close of business on a dividend record date will be entitled to receive the dividend payable on the corresponding dividend payment date notwithstanding the redemption of those Shares after such dividend record date and on or prior to such dividend payment date and, in such case, the full amount of such dividend will be paid on such dividend payment date to the persons who were the holders of record at the close of business on such dividend record date.

Our obligation to redeem any of the Shares, under any circumstances, is limited to the extent that we do not have sufficient funds available to fund any such redemption or we are restricted by applicable law from making such redemption.

Liquidation Preference. In the event of any voluntary or involuntary liquidation or winding up of the Company, the holders of Shares will be entitled to receive, in preference to the holders of shares of common stock of the Company, but *pari passu* with other preferred stockholders, the amount per share equal to 100% of the Stated Value, initially $1,000.00 per share, plus any accumulated, accrued and unpaid dividends (whether or not declared), if any, to and including the date of payment. A merger, acquisition or sale of all or substantially all of the assets of the Company or statutory share exchange will not be deemed to be a liquidation for purposes of the liquidation preference. A Listing Event will not be deemed a liquidation for purposes of the liquidation preference.

No Voting Rights. Holders of the Shares will not have any voting rights.

Warrants. For every $1,000 in Shares subscribed, a holder will receive detachable Warrants to purchase 30 shares of the Company's common stock. The Warrants may be exercised after the 90th day after the occurrence of a Listing Event, at an exercise price, per share, equal to 110% of the volume weighted average closing price during the 20 trading days ending on the 90th day after the occurrence of such Listing Event; however, in no event shall the exercise price of the Warrants be less than $25 per share. The Warrants will expire five years from the 90th day after the occurrence of a Listing Event. In addition, if a Listing Event does not occur on or prior to the fifth anniversary of the final Closing date of this Offering, then all outstanding Warrants will expire automatically on such anniversary date without being exercisable by the holders thereof. The Warrants will be exercisable for shares of common stock of the Company's successor, subject to appropriate adjustments, upon the occurrence of a Listing Event involving a merger, sale of all or substantially all of the Company's assets or another transaction, in each case, approved by the Company's board in which the Company's stockholders will receive, as consideration, stock that is listed on a national securities exchange, or options or warrants to acquire stock that is listed on a national securities exchange.

Transfer Restriction. None of the Shares may be sold or otherwise transferred unless the holder thereof delivers evidence, to the satisfaction of the Company, that such sale or other transfer of the Shares is made to an accredited investor solely in compliance with all federal and state securities laws. Any sale or transfer of the Shares made in violation of any federal or state securities laws shall be *void ab initio*. No public market currently exists for any of our Shares, and our charter does not require us to liquidate our assets or list our shares of common stock on an exchange by any specified date, or at all. Accordingly, it will be difficult for you to sell your Shares, and if you are able to sell your Shares, you will likely sell them at a substantial discount.

In addition, in order to ensure that we remain qualified as a REIT for U.S. federal income tax purposes, among other purposes, Article VI of the charter provides that unless an exemption is granted prospectively or retroactively by our board of directors, no person (as defined to include entities) may own more than 9.8% in value of the aggregate of our outstanding shares of capital stock or more than 9.8%, in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. The Shares will be subject to all of the other restrictions on ownership and transfer contained in Article VI of the charter. These provisions may restrict the ability of a holder of Shares to convert such stock into our common stock. Our board of directors may, in its sole discretion, prospectively or retroactively exempt a person from the 9.8% ownership limit under certain circumstances. Please see the section entitled "Description of Capital Stock—Restrictions on Ownership and Transfer of Shares—Ownership Limit" below.

Capitalization of the Company

As of September 30, 2016, 2016, the Company had 1,820,392.926 shares of common stock issued and outstanding. Upon formation, the Company sold 8,000 shares of common stock to the Sponsor for $200,000.

RISK FACTORS

INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. IN DETERMINING WHETHER TO PURCHASE SHARES, EACH POTENTIAL INVESTOR SHOULD BE AWARE THAT THERE IS A SUBSTANTIAL RISK THAT THEY MAY LOSE SOME OR ALL OF THEIR INVESTMENT AND THAT EACH INVESTOR SHOULD BE FINANCIALLY CAPABLE OF BEARING THE RISK OF A TOTAL LOSS OF AN INVESTMENT IN THE COMPANY FOR AN INDEFINITE PERIOD OF TIME. INVESTORS SHOULD SEEK PROFESSIONAL ADVICE REGARDING AN INVESTMENT IN THE COMPANY. AN INVESTMENT IN THE COMPANY OFFERS NO ASSURANCE OF ANY ECONOMIC OR TAX BENEFIT AND INVOLVES VARIOUS ELEMENTS OF RISK, ALL OF WHICH SHOULD BE CONSIDERED BEFORE MAKING A DECISION TO INVEST. THE RISK FACTORS DESCRIBED BELOW SHOULD NOT BE CONSIDERED AN EXHAUSTIVE LISTING OF SUCH RISK FACTORS. YOU SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION INCLUDED IN THIS MEMORANDUM, INCLUDING THE RISK FACTORS SET FORTH BELOW, BEFORE YOU DECIDE TO PURCHASE ANY SHARES WE ARE OFFERING. ANY OF THE FOLLOWING RISKS COULD MATERIALLY ADVERSELY AFFECT THE COMPANY'S BUSINESS, FINANCIAL CONDITION, OR OPERATING RESULTS.

Risks Related to an Investment in the Shares and Us

There is no public market for the Shares or the Warrants and we do not expect one to develop. There is also no current public market for our common stock, and there is no assurance that we will be able to complete a Listing Event or other liquidity transaction involving our common stock. If we do not complete a Listing Event or other liquidity transaction, you may not be able to convert your investment into cash easily or without incurring a significant loss.

There is no public market for the Shares or the Warrants offered in this offering, and we currently have no plan to list these securities on a securities exchange or to include these shares for quotation on any national securities market. In addition, our charter contains other restrictions on the ownership and transfer of our securities as described under "Description of Capital Stock—Restrictions on Ownership and Transfer of Shares—Ownership Limit." These restrictions may also inhibit your ability to sell the Shares or Warrants promptly or at all.

Furthermore, our charter restricts any sale or other transfer of the Shares by the holder thereof unless such holder provides evidence, to the satisfaction of the Company, that such sale or other transfer of the Shares is made to an accredited investor solely in compliance with all federal and state securities laws. Any sale or transfer of the Shares made in violation of any federal or state securities laws shall be *void ab initio*.

Moreover, although the Shares are convertible, at the option of the holder thereof, into shares of our common stock, there is no current public market for our common stock, and there is no assurances that we will be able to complete a Listing Event or other liquidity transaction involving our common stock. In addition, the Warrants are only exercisable upon the occurrence of a Listing Event and will expire automatically, without being exercisable, if a Listing Event has not occurred by the fifth anniversary of the final Closing of this Offering.

Accordingly, if you are able to sell the Shares or the Warrants, you may only be able to sell them at a substantial discount from the price you paid. Therefore, you should purchase the Shares and the Warrants only as a long-term investment.

Our board of directors anticipates evaluating a transaction providing liquidity for our stockholders no earlier than the final Closing of this Offering. The liquidity transaction can take the form of a Listing Event, which is anticipated to provide holders of the Shares with potential liquidity by giving holders the opportunity to convert their Shares into common stock that can be sold on a national securities exchange. If we do not complete a Listing Event or other liquidity transaction involving our common stock, the Shares (including the common stock into which the Shares are convertible) and the Warrants may remain illiquid investments and a holder may, for an indefinite period of time, be unable to convert its investment to cash or may only able to do so at a significant loss.

There is no assurance that an active trading market will develop for our shares of common stock even if we complete a Listing Event.

Even if we complete a Listing Event, the market price and trading volume of our shares of common stock (or the shares of our successor) following any such Listing Event are subject to fluctuation due to general market conditions, the risks discussed in this memorandum and other matters, including the following (i) operating results that vary from expectations of securities analysts and investors; (ii) investor interest in our property portfolio; (iii) the reputation and performance of REITs; (iv) the attractiveness of REITs as compared to other investment vehicles; (v) the results of our financial condition and operations; and (vi) the perception of our growth and earnings potential. If we succeed in pursue a Listing Event, we also expect to have a smaller equity market capitalization compared to other REITs and our shares of common stock may trade in low volumes after the Listing. As a result, the stock market price of our *shares of common stock* may be susceptible to fluctuation to a greater extent than companies with larger market capitalization. Accordingly, even after a Listing Event, your ability to liquidity the Shares and the Warrants may be limited.

We will be able to call the Shares for redemption following the occurrence of a Listing Event without your consent.

We will have the ability to call the outstanding Shares at any time after the 20th trading day after the date of a Listing Event. At that time, we will have the right to redeem, at our option, the outstanding Shares, in whole or in part, at 100% of the Stated Value per Share, plus any accrued and unpaid dividends, if any, to and including the date fixed for redemption. The redemption price is payable in cash or in equal value of our common stock (or stock of our successor), in our sole discretion, based on the volume weighted average price per share of our common stock (or stock of our successor) for the 20 trading days prior to the redemption. Our ability to pay the redemption price in equal value of our common stock (or stock of our successor) could result, at our election at any time following the occurrence of a Listing Event, in the conversion of your investment in the Shares into an investment in our common stock.

Our ability to redeem the Shares may be limited by Maryland law.

Under Maryland law, a corporation may redeem stock as long as, after giving effect to the redemption, the corporation is able to pay its debts as they become due in the usual course (the equity solvency test) and its total assets exceed the sum of its total liabilities plus, unless its charter permits otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the redemption, to satisfy the preferential rights upon dissolution of stockholders when preferential rights on dissolution are superior to those whose stock is being redeemed (the balance sheet solvency test). If the Company is insolvent at any time when a redemption of the Shares is required to be made, the Company may not be able to effect such redemption.

The cash distributions you receive may be less frequent or lower in amount than you expect.

Although we intend to pay distributions on the shares in the amount and on the dates set forth in the Articles Supplementary, there is no guaranty that we will be able to pay the full amount of the distribution, or at all. In determining whether to authorize a distribution or make such distribution and the amount, our directors will consider all relevant factors, including the amount of cash available for distribution, capital expenditure and reserve requirements and general operational requirements. We cannot assure you that we will consistently be able to generate sufficient available cash flow to fund distributions on the Shares nor can we assure you that sufficient cash will be available to make distributions to you. With limited prior operations, we cannot predict the amount of distributions you may receive and we may be unable to pay, maintain or increase distributions over time. Our inability to acquire additional properties or make real estate-related investments or operate profitably may have a negative effect on our ability to generate sufficient cash flow from operations to pay distributions on the Shares.

Our cash distributions may constitute a return of capital or taxable gain from the sale or exchange of property.

Our long-term strategy is to fund the payment of monthly distributions to our stockholders entirely from our cash flow from operations. However, during the early stages of our operations, we may need to borrow funds, request that the Advisor, in its discretion, defer its receipt of fees and reimbursement of expenses or, to the extent necessary, utilize offering proceeds in order to make cash distributions. Accordingly, the amount of distributions paid at any given time may not reflect current cash flow from operations. Distributions payable to stockholders may also include a return of capital, rather than a return on capital. In the event that we are unable to consistently fund monthly distributions to stockholders entirely from our cash flow

from operations, the value of shares upon the possible listing of our stock, the sale of our assets or any other liquidity event may be reduced.

Upon the sale of any individual property, holders of the Shares do not have a priority over holders of our common stock regarding return of capital.

Holders of the Shares do not have a right to receive a return of capital prior to holders of our common stock upon the individual sale of a property. Depending on the price at which such property is sold, it is possible that holders of our common stock will receive a return of capital prior to the holders of the Shares, provided that any accrued but unpaid dividends have been paid in full to holders of the Shares. It is also possible that holders of common stock will receive additional distributions from the sale of a property (in excess of their capital attributable to the asset sold) before the holders of the Shares receive a return of their capital.

The offering price of the Shares was established arbitrarily; the actual value of the Shares may be substantially less than the purchase price in the Offering.

We established the offering price of the Shares on an arbitrary basis. This price bears no relationship to our book or asset values or to any other established criteria for valuing shares. Because the offering price is not based upon any valuation (independent or otherwise), the price is likely to be higher than the proceeds that an investor would receive upon liquidation or a resale of his or her shares if they were to be listed on an exchange or actively traded by broker-dealers.

The Offering is being conducted on a "best efforts" basis, and the risk that we will not be able to accomplish our business objectives, and that the poor performance of a single investment will materially adversely affect our overall investment performance, will increase if only a small number of shares are purchased in the Offering.

The Shares are being offered on a "best efforts" basis and no individual, firm or corporation has agreed to purchase any Shares in the Offering. If we are unable to raise significant additional proceeds, we will be thinly capitalized and may not be able to diversify our portfolio in terms of the numbers of investments we own and the areas in which our investments or the properties underlying our investments are located. Failure to build a diversified portfolio increases the likelihood that any single investment's poor performance would materially affect our overall investment performance. Our inability to raise substantial funds would also increase our fixed operating expenses as a percentage of gross income. Each of these factors could have an adverse effect on our financial condition and ability to make distributions to our stockholders, as well as our ability to complete a Listing Event.

Your percentage of ownership may become diluted if we issue new shares of stock or other securities, and issuances of additional preferred stock or other securities by us may further subordinate the rights of the holders of our common stock (which you may become upon conversion of your Shares, receipt of redemption payments in shares of common stock or exercise of any of your Warrants).

We may make redemption payments under the terms of the Shares in shares of our common stock. In addition, holders of the Shares may elect at any time to convert their shares into our common stock, subject to certain conditions. Although the dollar amounts of such payments are unknown, the number of shares to be issued in connection with such payments or conversions may fluctuate based on the price of our common stock. Any sales or perceived sales in the public market of shares of our common stock issuable upon such redemption payments or conversion of the Shares could adversely affect prevailing market prices of shares of our common stock. The issuance of common stock upon such redemption payments or conversion of the Shares also may have the effect of reducing our net income per share (or increasing our net loss per share). In addition, if a Listing Event occurs, the existence of the Shares may encourage short selling by market participants because the existence of redemption payments and conversions of the Shares could depress the market price of shares of our common stock.

Our board of directors is authorized, without stockholder approval, to cause us to issue additional shares of our common stock or to raise capital through the issuance of additional preferred stock (including equity or debt securities convertible into preferred stock), options, warrants and other rights, on such terms and for such consideration as our board of directors in its sole discretion may determine. Any such issuance could result in dilution of the equity of our stockholders. Our charter also authorizes our board of directors, without stockholder approval, to designate and issue one or more classes or series of preferred stock in addition to the Series A Convertible Redeemable Preferred Stock offered in this offering (including equity or debt securities convertible into preferred stock) and to set or change the voting, conversion or other rights, preferences,

restrictions, limitations as to dividends or other distributions and qualifications or terms or conditions of redemption of each class or series of shares so issued. Because our board of directors has the power to establish the preferences and rights of each class or series of preferred stock, it may afford the holders of any series or class of preferred stock preferences, powers, and rights senior to the rights of holders of common stock or the Shares. If we ever create and issue additional preferred stock or equity or debt securities convertible into preferred stock with a distribution preference over common stock or the Shares, payment of any distribution preferences of such new outstanding preferred stock would reduce the amount of funds available for the payment of distributions on our common stock and the Shares. Further, holders of preferred stock are normally entitled to receive a preference payment if we liquidate, dissolve, or wind up before any payment is made to the common stockholders, likely reducing the amount common stockholders would otherwise receive upon such an occurrence. In addition, under certain circumstances, the issuance of additional preferred stock may delay, prevent, render more difficult or tend to discourage a merger, tender offer, or proxy contest, the assumption of control by a holder of a large block of our securities, or the removal of incumbent management.

Stockholders have no rights to buy additional shares of stock or other securities if we issue new shares of stock or other securities. We may issue common stock, convertible debt or preferred stock pursuant to a subsequent public offering or a private placement, or to sellers of properties we directly or indirectly acquire instead of, or in addition to, cash consideration. Investors purchasing the Shares and Warrants in this offering who do not participate in any future stock issuances will experience dilution in the percentage of the issued and outstanding stock they own. In addition, depending on the terms and pricing of any additional offerings and the value of our investments, you also may experience dilution in the book value and fair market value of, and the amount of distributions paid on, your Shares and common stock, if any.

We have a limited operating history which makes our future performance difficult to predict.

We commenced operations on December 30, 2015 and have a limited operating history. You should not assume that our performance will be similar to the past performance of other real estate investment programs sponsored by our sponsor or the parent of our sponsor. Our limited operating history increases the risk and uncertainty that you face in making an investment in our shares.

Holders of the Shares will not have any voting rights.

Under the terms of our charter, holders of the Shares will not have any voting rights (unless such holder elects to convert its Shares into shares of our common stock). Our shares of common stock are the only shares of stock with full voting rights. However, our board of directors determines our major policies, including our policies regarding growth, REIT qualification and distributions and whether and when to pursue a Listing Event and may amend or revise these and other policies without a vote of any stockholders. Our board of director's broad discretion in setting policies and our stockholders' inability to exert control over those policies increase the uncertainty and risks a stockholder faces.

We depend upon the Advisor to find suitable investments. If it is unable to do so, we may not be able to achieve our investment objectives or pay distributions.

Our ability to achieve our investment objectives and to pay distributions depends upon the performance of the Advisor in the acquisition of our investments, including the determination of any financing arrangements. The Advisor's personnel have only limited experience in making direct investments in real estate. Except for investments that may be disclosed prior to the date a stockholder subscribes for our shares, the stockholder will have no opportunity to evaluate the economic merits or the terms of our investments before making a decision to invest in our company. A stockholder must rely entirely on the management abilities of the Advisor and the oversight of our board of directors. We cannot assure a stockholder that the Advisor will be successful in obtaining suitable investments on financially attractive terms or that, if the Advisor makes investments on our behalf, our objectives will be achieved. If we, through the Advisor, are unable to find suitable investments promptly, we will hold the proceeds from the Offering in an interest-bearing account or invest the proceeds in short-term assets. If we would continue to be unsuccessful in locating suitable investments, we may ultimately decide to liquidate. In the event we are unable to timely locate suitable investments, we may be unable or limited in our ability to pay distributions and we may not be able to meet our investment objectives.

We may change our targeted investments and investment guidelines without stockholder consent.

Our board of directors may change our targeted investments and investment guidelines at any time without the consent of our stockholders, which could result in our making investments that are different from, and possibly riskier than, the investments described in our prospectus. Pursuant to SEC rules, we may be required to file post-effective amendments to this registration statement to disclose any material change to investors, such as changes to our targeted investments and investment guidelines. Changes to our investment guidelines must be approved by our board of directors, including a majority of our independent directors. A change in our targeted investments or investment guidelines may increase our exposure to interest rate risk, default risk and real estate market fluctuations, all of which could adversely affect the value of shares of our Series A Convertible Redeemable Preferred Stock and our ability to make distributions to stockholders.

We may suffer from delays in locating suitable investments, which could limit our ability to make distributions and lower the overall return on a stockholder's investment.

We rely upon the Advisor's real estate, finance and securities professionals, including Michael V. Shustek, to identify suitable investments. Our Sponsor and its other affiliated entities also rely on Mr. Shustek for investment opportunities. To the extent that the Advisor's real estate, finance and securities professionals face competing demands upon their time in instances when we have capital ready for investment, we may face delays in execution of our investment strategy. Further, the more money we raise in the Offering, the more difficult it will be to invest the net offering proceeds promptly and on attractive terms. Therefore, the size of Offering increases the risk of delays in investing our net offering proceeds. Delays we encounter in the selection and acquisition of income-producing assets would likely limit our ability to pay distributions to our stockholders and lower their overall returns.

Any adverse changes in the Advisor's financial health or our relationship with the Advisor or its affiliates could hinder our operating performance and the return on investment.

We have engaged the Advisor to manage our operations and our portfolio of real property investments. Our ability to achieve our investment objectives and to pay distributions is dependent upon the performance of the Advisor and its affiliates as well as the Advisor's real estate, finance and securities professionals in the identification and acquisition of investments, the determination of any financing arrangements, the management of our assets and operation of our day-to-day activities. Any adverse changes in the Advisor's financial condition or our relationship with the Advisor could hinder the Advisor's ability to successfully manage our operations and our portfolio of investments.

Our success depends to a significant degree upon the contributions of Michael V. Shustek, who could be difficult to replace. We do not intend to maintain key person life insurance on any person. We believe that our future success depends, in large part, upon our Sponsor and its affiliates' ability to retain highly skilled managerial, operational and marketing professionals. Competition for such professionals is intense, and our Sponsor and its affiliates may be unsuccessful in attracting and retaining such skilled individuals. If our Sponsor loses or is unable to obtain the services of highly skilled professionals, our ability to implement our investment strategies could be delayed or hindered, and the value of a stockholder's investment may decline.

We report funds from operations and modified funds from operations, each a non-GAAP financial measure, which may not be accurate indicators of our operating performance, including in documents filed with the SEC.

We report funds from operations, or FFO, and modified funds from operations, or MFFO, both of which are non-GAAP financial measures. FFO and MFFO are not equivalent to our net income or loss or cash flow from operations as determined in accordance with GAAP. FFO and MFFO and GAAP net income differ because FFO and MFFO exclude gains or losses from sales of property and asset impairment write-downs, and add back depreciation and amortization and adjust for unconsolidated partnerships and joint ventures. MFFO further excludes acquisition-related expenses, amortization of above- and below-market leases, fair value adjustments of derivative financial instruments, deferred rent receivables and the adjustments of such items related to non-controlling interests. Because of these differences, FFO and MFFO may not be accurate indicators of our operating performance, especially during periods in which we are acquiring properties. In addition, FFO and MFFO are not indicative of cash flow available to fund cash needs and investors should not consider FFO and MFFO as alternatives to GAAP net income or cash flows from operations or an indication of our liquidity, or indicative of funds available to fund our cash needs, including our ability to pay distributions to our stockholders. Neither the SEC nor any

other regulatory body has passed judgment on the acceptability of the adjustments that we use to calculate FFO and MFFO. In the future, the SEC or another regulatory body may decide to standardize the allowable adjustments across the non-listed REIT industry and in response to such standardization we may have to adjust our calculation and characterization of FFO or MFFO accordingly. Not all public, non-listed REITs calculate MFFO the same way, so comparisons of our MFFO with that of other public, non-listed REITs may not be meaningful.

Future interest rate increases in response to inflation may inhibit our ability to conduct our business and acquire or dispose of real property at attractive prices and a stockholder's overall return may be reduced.

We will be exposed to inflation risk with respect to income from any leases on real property as these may constitute a source of our cash flows from operations. High inflation may in the future tighten credit and increase prices. Further, if interest rates rise, such as during an inflationary period, the cost of acquisition capital to purchasers may also rise, which could adversely impact our ability to dispose of our assets at attractive sales prices. Should we be required to acquire, hold or dispose of our assets during a period of inflation, our overall return may be reduced.

Disruptions in the financial markets and difficult economic conditions could adversely impact the real estate market, which could hinder our ability to implement our business strategy and generate returns to stockholders.

We intend to acquire a portfolio of real property investments. We may also acquire other companies with assets consisting of real property investments. Economic conditions greatly increase the risks of these investments. Revenues on the properties and other assets in which we have invested could decrease, making it more difficult for us to collect rents which would likely have a negative impact on the value of our investment.

We face risks associated with security breaches through cyber-attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology networks and related systems.

We will face risks associated with security breaches, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization, and other significant disruptions of our information technology, or IT, networks and related systems. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations, and, in some cases, may be critical to the operations of certain of our tenants. There can be no assurance that our efforts to maintain the security and integrity of these types of IT networks and related systems will be effective or that attempted security breaches or disruptions would not be successful or damaging. A security breach or other significant disruption involving our IT networks and related systems could adversely impact our financial condition, results of operations, cash flows, and our ability to satisfy our debt service obligations and to pay distributions to our stockholders.

Risks Related to Our Investments

We may acquire properties in parts of the United States and Canada where we do not have extensive experience.

We intend to explore acquisitions of properties throughout the United States and Canada. No more than 10% of the proceeds of this offering will be used for investment in Canadian properties. We may not possess familiarity with the dynamics and prevailing conditions of any geographic market we enter, which could adversely affect our ability to successfully expand into or operate within those markets. For example, markets may have different insurance practices, reimbursement rates and local real estate, zoning and development regulations than those with which we are familiar. We may find ourselves more dependent on third parties in new markets because our distance could hinder our ability to directly and efficiently identify suitable investments or manage properties in distant markets. We may not be successful in identifying suitable properties or other assets which meet our acquisition or development criteria or in consummating acquisitions or investments on satisfactory terms or at all for a number of reasons, including, among other things, unsatisfactory results of our due diligence investigations, failure to obtain financing on acceptable terms for the acquisition or development and our misjudgment of the value of the opportunities. We may also be unable to successfully integrate the operations of acquired properties, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of the acquisitions within the

anticipated timeframe or at all. If we are unsuccessful in expanding into new markets, it could adversely affect our business, financial condition and results of operations and our ability to make distributions to our stockholders.

Our revenues will be significantly influenced by demand for parking facilities generally, and a decrease in such demand would likely have a greater adverse effect on our revenues than if we owned a more diversified real estate portfolio.

We have decided that the focus for our portfolio of investments and acquisitions will be parking facilities. Based on our current investment strategy to focus on parking facilities, including parking lots, parking garages and other parking structures, a decrease in the demand for parking facilities, or other developments adversely affecting such sectors of the property market, including emergency safety measures, natural disasters and acts of terrorism, would likely have a more pronounced effect on our financial performance than if we owned a more diversified real estate portfolio. Adverse developments affecting such sectors of the property market could have a material, adverse effect on the value of our properties as well as our revenues and our distributions to stockholders.

Any parking facilities we acquire or invest in will face intense competition, which may adversely affect rental and fee income.

We believe that competition in parking facility operations is intense. The relatively low cost of entry has led to a strongly competitive, fragmented market consisting of competitors ranging from single facility operators to large regional and national multi-facility operators, including several public companies. In addition, any parking facilities we acquire may compete with building owners that provide on-site paid parking. Many of the competitors have more experience than we do in owning and operating parking facilities. Moreover, some of our competitors will have greater capital resources, greater cash reserves, less demanding rules governing distributions to stockholders and a greater ability to borrow funds. Competition for investments may reduce the number of suitable investment opportunities available to us, may increase acquisition costs and may reduce demand for parking facilities, all of which may adversely affect our operating results. Additionally, an economic slowdown in a particular market could have a negative effect on our parking fee revenues.

If competitors build new facilities that compete with our facilities or offer space at rates below the rates we charge, our lessees may lose potential or existing customers and may be pressured to discount their rates to retain business and to reduce rents paid to us. As a result, our ability to make distributions to stockholders may be impaired. In addition, increased competition for customers may require us to make capital improvements to facilities that we would not otherwise make, which could reduce cash available for distribution to our stockholders.

Our leases expose us to certain risks.

We expect to net lease our parking facilities to lessees that will either offer parking services to the public or provide parking to their employees. We will rely upon the lessee to manage and conduct the daily operations of the facilities. In addition, under a net lease arrangement, the lessee is generally responsible for taxes and fees at a leased location. The loss or renewal on less favorable terms of a substantial number of leases, or a breach or other failure to perform by a lessee under a lease, could have a material adverse effect on our business, financial condition and results of operations. A material reduction in the rental income associated with the leases (or an increase in anticipated expenses to the extent we are responsible for such expenses) also could have a material adverse effect on our business, financial condition and results of operations.

Changes in national, regional or local economic, demographic or real estate market conditions may adversely affect our results of operations and returns to our investors.

We will be subject to risks incident to the ownership of real estate related assets including: changes in national, regional or local economic, demographic or real estate market conditions; changes in supply of, or demand for, similar properties in an area; and changes in government rules, regulations and fiscal policies, including changes in tax, real estate, environmental and zoning laws. Additionally, we are unable to predict future changes in national, regional or local economic, demographic or real estate market conditions. For example, a recession or rise in interest rates could make it more difficult for us to lease real properties or dispose of them. These conditions, or others we cannot predict, may adversely affect our results of operations, cash flow and returns to our investors.

The value of each property is affected significantly by its ability to generate cash flow and net income, which in turn depends on the amount of rental or other income that can be generated net of expenses required to be incurred with respect to the property. Many expenditures associated with properties (such as operating expenses and capital expenditures) cannot be

reduced when there is a reduction in income from the properties. These factors may have a material adverse effect the value that we can realize from assets we own or acquire.

Our investments in real estate will be subject to the risks typically associated with real estate.

We invest directly in real estate. We will not know whether the values of properties that we own directly will remain at the levels existing on the dates of acquisition. If the values of properties we own drop, our risk will increase because of the lower value of the real estate. In this manner, real estate values could impact the value of our real estate investments. Therefore, our investments will be subject to the risks typically associated with real estate. The value of real estate may be adversely affected by a number of risks, including:

- natural disasters such as hurricanes, earthquakes and floods;
- acts of war or terrorism, including the consequences of terrorist attacks;
- adverse changes in national and local economic and real estate conditions;
- an oversupply of (or a reduction in demand for) space in the areas where particular properties are located and the attractiveness of particular properties to prospective tenants;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance therewith and the potential for liability under applicable laws;
- costs of remediation and liabilities associated with environmental conditions affecting properties; and
- the potential for uninsured or underinsured property losses.

We have no established investment criteria limiting the geographic concentration of our investments in real estate. If our investments are concentrated in an area that experiences adverse economic conditions, our investments may lose value and we may experience losses.

Our real estate investments may be concentrated in one or few geographic locations. As a result, properties may be overly concentrated in certain geographic areas, and we may experience losses as a result. A worsening of economic conditions in the geographic area in which our investments may be concentrated could have an adverse effect on our business.

Competition with third parties in acquiring and operating our investments may reduce our profitability and the return on stockholder's investment.

We have significant competition with respect to our acquisition of assets with many other companies, including other REITs, owners and managers of parking facilities, private investment funds, hedge funds, and other investors, many of which have greater resources than us. We may not be able to compete successfully for investments. In addition, the number of entities and the amount of funds competing for suitable investments may increase. If we pay higher prices for investments our returns will be lower and the value of our assets may not increase or may decrease significantly below the amount we paid for such assets. If such events occur, a stockholder may experience a lower return on his or her investment.

We will compete with numerous other persons to attract tenants to real property we acquire. These persons or entities may have greater experience and financial strength than us. There is no assurance that we will be able to attract tenants on favorable terms, if at all. For example, our competitors may be willing to offer space at rental rates below our rates, causing us to lose existing or potential tenants and pressuring us to reduce our rental rates to retain existing tenants or convince new tenants to lease space at our properties. Each of these factors could adversely affect our results of operations, financial condition, value of our investments and ability to pay distributions.

Changes in supply of or demand for similar real properties in a particular area may increase the price of real properties we seek to purchase and decrease the price of real properties when we seek to sell them.

The real estate industry is subject to market forces. We are unable to predict certain market changes including changes in supply of, or demand for, similar real properties in a particular area. Any potential purchase of an overpriced asset could decrease our rate of return on these investments and result in lower operating results and overall returns to our stockholders.

Our operating expenses may increase in the future and, to the extent such increases cannot be passed on to tenants, our cash flow and our operating results would decrease.

Operating expenses, such as expenses for fuel, utilities, labor and insurance, are not fixed and may increase in the future. There is no guarantee that we will be able to pass such increases on to tenants of real property we own. To the extent such increases cannot be passed on to tenants, any such increase would cause our cash flow and our operating results to decrease.

Real property that incurs a vacancy could be difficult to sell or re-lease.

Real property may incur a vacancy either by the continued default of a tenant under its lease or the expiration of a lease. Additionally, the recent economic downturn in the United States may lead to increased defaults by tenants. Certain of the real properties we may acquire may have some level of vacancy at the time of closing. If the vacancy continues for a long period of time, we may suffer reduced revenues resulting in lower cash distributions to stockholders. In addition, the resale value of the real property could be diminished because the market value may depend principally upon the value of the leases of such real property.

Real property will be subject to property taxes that may increase in the future, which could adversely affect our cash flow.

Real property is subject to real and personal property taxes that may increase as tax rates change and as real property is assessed or reassessed by taxing authorities. We anticipate that certain of our leases will generally provide that the property taxes, or increases in property taxes, are charged to the lessees as an expense related to the real property that they occupy, while other leases will generally provide that we are responsible for such taxes. In any case, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, tenants may be unable to make the required tax payments, ultimately requiring us to pay the taxes even if otherwise stated under the terms of the lease. If we fail 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. In addition, we will generally be responsible for real property taxes related to any vacant space.

Uninsured losses or premiums for insurance coverage relating to real property may adversely affect stockholder returns.

Our real properties may incur casualty 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. Risks associated with potential terrorism acts could sharply increase the premiums we pay for coverage against property and casualty claims. Additionally, mortgage lenders sometimes require property owners to purchase specific coverage against terrorism as a condition for providing mortgage loans. These policies may not be available at a reasonable cost, if at all, which could inhibit our ability to finance or refinance real property we may hold. In such instances, we may be required to provide other financial support, either through financial assurances or self-insurance, to cover potential losses. Changes in the cost or availability of insurance could expose us to uninsured casualty losses. In the event that any of our real property incurs a casualty loss which is not fully covered by insurance, the value of our assets will be reduced by any such uninsured loss. In addition, we cannot assure stockholders that funding will be available to us for repair or reconstruction of damaged real property in the future.

Actions of joint venture partners could negatively impact our performance.

We may enter into joint ventures with third parties, including with entities that are affiliated with the Advisor. We may also purchase and develop properties in joint ventures or in partnerships, co-tenancies or other co-ownership arrangements with the sellers of the properties, affiliates of the sellers, developers or other persons. Such investments may involve risks not otherwise present with a direct investment in real estate, including, for example:

- the possibility that our venture partner or co-tenant in an investment might become bankrupt or fail to fund their required capital contributions;
- that the venture partner or co-tenant may at any time have economic or business interests or goals which are, or which become, inconsistent with our business interests or goals;
- that such venture partner or co-tenant may be in a position to take action contrary to our instructions or requests or contrary to our policies or objectives;

- the possibility that we may incur liabilities as a result of an action taken by such venture partner;
- that disputes between us and a venture partner may result in litigation or arbitration that would increase our expenses and prevent our officers and directors from focusing their time and effort on our business;
- the possibility that if we have a right of first refusal or buy/sell right to buy out a co-venturer, co-owner or partner, we may be unable to finance such a buy-out if it becomes exercisable or we may be required to purchase such interest at a time when it would not otherwise be in our best interest to do so; or
- the possibility that we may not be able to sell our interest in the joint venture if we desire to exit the joint venture.

Under certain joint venture arrangements, neither party has the power to control the joint venture, potentially resulting in an impasse in decision-making, which might have a negative influence on the joint venture and decrease potential returns to stockholders. In addition, to the extent that our venture partner or co-tenant is an affiliate of the Advisor, certain conflicts of interest will exist.

Costs of complying with governmental laws and regulations related to environmental protection and human health and safety may be high.

All real property investments and the operations conducted in connection with such investments are subject to federal, state and local laws and regulations relating to environmental protection and human health and safety. Some of these laws and regulations may impose joint and several liabilities on customers, owners or operators for the costs to investigate or remediate contaminated properties, regardless of fault or whether the acts causing the contamination were legal.

Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such real property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. In addition, the presence of hazardous substances, or the failure to properly remediate these substances, may adversely affect our ability to sell, rent or pledge such real property as collateral for future borrowings. Environmental laws also may impose restrictions on the manner in which real property may be used or businesses may be operated. Some of these laws and regulations have been amended so as to require compliance with new or more stringent standards as of future dates. Compliance with new or more stringent laws or regulations or stricter interpretation of existing laws may require us to incur material expenditures. Future laws, ordinances or regulations may impose material environmental liability. Additionally, tenant operations, the existing condition of land when we buy it, operations in the vicinity of our real property, such as the presence of underground storage tanks, or activities of unrelated third parties may affect our real property. There are also various local, state and federal fire, health, life-safety and similar regulations with which we may be required to comply and which may subject us to liability in the form of fines or damages for noncompliance. In connection with the acquisition and ownership of real property, we may be exposed to such costs in connection with such regulations. The cost of defending against environmental claims, of any damages or fines we must pay, of compliance with environmental regulatory requirements or of remediating any contaminated real property could materially and adversely affect our business, lower the value of our assets or results of operations and, consequently, lower the amounts available for distribution to stockholders.

Real property investments may contain or develop harmful mold or suffer from other indoor air quality issues, which could lead to liability for adverse health effects or property damage or cost for remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at any of our real property investments could require us to undertake a costly remediation program to contain or remove the mold or other airborne contaminants or to increase ventilation. In addition, the presence of significant mold or other airborne contaminants could expose us to liability from our tenants or others if property damage or personal injury occurs.

The costs associated with complying with the Americans with Disabilities Act may reduce the amount of cash available for distribution to our stockholders.

Investment in real property may be subject to the Americans with Disabilities Act of 1990, as amended, or ADA. Under the ADA, all places of public accommodation are required to comply with federal requirements related to access and use by disabled persons. The ADA has separate compliance requirements for "public accommodations" and "commercial facilities" that generally require that buildings and services be made accessible and available to people with disabilities. With respect to the properties we acquire, the ADA's requirements could require us to remove access barriers and could result in the imposition of injunctive relief, monetary penalties or, in some cases, an award of damages. Any monies we use to comply with the ADA will reduce the amount of cash available for distribution to our stockholders.

Real property is an illiquid investment, and we may be unable to adjust our portfolio in response to changes in economic or other conditions or sell a property if or when we decide to do so.

Real property is an illiquid investment. We may be unable to adjust our portfolio in response to changes in economic or other conditions. In addition, the real estate market is affected by many factors, such as general economic conditions, availability of financing, interest rates and other factors, including supply and demand, that are beyond our control. We cannot predict whether we will be able to sell any real property for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We cannot predict the length of time needed to find a willing purchaser and to close the sale of a real property. Also, we may acquire real properties that are subject to contractual "lock-out" provisions that could restrict our ability to dispose of the real property for a period of time.

We may be required to expend funds to correct defects or to make improvements before a property can be sold. We cannot assure stockholders that we will have funds available to correct such defects or to make such improvements.

In acquiring a real property, we may agree to restrictions that prohibit the sale of that real property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that real property. Our real properties may also be subject to resale restrictions. All these provisions would restrict our ability to sell a property, which could reduce the amount of cash available for distribution to our stockholders.

The bankruptcy or insolvency of a significant tenant may adversely impact our operations and our ability to pay dividends.

The bankruptcy or insolvency of a significant tenant or a number of smaller tenants may have an adverse impact on our income and our ability to pay dividends. Generally, under bankruptcy law, a debtor tenant has 120 days to exercise the option of assuming or rejecting the obligations under any unexpired lease for nonresidential real property, which period may be extended once by the bankruptcy court. If the tenant assumes its lease, the tenant must cure all defaults under the lease and may be required to provide adequate assurance of its future performance under the lease. If the tenant rejects the lease, we will have a claim against the tenant's bankruptcy estate. Although rent owing for the period between filing for bankruptcy and rejection of the lease may be afforded administrative expense priority and paid in full, pre-bankruptcy arrears and amounts owing under the remaining term of the lease will be afforded general unsecured claim status (absent collateral securing the claim). Moreover, amounts owing under the remaining term of the lease will be capped. Other than equity and subordinated claims, general unsecured claims are the last claims paid in a bankruptcy and therefore funds may not be available to pay such claims in full.

Declines in the market values of our investments may adversely affect periodic reported results of operations and credit availability, which may reduce earnings and, in turn, cash available for distribution to our stockholders.

Some of our assets will be classified for accounting purposes as "available-for-sale." These investments are carried at estimated fair value and temporary changes in the market values of those assets will be directly charged or credited to stockholders' equity without impacting net income on the income statement. Moreover, if we determine that a decline in the estimated fair value of an available-for-sale security falls below its amortized value and is not temporary, we will recognize a loss on that security on the income statement, which will reduce our earnings in the period recognized.

A decline in the market value of our assets may adversely affect us particularly in instances where we have borrowed money based on the market value of those assets. If the market value of those assets declines, the lender may require us to post additional collateral to support the loan. If we were unable to post the additional collateral, we may have to sell assets at a

time when we might not otherwise choose to do so. A reduction in credit available may reduce our earnings and, in turn, cash available for distribution to stockholders.

Further, credit facility providers may require us to maintain a certain amount of cash reserves or to set aside unlevered assets sufficient to maintain a specified liquidity position, which would allow us to satisfy our collateral obligations. As a result, we may not be able to leverage our assets as fully as we would choose, which could reduce our return on equity. In the event that we are unable to meet these contractual obligations, our financial condition could deteriorate rapidly.

Market values of our investments may decline for a number of reasons, such as changes in prevailing market rates, increases in defaults, increases in voluntary prepayments for those investments that we have that are subject to prepayment risk, widening of credit spreads and downgrades of ratings of the securities by ratings agencies.

We are subject to additional risks from our international investments.

We expect to purchase real estate investments located outside the United States. These investments may be affected by factors peculiar to the laws and business practices of the jurisdictions in which the properties are located. These laws and business practices may expose us to risks that are different from and in addition to those commonly found in the United States. Foreign investments could be subject to the following additional risks:

- the burden of complying with a wide variety of foreign laws;
- changing governmental rules and policies, including changes in land use and zoning laws, more stringent environmental laws or changes in such laws;
- existing or new laws relating to the foreign ownership of real property and laws restricting the ability of foreign persons or companies to remove profits earned from activities within the country to the person's or company's country of origin;
- the potential for expropriation;
- possible currency transfer restrictions;
- imposition of adverse or confiscatory taxes;
- changes in real estate and other tax rates and changes in other operating expenses in particular countries;
- possible challenges to the anticipated tax treatment of the structures that allow us to acquire and hold investments;
- adverse market conditions caused by terrorism, civil unrest and changes in national or local governmental or economic conditions;
- the willingness of domestic or foreign lenders to make loans in certain countries and changes in the availability, cost and terms of loan funds resulting from varying national economic policies;
- general political and economic instability in certain regions;
- the potential difficulty of enforcing obligations in other countries; and
- our limited experience and expertise in foreign countries relative to its experience and expertise in the United States.

Investments in properties outside the United States subject us to foreign currency risks, which may adversely affect distributions and our REIT status.

Revenues generated from any properties or other real estate investments we acquire or ventures we enter into relating to transactions involving assets located in markets outside the United States likely will be denominated in the local currency. Therefore any investments we make outside the United States may subject us to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. As a result, changes in exchange rates of any such foreign currency to U.S. dollars may affect our revenues, operating margins and distributions and may also affect the book value of our assets and the amount of stockholders' equity.

Changes in foreign currency exchange rates used to value a REIT's foreign assets may be considered changes in the value of the REIT's assets. These changes may adversely affect our status as a REIT. Further, bank accounts in foreign currency that are not considered cash or cash equivalents may adversely affect our status as a REIT.

Inflation in foreign countries, along with government measures to curb inflation, may have an adverse effect on our investments.

Certain countries have in the past experienced extremely high rates of inflation. Inflation, along with governmental measures to curb inflation, coupled with public speculation about possible future governmental measures to be adopted, has had significant negative effects on the certain international economies in the past and this could occur again in the future. The introduction of governmental policies to curb inflation can have an adverse effect on our business. High inflation in the countries in which we purchase real estate or make other investments could increase our expenses and we may not be able to pass these increased costs onto our tenants.

Lack of compliance with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.

We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including potential competitors, are not subject to these prohibitions. Fraudulent practices, including corruption, extortion, bribery, pay-offs, theft and others, occur from time-to-time in countries in which we may do business. If people acting on our behalf or at our request are found to have engaged in such practices, severe penalties and other consequences could be imposed on us that may have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay distributions to our stockholders and the value of a stockholder's investment.

Risks Related to Our Financing Strategy

We may not be able to access financing sources on attractive terms, which could adversely affect our ability to execute our business plan.

We may finance our assets with outside capital. We do not know whether any sources of capital will be available to us in the future on terms that are acceptable to us, if at all. If we cannot obtain sufficient capital on acceptable terms, our businesses and our ability to operate could be severely impacted.

We have broad authority to incur debt and high debt levels could hinder our ability to make distributions and decrease the value of a stockholder's investment.

Our charter does not limit us from incurring debt until our borrowings would exceed 300% of our net assets. Further, we can increase our borrowings in excess of 300% of our net assets, if a majority of our independent directors approve such increase and the justification for such excess borrowing is disclosed to our stockholders in our next quarterly report. Our board of directors is required to review our debt levels at least quarterly. High debt levels would cause us to incur higher interest charges and higher debt service payments and could also be accompanied by restrictive covenants. These factors could limit the amount of cash we have available to distribute and could result in a decline in the value of a stockholder's investment.

We expect to use credit facilities to finance our investments, which may require us to provide additional collateral and significantly impact our liquidity position.

On October 5, 2016, we and MVP REIT, as borrowers, through our respective operating partnerships, entered into an unsecured credit agreement with KeyBank, National Association as the administrative agent and KeyBanc Capital Markets as the lead arranger. Pursuant to the unsecured credit agreement, the borrowers were provided with a $30 million unsecured credit facility, which may be increased up to $100 million, in minimum increments of $10 million, for a maximum of $70 million increase. The unsecured credit facility has an initial term of two years, maturing on October 5, 2018, and may be extended for a one-year period if certain conditions are met and upon payment of an extension fee.

We expect to use this credit facility and potential other credit facilities to finance some of our investments. In a weakening economic environment, we would generally expect credit quality to decline, resulting in a higher likelihood that the lenders would require partial repayment from us, which could be substantial. Posting additional collateral to support our credit facilities could significantly reduce our liquidity and limit our ability to leverage our assets. In the event we do not have sufficient liquidity to meet such requirements, lending institutions can accelerate our indebtedness, which could have a

material adverse effect on our business and operations.

Instability in the debt markets may make it more difficult for us to finance or refinance properties, which could reduce the number of properties we can acquire and the amount of cash distributions we can make to our stockholders.

If mortgage debt is unavailable on reasonable terms as a result of increased interest rates or other factors, we may not be able to finance the initial purchase of properties. In addition, if we place mortgage debt on properties, we run the risk of being unable to refinance such debt when the loans come due, or of being unable to refinance on favorable terms. If interest rates are higher when we refinance debt, our income could be reduced. We may be unable to refinance debt at appropriate times, which may require us to sell properties on terms that are not advantageous to us, or could result in the foreclosure of such properties. If any of these events occur, our cash flow would be reduced. This, in turn, would reduce cash available for distribution to stockholders and may hinder our ability to raise more capital by issuing securities or by borrowing more money.

Increases in interest rates could increase the amount of our debt payments and negatively impact our operating results.

Interest we pay on our debt obligations will reduce cash available for distributions. If we incur variable rate debt, increases in interest rates would increase our interest costs, which would reduce our cash flows and our ability to make distributions to stockholders. If we need to repay existing debt during periods of rising interest rates, we could be required to liquidate one or more of our investments at times which may not permit realization of the maximum return on such investments.

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

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

Risks Related to Conflicts of Interest

The fees we pay in connection with the Offering and in connection with the acquisition and management of our investments were not determined on an arm's length basis; therefore, we do not have the benefit of arm's length negotiations of the type normally conducted between unrelated parties.

The fees to be paid to the Advisor, our affiliated selling agent and other affiliates for services they provide for us were not determined on an arm's length basis. As a result, the fees have been determined without the benefit of arm's length negotiations of the type normally conducted between unrelated parties and may be in excess of amounts that we would otherwise pay to third parties for such services.

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

Limited partners of our operating partnership may receive the right to vote on certain amendments to the operating partnership agreement, as well as on certain other matters. Persons holding such voting rights may exercise them in a manner that conflicts with the interests of our stockholders. As general partner of our operating partnership, we are obligated to act in a manner that is in the best interest of all partners of our operating partnership. Circumstances may arise in the future when the interests of limited partners in our operating partnership may conflict with the interests of our stockholders. These conflicts may be resolved in a manner stockholders do not believe are in their best interest.

Our executive officers and the Advisor's key real estate, finance and securities professionals will face conflicts of interest caused by our compensation arrangements with the Advisor and its affiliates, which could result in actions that are not in the long-term best interests of our company.

Our executive officers and the Advisor's key real estate, finance and securities professionals are also officers, directors, managers and/or key professionals of our Sponsor, our affiliated selling agent and other affiliated entities. The Advisor, our affiliated selling agent and other affiliated entities will receive substantial fees from us. These fees could influence the advice given to us by the key personnel of the Advisor and its affiliates. Among other matters, these compensation arrangements could affect their judgment with respect to:

- the continuation, renewal or enforcement of our agreements with the Advisor, our affiliated selling agent and other affiliated entities, including the advisory agreement and the selling agreements with our selling agents;
- public offerings of equity by us, which would enable our affiliated selling agent to earn additional selling commissions and the Advisor to earn additional acquisition and asset management fees;
- acquisitions of investments for us by affiliates, which entitle the Advisor to acquisition and asset management fees and, in the case of acquisitions of real property from other affiliated entities, might entitle affiliates of the Advisor to disposition fees in connection with services for the seller;
- real property sales, since the asset management fees payable to the Advisor will decrease;
- sales of real property, which entitle the Advisor to disposition fees; and
- borrowings to acquire investments, which borrowings will increase the asset management fees payable to the Advisor.

The fees the Advisor receives in connection with transactions involving the acquisition of an asset are based on the cost of the investment, and not based on the quality of the investment or the quality of the services rendered to us. Additionally, the payment of certain fees may influence the Advisor to recommend transactions with respect to the sale of a property or properties that may not be in our best interest at the time. Investments with higher net operating income growth potential are generally riskier or more speculative. In evaluating investments and other management strategies, the opportunity to earn fees may lead the Advisor to place undue emphasis on criteria relating to its compensation at the expense of other criteria, such as the preservation of capital, to achieve higher short-term compensation. Considerations relating to our affiliates' compensation from us and other affiliates could result in decisions that are not in the best interests of our stockholders, which could hurt our ability to pay distributions to stockholders or result in a decline in the value of their investment.

Our affiliated selling agent, MVP American Securities, will face conflicts of interest in connection with its due diligence review and investigation of us and the prospectus and otherwise relating to the services provided on our behalf.

MVP American Securities is an affiliate of the Advisor and may receive fees for acting as our affiliated selling agent. Because MVP American Securities is an affiliate, its due diligence review and investigation of us, our initial public offering and this offering cannot be considered to be an independent review and, therefore, may not be as meaningful as a review conducted by an unaffiliated broker-dealer. In addition, MVP American Securities will act as selling agent and dealer manager in this offering, and may act as a selling agent and dealer manager in future programs, if any, that may be sponsored by affiliates of the Advisor. We may compete for investors with any such future programs and any overlap of such offerings with our offering could adversely affect our ability to raise all the capital we seek in this offering, the timing of sales of the Shares and the Warrants and the amount of proceeds we have to spend on real estate investments.

Our Sponsor will face conflicts of interest relating to performing services on our behalf and such conflicts may not be resolved in our favor, meaning that we could invest in less attractive assets, which could limit our ability to make distributions and reduce stockholders overall investment return.

Our Sponsor and other affiliated entities rely on many of the same real estate, finance and securities professionals as the Advisor. Our investment strategy is very similar to that of our Sponsor and its affiliated entities, including MVP REIT, Inc. When these real estate, finance and securities professionals direct an investment opportunity to any affiliated entity, they, in their sole discretion, will offer the opportunity to the entity for which the investment opportunity is most suitable based on the investment objectives, portfolio and criteria of each entity. The allocation of investment opportunities could result in us investing in assets that provide less attractive returns, reducing the level of distributions we may be able to pay to stockholders.

Further, our directors and officers, our Sponsor, the Advisor, Michael V. Shustek and any of their respective affiliates, employees and agents are not prohibited from engaging, directly or indirectly, in any business or from possessing interests in any other business venture or ventures, including businesses and ventures involved in the acquisition or sale of real estate investments or that otherwise compete with us.

The Advisor's real estate, finance and securities professionals acting on behalf of the Advisor will face competing demands relating to their time and this may cause our operations and a stockholder's investment to suffer.

Our Sponsor and other affiliated entities rely on many of the same real estate, finance and securities professionals as the Advisor, including Mr. Shustek, for the day-to-day operation of our business. Mr. Shustek is also an executive officer of other affiliated entities, including serving as the Chief Executive Officer of MVP REIT, Inc. As a result of his interests in other affiliated entities and the fact that he engages in and will continue to engage in other business activities on behalf of himself and others, Mr. Shustek will face conflicts of interest in allocating his time among us, our Sponsor and other affiliated entities and other business activities in which he is involved. These conflicts of interest could result in declines in the returns on our investments and the value of a stockholder's investment.

The Advisor may have conflicting fiduciary obligations if we enter into joint ventures or engage in other transactions with its affiliates. As a result, in any such transaction we may not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

We have made and may continue to make co-investments in real estate with affiliates of the Advisor through a joint venture. In these circumstances, the Advisor will have a conflict of interest when fulfilling its fiduciary obligation to us. In any such transaction, we would not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

Our executive officers and the Advisor's key real estate, finance and securities professionals face conflicts of interest related to their positions and interests in our affiliates which could hinder our ability to implement our business strategy and to generate returns to stockholders.

Our executive officers and the Advisor's key real estate, finance and securities professionals are also executive officers, directors, managers and key professionals of MVP American Securities and/or other affiliated entities. As a result, they owe duties to each of these entities, their members and limited partners and these investors, which duties may from time to time conflict with the fiduciary duties that they owe to us and our stockholders. In addition, our Sponsor may grant equity interests in the Advisor to certain management personnel performing services for the Advisor. The loyalties of these individuals to other entities and investors could result in action or inaction that is detrimental to our business, which could harm the implementation of our business strategy and our investment and leasing opportunities. If we do not successfully implement our business strategy, we may be unable to generate the cash needed to make distributions to stockholders and to maintain or increase the value of our assets.

We may purchase real property from third parties who have existing or previous business relationships with affiliates of the Advisor, and, as a result, in any such transaction, we may not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

We may purchase real estate from third parties that have existing or previous business relationships with affiliates of the Advisor. The officers, directors or employees of the Advisor and its affiliates may have a conflict in representing our interests in these transactions on the one hand and the interests of such affiliates in preserving or furthering their respective relationships on the other hand. In any such transaction, we will not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties, and the purchase price or fees paid by us may be in excess of amounts that we would otherwise pay to third parties.

A stockholder's interest in us could be diluted and we could incur other significant costs associated with being self-managed if we internalize our management functions.

Our board of directors may decide in the future to internalize our management functions. If we do so, we may elect to negotiate to acquire the Advisor's assets and the personnel that the Advisor utilizes to perform services on its behalf for us.

The payment of such consideration could result in dilution of a stockholder's interest and could reduce the income per share attributable to a stockholder's investment. Additionally, although we would no longer bear the costs of the various fees and expenses we expect to pay to the Advisor under the advisory agreement, our direct expenses would include general and administrative costs, including legal, accounting and other expenses related to corporate governance, SEC reporting and compliance. We would also employ personnel and would be subject to potential liabilities commonly faced by employers, such as workers disability and compensation claims, potential labor disputes and other employee-related liabilities and grievances as well as incur the compensation and benefits costs of our officers and other employees and consultants. We may issue equity awards to officers, employees and consultants, which awards would decrease our net income and funds from operations and may further dilute a stockholder's investment. We cannot reasonably estimate the amount of advisory fees we would save or the costs we would incur if we become self-managed. If the expenses we assume as a result of an internalization are higher than the expenses we avoid paying to the Advisor, our income per share would be lower as a result of the internalization than it otherwise would have been, potentially decreasing the amount of cash available to distribute to our stockholders and the value of our shares.

Internalization transactions involving the acquisition of advisors affiliated with entity sponsors have also, in some cases, been the subject of litigation. Even if these claims are without merit, we could be forced to spend significant amounts of money defending claims which would reduce the amount of cash available for us to originate or acquire assets, and to pay distributions. If we internalize our management functions, we could have difficulty integrating these functions as a stand-alone entity. Currently, the Advisor and its affiliates perform asset management and general and administrative functions, including accounting and financial reporting, for multiple entities. These personnel have substantial know-how and experience which provides us with economies of scale. We may fail to properly identify the appropriate mix of personnel and capital needs to operate as a stand-alone entity. Certain key employees may not become employees of the Advisor but may instead remain employees of the Sponsor or its affiliates. In addition, the advisory agreement provides that we will not solicit or hire the employees of the Advisor or any of its affiliates during the term of the respective agreement and for a one-year period thereafter. As a result, our board of directors, including a majority of our independent directors, may determine that it is appropriate for us to pay the Advisor consideration in order to cause it to relinquish these restrictive covenants and allow us to hire certain personnel who were performing services for us prior to the internalization. However, no transaction with our Advisor may be undertaken unless our board of directors (including a majority of the independent directors) approve the transaction as fair and reasonable to the Company and on terms and conditions no less favorable to the Company than those available from unaffiliated third parties.

An inability to manage an internalization transaction effectively could thus result in our incurring excess costs and suffering deficiencies in our disclosure controls and procedures or our internal control over financial reporting. Such deficiencies could cause us to incur additional costs, and our management's attention could be diverted from most effectively managing our investments.

Risk Related to this Offering and Our Corporate Structure

Our rights and the rights of our stockholders to recover claims against directors, including our independent directors, and our officers are limited, which could reduce a stockholder's and our recovery against them if they negligently cause us to incur losses.

Maryland law provides that a director has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. Our charter generally provides that, subject to the limitations under Maryland law, no director or officer will be liable to us or our stockholders for monetary damages and that we must generally indemnify directors and officers for losses unless, in the case of independent directors, they are grossly negligent or engage in willful misconduct or, in the case of non-independent directors or officers, they are negligent or engage in misconduct. As a result, a stockholder and we may have more limited rights against our directors and officers than might otherwise exist under common law, which could reduce a stockholder's and our recovery from these persons if they act in a negligent manner. In addition, we may be obligated to fund the defense costs incurred by our directors (as well as by our officers, employees and agents) in some cases, which would decrease the cash otherwise available for distribution to stockholders.

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

Our board of directors may classify or reclassify any unissued shares of common stock or preferred stock into other classes or series of stock and establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of repurchase of any such classes or series of stock. Thus, our board of directors could authorize the issuance of shares of a class or series of preferred stock with priority as to distributions and amounts payable upon liquidation over the rights of our stockholders. Such preferred stock could also have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to our stockholders. However, the issuance of preferred stock must be approved by a majority of our independent directors not otherwise interested in the transaction, who will have access, at our expense, to our legal counsel or to independent legal counsel.

We are not and do not plan to be registered as an investment company under the Investment Company Act, and therefore we will not be subject to the requirements imposed and stockholder protections provided by the Investment Company Act; maintaining an exemption from registration may limit or otherwise affect our investment choices.

Neither we, our operating partnership, nor any of our subsidiaries are registered or intend to register as an investment company under the Investment Company Act. Our operating partnership's and subsidiaries' investments in real estate will represent the substantial majority of our total asset mix. In order for us not to be subject to regulation under the Investment Company Act, we engage, through our operating partnership and our wholly and majority-owned subsidiaries, primarily in the business of buying real estate. These investments must be made within a year after our public offering ends.

If we were obligated to register as an investment company, we would have to comply with a variety of substantive requirements under the Investment Company Act that impose, among other things:

- limitations on capital structure;
- restrictions on specified investments;
- prohibitions on transactions with affiliates; and
- compliance with reporting, record keeping, voting, proxy disclosure and other rules and regulations that would significantly increase our operating expenses.

Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities. We are organized as a holding company that conducts its businesses primarily through our operating partnership and its subsidiaries. We believe neither we nor our operating partnership nor the subsidiaries will be considered an investment company under Section 3(a)(1)(A) of the Investment Company Act because neither we nor our operating partnership nor the subsidiaries will engage primarily or hold ourselves out as being engaged primarily in the business of investing, reinvesting or trading in securities. Rather, through our operating partnership's wholly owned or majority-owned subsidiaries, we and our operating partnership will be primarily engaged in the non-investment company businesses of these subsidiaries, namely the business of purchasing or otherwise acquiring real property.

Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that 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 the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the 40% test. Excluded from the term "investment securities," among other things, are (i) U.S. government securities and (ii) securities issued by majority-owned subsidiaries that are (a) not themselves investment companies and (b) not relying on the exception from the definition of investment company set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act relating to private investment companies. We believe that we, our operating partnership and the subsidiaries of our operating partnership will each comply with the 40% test as we have invested in real property, rather than in securities, through our wholly and majority-owned subsidiaries. As our subsidiaries will be investing either solely or primarily in real property, they would be outside of the definition of "investment company" under Section 3(a)(1)(C) of the Investment Company Act. As we are organized as a holding company that conducts its businesses primarily through our operating partnership, which in turn is a holding company conducting its business of investing in real property through wholly-owned or majority-owned subsidiaries. We monitor our holdings to ensure continuing and ongoing compliance with the 40% test.

Even if the value of investment securities held by one of our subsidiaries were to exceed 40% of the value of its total assets, we expect that subsidiary to be able to rely on the exception from the definition of an investment company under 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." Section 3(c)(5)(C), as interpreted by the staff of the SEC, requires each of our subsidiaries relying on this exception to invest at least 55% of its portfolio in "mortgage and other liens on and interests in real estate," which we refer to as "qualifying real estate assets," and maintain at least 80% of its assets in qualifying real estate assets or other real estate-related assets. The remaining 20% of the portfolio can consist of miscellaneous assets.

For purposes of the exclusions provided by Sections 3(c)(5)(C), we will classify our investments based in large measure on no-action letters issued by the SEC staff and other SEC interpretive guidance and, in the absence of SEC Guidance, on our view of what constitutes a qualifying real estate asset and a real estate related asset. Although we intend to monitor our portfolio periodically and prior to each investment acquisition and disposition, there can be no assurance that we will be able to maintain this exclusion for each of these subsidiaries. It is not certain whether or to what extent the SEC or its staff in the future may modify its interpretive guidance to narrow the ability of issuers to rely on the exemption from registration provided by Section 3(c)(5)(C). Any such future guidance may affect our ability to rely on this exception.

Although we intend to monitor our portfolio periodically and prior to each investment acquisition and disposition, there can be no assurance that we, our operating partnership or our subsidiaries will be able to maintain this exemption from registration for the Company and each of its subsidiaries. If the SEC or its staff does not agree with our determinations, we may be required to adjust our activities or those of our subsidiaries.

In the event that we, or our operating partnership, were to acquire assets that could make either entity fall within the definition of investment company under Section 3(a)(1)(C) of the Investment Company Act, we believe that we would still qualify for the exception from the definition of "investment company" provided by Section 3(c)(6). Although the SEC or its staff has issued little interpretive guidance with respect to Section 3(c)(6), we believe that we and our operating partnership may rely on Section 3(c)(6) if 55% of the assets of our operating partnership consist of, and at least 55% of the income of our operating partnership is derived from, qualifying real estate assets owned by wholly owned or majority-owned subsidiaries of our operating partnership.

Qualification for this exemption will limit our ability to make certain investments. To the extent that the SEC staff provides more specific guidance regarding any of the matters bearing upon such tests and/or exceptions, we may be required to adjust our strategy accordingly. Any additional guidance from the SEC staff could provide additional flexibility to us, or it could further inhibit our ability to pursue the strategies we have chosen.

Further, if we, our operating partnership or our subsidiaries are required to register as investment companies under the Investment Company Act, our investment options may be limited by various limitations, such as those mentioned above, and we or our subsidiaries would be subjected to a complex regulatory scheme, the costs of compliance with which can be high.

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements.

In April 2012, President Obama signed into law the Jumpstart Our Business Startups Act, or the JOBS Act. We are an "emerging growth company," as defined in the JOBS Act, and we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies."

We could remain an "emerging growth company" for up to five years, or until the earliest of (1) the last day of the first fiscal year in which our annual gross revenues equals or exceeds $1 billion, (2) December 31 of the fiscal year that we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter and we have been publicly reporting for at least 12 months or (3) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three-year period.

Under the JOBS Act, emerging growth companies are not required to (1) provide an auditor's attestation report on management's assessment of the effectiveness of internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act, (2) comply with any new requirements adopted by the Public Company Accounting Oversight Board, or

the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (3) comply with any new audit rules adopted by the PCAOB after April 5, 2012, unless the SEC determines otherwise, (4) provide certain disclosure regarding executive compensation required of larger public companies or (5) hold stockholder advisory votes on executive compensation. Certain of these exemptions are inapplicable to us because of our structure as an externally managed REIT, and we have not made a decision as to whether to take advantage of any or all of the JOBS Act exemptions that applicable to us.

In addition, the JOBS Act provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of such extended transition period. Since we will not be required to comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies, our financial statements may not be comparable to the financial statements of companies that comply with public company effective dates. If we were to subsequently elect to instead comply with these public company effective dates, such election would be irrevocable pursuant to Section 107 of the JOBS Act.

Payment of fees to the Advisor and its affiliates will reduce cash available for investment and distribution and increases the risk that stockholders will not be able to recover the amount of their investment in our shares.

The Advisor and its affiliates perform services for us in connection with the selection, acquisition, and management of our investments. We pay them substantial fees for these services, which will result in immediate dilution to the value of a stockholder's investment and will reduce the amount of cash available for investment or distribution to stockholders. We may increase the compensation we pay to the Advisor subject to approval by our board of directors, including the independent directors, and other limitations in our charter, which would further dilute a stockholder's investment and the amount of cash available for investment or distribution to stockholders. We estimate that 100% of the gross proceeds from the primary offering will be available for investments. We intend to use a portion of this amount to pay fees and expenses to the Advisor in connection with the selection and acquisition of our real estate investments, which amounts cannot be determined at the present time. We may also maintain a working capital reserve. As a result, stockholders will only receive a full return of their invested capital if we either (1) sell our assets or our company for a sufficient amount in excess of the original purchase price of our assets or (2) the market value of our company after we list our shares of common stock on a national securities exchange is substantially in excess of the original purchase price of our assets. Moreover, these fees increase the risk that the amount available for distribution to stockholders upon a liquidation of our portfolio would be less than the purchase price of the shares in the Offering. These substantial fees and other payments also increase the risk that stockholders will not be able to resell their shares at a profit, even if our shares are listed on a national securities exchange.

Our board of directors could opt into certain provisions of the MGCL relating to deterring or defending hostile takeovers in the future, which may discourage others from trying to acquire control of us and may prevent our stockholders from receiving a premium price for their stock in connection with a business combination.

Under Maryland law, "business combinations" between a Maryland corporation and certain interested stockholders or affiliates of interested stockholders are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder and thereafter may only be consummated if approved by two supermajority votes of our stockholders. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. Also under Maryland law, control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquirer, an officer of the corporation or an employee of the corporation who is also a director of the corporation are excluded from the vote on whether to accord voting rights to the control shares. Pursuant to the Maryland Business Combination Act, our board of directors has exempted any business combinations between us and any person. Consequently, the five-year prohibition and the super-majority vote requirements do not apply to business combinations between us and any person. As a result, such parties may be able to enter into business combinations with us that may not be in the best interest of our stockholders, without compliance with the supermajority vote requirements and the other provisions in the statute. Our bylaws contain a provision exempting from the Maryland Control Share Acquisition Act any and all acquisitions by any person of shares of our stock. There can be no assurance that these resolutions or exemptions will not be amended or eliminated at any time in the future.

Our charter includes a provision that may discourage a person from launching a mini-tender offer for our shares.

Our charter provides that any tender offer made by a person, including any "mini-tender" offer, must comply with most provisions of Regulation 14D of the Securities Exchange Act of 1934, as amended, or the Exchange Act. A "mini-tender offer" is a public, open offer to all stockholders to buy their stock during a specified period of time that will result in the bidder owning less than 5% of the class of securities upon completion of the mini-tender offer process. Absent such a provision in our charter, mini-tender offers for shares of our common stock would not be subject to Regulation 14D of the Exchange Act. Tender offers, by contrast, result in the bidder owning more than 5% of the class of securities and are automatically subject to Regulation 14D of the Exchange Act. Pursuant to our charter, the offeror must provide our company notice of such tender offer at least 10 business days before initiating the tender offer. If the offeror does not comply with these requirements, no stockholder may transfer shares of our common stock to such offeror unless such stockholder shall have first offered such shares to us for purchase at the tender offer price. In addition, the non-complying offeror shall be responsible for all of our expenses in connection with that offeror's noncompliance. This provision of our charter may discourage a person from initiating a mini-tender offer for our shares and prevent stockholders from receiving a premium price for their shares in such a transaction.

Federal Income Tax Risks

Failure to maintain our status as a REIT could adversely affect our operations and our ability to make distributions.

We intend to qualify as a real estate investment trust, or a REIT, for federal income tax purposes. Although we have received an opinion of counsel with respect to our qualification as a REIT, investors should be aware, among other things, that such opinion does not bind the Internal Revenue Service and was based on certain representations as to factual matters and covenants made by us. Both the validity of such opinion and our qualification as a REIT will depend on our satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex provisions of the Code, for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. Importantly, as of the date hereof we have a limited operating history and both the opinion and any other assessment regarding our qualification as a REIT depends wholly on projections regarding our future activities and our ability, within one year after our receipt thereof, to apply the proceeds of the Offering to qualifying assets for purposes of the REIT requirements.

If we were to fail to maintain our status as a REIT for any taxable year, or if our board of directors determined to revoke our REIT election, we would be subject to U.S. federal income tax on our taxable income at corporate rates. In addition, we would be disqualified from treatment as a REIT for the four taxable years following the year in which we lose our REIT status. Losing our REIT status would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability. In addition, absent IRS relief, distributions to stockholders would no longer be deductible in computing our taxable income, and we would no longer be required to make distributions. To the extent that distributions had been made in anticipation of our qualifying as a REIT, we might be required to borrow funds or liquidate some investments in order to pay the applicable corporate income tax.

Lastly, it is possible that future economic, market, legal, tax or other considerations may cause our board of directors to determine that it is no longer in our best interest to continue to be qualified as a REIT and recommend that we revoke our REIT election.

Our leases must be respected as such for U.S. federal income tax purposes in order for us to qualify as a REIT.

In order for us to qualify as a REIT, at least 75% of our gross income each year must consist of real estate-related income, including rents from real property. Income from operation of our parking facilities will not be treated as rents from real property. Accordingly, we will lease our parking facilities to lessees that will operate the facilities. If such leases were recharacterized as management contracts for U.S. federal income tax purposes or otherwise as an arrangement other than a lease, we could fail to qualify as a REIT.

To qualify as a REIT, we must meet annual distribution requirements, which may result in us distributing amounts that may otherwise be used for our operations or having to borrow funds.

To obtain the favorable tax treatment accorded to REITs, we normally will be required each year to distribute dividends to our stockholders equal to at least 90% of our real estate investment trust taxable income, determined without regard to the dividends-paid deduction and by excluding net capital gains. We will be subject to U.S. federal income tax on our undistributed taxable income and net capital gain and to a 4% nondeductible excise tax on any amount by which distributions we pay with respect to any calendar year are less than the sum of 85% of our ordinary income, 95% of our capital gain net income and 100% of our undistributed income from prior years. These requirements could cause us to distribute amounts that otherwise would be spent on acquisitions of properties, and it is possible that we might be required to borrow funds or sell assets to fund these distributions. We may not always be able to make distributions sufficient to meet the annual distribution requirements and to avoid corporate income and excise taxes.

From time to time, we may generate taxable income greater than our income for financial reporting purposes, or differences in timing between the recognition of taxable income and the actual receipt of cash may occur, e.g., from (i) the effect of non-deductible capital expenditures, (ii) the creation of reserves, (iii) the recognition of original issue discount or (iv) required debt amortization payments. If we do not have other funds available in these situations, it might be necessary to arrange for short-term, or possibly long-term, borrowings, or to pay dividends in the form of our shares or other taxable in-kind distributions of property. We may need to borrow funds at times when the market conditions are unfavorable. Such borrowings could increase our costs and reduce the value of a stockholder's investment. In the event in-kind distributions are made, a stockholder's tax liabilities associated with an investment in our stock for a given year may exceed the amount of cash we distribute to a stockholder during such year. Distributions in kind shall not be permitted, except for distributions of readily marketable securities, distributions of beneficial interests in a liquidating trust established for the dissolution of the corporation and the liquidation of its assets in accordance with the terms of the charter or distributions in which (a) the board advises each stockholder of the risks associated with direct ownership of the property, (b) the board offers each stockholder the election of receiving such in-kind distributions and (c) in-kind distributions are made only to those stockholders that accept such offer.

Dividends payable by REITs generally do not qualify for the reduced tax rates that apply to other corporate dividends.

The maximum U.S. federal income tax rate for dividends payable by corporations to domestic stockholders that are individuals, trusts or estates is generally 20%. Dividends from REITs, however, generally continue to be taxed at the normal ordinary income rate applicable to the individual recipient, rather than the 20% preferential rate. The more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations, which could adversely affect the value of the stock of REITs, including our convertible redeemable preferred stock.

In certain circumstances, we may be subject to federal, state and local taxes as a REIT, which would reduce our cash available for distribution to stockholders.

Even if we qualify and maintain our status as a REIT, we may be subject to U.S. federal income taxes or state taxes. For example, net income from a "prohibited transaction," generally sales of property held primarily for sale to customers in the ordinary course of business, will be subject to a 100% tax. We may not be able to make sufficient distributions to avoid excise taxes applicable to REITs. We may also decide to retain capital gains we earn from the sale or other disposition of our property and pay income tax directly on such gains. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders 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 to claim refunds. We may also be subject to state and local taxes on our income or property, either directly or at the level of the companies through which we indirectly own our assets. Any U.S. federal or state taxes we pay will reduce our cash available for distribution to stockholders.

Investments in other REITs and real estate partnerships could subject us to the tax risks associated with the tax status of such entities.

We may invest in the securities of other REITs and real estate partnerships. Such investments are subject to the risk that any such REIT or partnership may fail to satisfy the requirements to qualify as a REIT or a partnership, as the case may be, in any

given taxable year. In the case of a REIT, such failure would subject such entity to taxation as a corporation, may require such REIT to incur indebtedness to pay its tax liabilities, may reduce its ability to make distributions to us, and may render it ineligible to elect REIT status prior to the fifth taxable year following the year in which it fails to so qualify. In the case of a partnership, such failure could subject such partnership to an entity level tax and reduce the entity's ability to make distributions to us. In addition, such failures could, depending on the circumstances, jeopardize our ability to qualify as a REIT.

Complying with the REIT requirements may impact our ability to maximize profits.

To qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of shares of our common stock. We may be required to forego attractive investments or liquidate otherwise attractive investments to comply with such tests. We also may be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with the REIT requirements may force us to liquidate otherwise attractive investments.

To qualify as a REIT, we must ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified real estate-related assets. The remainder of our investments (other than government securities and qualified real estate-related assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, no more than 5% of the value of our assets (other than government securities and qualified real estate-related assets) can consist of the securities of any one issuer, no more than 25% (20% after 2017) of the value of our total assets can be represented by securities of one or more taxable REIT subsidiaries and no more than 25% of the value of our total assets can be represented by "nonqualified publicly offered REIT debt instruments." If we fail to comply with these requirements at the end of any calendar quarter, we must correct such failure within 30 days after the end of the calendar quarter to avoid losing our REIT status and suffering adverse tax consequences. As a result, we may be required to liquidate otherwise attractive investments to maintain REIT status. Such action may subject the REIT to the tax on prohibited transactions, discussed below.

Liquidation of assets may jeopardize our REIT status.

To continue to qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to satisfy our obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our status as a REIT, or we may be subject to a 100% tax on any resulting gain if we sell assets that are treated as dealer property or inventory.

Certain of our business activities are potentially subject to the prohibited transaction tax, which could reduce the return on a Stockholder's investment.

Our ability to dispose of property during the first few years following acquisition is restricted to a substantial extent as a result of our REIT status. Under applicable provisions of the Code regarding prohibited transactions by REITs, we will be subject to a 100% tax on any gain realized on the sale or other disposition of any property (other than foreclosure property) we own, directly or through any subsidiary entity, including our operating partnership, but excluding our taxable REIT subsidiaries, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of trade or business. 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. We intend to avoid the 100% prohibited transaction tax by (1) conducting activities that may otherwise be considered prohibited transactions through a taxable REIT subsidiary, (2) conducting our operations in such a manner so that no sale or other disposition of an asset we own, directly or through any subsidiary other than a taxable REIT subsidiary, will be treated as a prohibited transaction or (3) structuring certain dispositions of our properties to comply with certain safe harbors available under the Internal Revenue Code for properties held at least two years. However, no assurance can be given that any particular property we own, directly or through any subsidiary entity, , including our operating partnership, other than our taxable REIT subsidiaries, will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

Recharacterization of sale-leaseback transactions may cause us to lose our REIT status.

We may purchase real property and lease it back to the sellers of such property. We cannot assure stockholders that the Internal Revenue Service will not challenge any characterization of such a lease as a "true lease," which would allow us to be treated as the owner of the property for federal income tax purposes. In the event that any such sale-leaseback transaction is challenged and recharacterized as a financing transaction or loan for federal income tax purposes, deductions for depreciation and cost recovery relating to such property would be disallowed. If a sale-leaseback transaction were so recharacterized, we might fail to satisfy the REIT qualification "asset tests" or the "income tests" and, consequently, lose our REIT status. Alternatively, the amount of our REIT taxable income could be recalculated, which might also cause us to fail to meet the distribution requirement for a taxable year.

The stock ownership limit imposed by the Code for REITs and our charter may restrict our business combination opportunities.

To qualify as a REIT under the Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) at any time during the last half of any taxable year after our first year in which we qualify as a REIT. Our charter, with certain exceptions, authorizes our board of directors to take the actions that are necessary or appropriate to preserve our qualification as a REIT. Unless an exemption is granted prospectively or retroactively by our board of directors, no person (as defined to include entities) may own more than 9.8% in value of the aggregate of our outstanding shares of capital stock or more than 9.8%, in value or in number of shares, whichever is more restrictive, of the aggregate of our outstanding shares of common stock. Generally, this limit can be waived and adjusted by the board of directors. Our board of directors may grant an exemption from the 9.8% ownership limit prospectively or retroactively in its sole discretion, subject to such conditions, representations and undertakings as required by our charter or as it may determine. These and other ownership limitations in our charter are common in REIT charters and are intended, among other purposes, to assist us in complying with the tax law requirements and to minimize administrative burdens. However, these ownership limits and the other restrictions on ownership and transfer in our charter might also delay or prevent a transaction or a change in our control that might involve a premium price for our stock or otherwise be in the best interests of our stockholders.

Legislative or regulatory action could adversely affect us or our investors.

In recent years, numerous legislative and administrative changes have been made or proposed to the U.S. federal income tax laws applicable to investments in REITs and similar entities. Additional changes to tax laws are likely to continue to occur in the future and may take effect retroactively, and there can be no assurance that any such changes will not adversely affect how we are taxed or the taxation of a stockholder. Any such changes could have an adverse effect on an investment in our shares. We urge stockholders to consult with their own tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares.

Qualifying as a REIT involves highly technical and complex provisions of the Code.

Qualification as a REIT involves the application of highly technical and complex Code provisions for which only limited judicial and administrative authorities exist. Even a technical or inadvertent violation could jeopardize our REIT qualification. Our continued qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stock ownership and other requirements on a continuing basis. In addition, our ability to satisfy the requirements to qualify as a REIT may depend in part on the actions of third parties over which we have no control or only limited influence, including in cases where we own an equity interest in an entity that is classified as a partnership for U.S. federal income tax purposes.

Retirement Plan Risks

If a stockholder fails to meet the fiduciary and other standards under ERISA or the Internal Revenue Code as a result of an investment in our stock, a stockholder could be subject to criminal and civil penalties.

There are special considerations that apply to employee benefit plans subject to the Employee Retirement Income Security Act of 1974, or ERISA, (such as pension, profit-sharing or 401(k) plans) and other retirement plans or accounts subject to Section 4975 of the Internal Revenue Code (such as an IRA or Keogh plan) whose assets are being invested in our convertible redeemable preferred stock. If stockholders are investing the assets of such a plan (including assets of an insurance company general account or entity whose assets are considered plan assets under ERISA) or account in our convertible redeemable preferred stock, stockholders should satisfy their self that:

- stockholder investment is consistent with their fiduciary obligations under ERISA and the Internal Revenue Code;
- stockholder investment is made in accordance with the documents and instruments governing your plan or IRA, including your plan or account's investment policy;

- stockholder investment satisfies the prudence and diversification requirements of Section 404(a)(1)(B) and 404(a)(1)(C) of ERISA and other applicable provisions of ERISA and/or the Internal Revenue Code;
- stockholder investment will not impair the liquidity of the plan or IRA;
- stockholder investment will not produce unrelated business taxable income, referred to as UBTI for the plan or IRA;
- stockholders you 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
- stockholder investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code.

With respect to the annual valuation requirements described above, we expect to provide an estimated value for our shares annually by publishing such value in reports filed with the SEC.

This estimated value may not reflect the proceeds a stockholder would receive upon our liquidation or upon the sale of his or her shares. Accordingly, we can make no claim whether such estimated value will or will not satisfy the applicable annual valuation requirements under ERISA and the Code. The Department of Labor or the Internal Revenue Service may determine that a plan fiduciary or an IRA custodian is required to take further steps to determine the value of our shares. In the absence of an appropriate determination of value, a plan fiduciary or an IRA custodian may be subject to damages, penalties or other sanctions.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA and the Internal Revenue Code may result in the imposition of civil and criminal penalties and could subject the fiduciary to equitable remedies. In addition, if an investment in our shares constitutes a prohibited transaction under ERISA or the Code, the fiduciary or IRA owner who authorized or directed the investment may be subject to the imposition of excise taxes with respect to the amount invested.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of material U.S. federal income tax considerations associated with an investment in our stock that may be relevant to you. The statements made in this section of the memorandum are based upon current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations promulgated thereunder, as currently applicable, currently published administrative positions of the IRS and judicial decisions, all of which are subject to change, either prospectively or retroactively. On December 18, 2015, President Obama signed into law the Consolidated Appropriations Act, 2016, an omnibus spending bill, with a division referred to as the Protecting Americans From Tax Hikes Act of 2015, or the Act, which includes a number of important provisions affecting taxation of REITs and REIT shareholders. It may be some time before the IRS issues guidance on application of these new rules. This summary does not address all possible tax considerations that may be material to an investor and does not constitute legal or tax advice. Moreover, this summary does not deal with all tax aspects that might be relevant to you, as a prospective stockholder, in light of your personal circumstances, nor does it deal with particular types of stockholders that are subject to special treatment under the federal income tax laws, such as:

- insurance companies;
- tax-exempt organizations (except to the limited extent discussed in "- Taxation of Tax-Exempt Stockholders" below);
- financial institutions or broker-dealers;
- non-U.S. individuals and foreign corporations (except to the limited extent discussed in "- Taxation of Non-U.S. Stockholders" below);
- U.S. expatriates;
- persons who mark-to-market our stock;
- subchapter S corporations;
- U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar;
- regulated investment companies and REITs;
- trusts and estates;
- holders who receive our stock through the exercise of employee stock options or otherwise as compensation;
- persons holding our stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment;
- persons subject to the alternative minimum tax provisions of the Code; and
- partnerships and persons holding our stock through a partnership or similar pass-through entity.

This summary assumes that stockholders hold shares as capital assets for federal income tax purposes, which generally means property held for investment.

The statements in this section are based on the current federal income tax laws, are for general information purposes only and are not tax advice. We cannot assure you that new laws, interpretations of law, or court decisions, any of which may take effect retroactively, will not cause any statement in this section to be inaccurate.

WE URGE YOU TO CONSULT YOUR TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE PURCHASE, OWNERSHIP AND SALE OF OUR STOCK AND OF OUR ELECTION TO BE TAXED AS A REIT, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF SUCH PURCHASE, OWNERSHIP, SALE AND ELECTION, AND REGARDING POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

Taxation of Our Company

We were incorporated on May 4, 2015, as a Maryland corporation. We have elected to be taxed as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2016. We believe that, commencing with such taxable year, we have been organized and will operate in such a manner as to qualify for taxation as a REIT under the federal income tax laws, and we intend to continue to operate in such a manner, but no assurances can be given that we will operate in a manner so as to qualify or remain qualified as a REIT. Importantly, as of the date hereof we have a limited operating history and both the opinion described below and any other assessment regarding our qualification as a REIT depends wholly on

projections regarding our future activities and our ability, within one year after our receipt thereof, to apply the proceeds of this offering to qualifying assets for purposes of the REIT requirements.

This section discusses the laws governing the federal income tax treatment of a REIT and its stockholders. These laws are highly technical and complex.

While we intend to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations, and the possibility of future changes in our circumstances, no assurance can be given by us that we will so qualify for any particular year. We have not sought and will not seek an advance ruling from the IRS regarding any matter discussed in this memorandum.

Moreover, our qualification and taxation as a REIT depends on our ability to meet on a continuing basis, through actual operating results, distribution levels, and diversity of share ownership, and various qualification requirements imposed upon REITs by the Code related to our income and assets. Our ability to qualify as a REIT also requires that we satisfy certain asset tests, some of which depend upon the fair market values of assets directly or indirectly owned by us. Such values may not be susceptible to a precise determination. While we intend to operate in a manner that will allow us to qualify as a REIT, no assurance can be given that the actual results of our operations for any taxable year satisfy such requirements for qualification and taxation as a REIT.

If we qualify as a REIT, we generally will not be subject to federal income tax on the taxable income that we distribute to our stockholders. The benefit of that tax treatment is that it avoids the "double taxation," or taxation at both the corporate and stockholder levels, that generally results from owning stock in a corporation. Any net operating losses, foreign tax credits and other tax attributes generally do not pass through to our stockholders. Even if we qualify as a REIT, we will be subject to federal tax in the following circumstances:

- We will pay federal income tax on any taxable income, including undistributed net capital gain, which we do not distribute to stockholders during, or within a specified time period after, the calendar year in which the income is earned.
- We may be subject to the "alternative minimum tax" on any items of tax preference including any deductions of net operating losses.
- We will pay income tax at the highest corporate rate on:
    - net income from the sale or other disposition of property acquired through foreclosure, or foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, and
    - other non-qualifying income from foreclosure property.
- We will pay a 100% tax on net income from sales or other dispositions of property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business, unless we qualify for a safe harbor exception.

- If we fail to satisfy one or both of the 75% gross income test or the 95% gross income test, as described below under "- Gross Income Tests," and nonetheless continue to qualify as a REIT because we meet other requirements, we will pay a 100% tax on:
    - the gross income attributable to the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, in either case, multiplied by
    - a fraction intended to reflect our profitability.
- If we fail to distribute during a calendar year at least the sum of (i) 85% of our REIT ordinary income for the year, (ii) 95% of our REIT capital gain net income for the year, and (iii) any undistributed taxable income required to be distributed from earlier periods, we will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed.
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a stockholder would be taxed on its proportionate share of our undistributed long-term capital gain (to the extent that we made a timely designation of such gain to the stockholders) and would receive a credit or refund for its proportionate share of the tax we paid. In addition, to the extent we elect to retain and pay income tax on our long-term capital gain, such retained amounts will be treated as having been distributed for purposes of the 4% excise tax described above.
- We will be subject to a 100% excise tax on transactions with any taxable REIT subsidiary, or TRS, that

are not conducted on an arm's-length basis.

- In the event we fail to satisfy any of the asset tests, other than a de minimis failure of the 5% asset test, the 10% vote test or 10% value test, as described below under "- Asset Tests," as long as the failure was due to reasonable cause and not to willful neglect, we file a description of each asset that caused such failure with the IRS, and we dispose of the assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure, we will pay a tax equal to the greater of $50,000 or the highest federal income tax rate then applicable to U.S. corporations (currently 35%) on the net income from the nonqualifying assets during the period in which we failed to satisfy the asset tests.
- In the event we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and such failure is due to reasonable cause and not to willful neglect, we will be required to pay a penalty of $50,000 for each such failure.
- If we acquire any asset from a C corporation, or a corporation that generally is subject to full corporate-level tax, in a merger or other transaction in which we acquire a basis in the asset that is determined by reference either to the C corporation's basis in the asset, we will pay tax at the highest regular corporate rate applicable if we recognize gain on the sale or disposition of the asset during the 5-year period after we acquire the asset unless the C corporation elects to recognize the built-in gain on the day before the property is transferred to us. The amount of gain on which we will pay tax is the lesser of:
  - the amount of gain that we recognize at the time of the sale or disposition, and
  - the amount of gain that we would have recognized if we had sold the asset at the time we acquired it.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet record-keeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "- Recordkeeping Requirements."
- The earnings of our lower-tier entities that are subchapter C corporations, including any TRSs, will be subject to federal corporate income tax.

In addition, notwithstanding our qualification as a REIT, we 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 federal income tax purposes.

Requirements for Qualification

A REIT is a corporation, trust, or association that meets each of the following requirements:

1 it is managed by one or more trustees or directors.
2 its beneficial ownership is evidenced by transferable shares, or by transferable certificates of beneficial interest.
3 it would be taxable as a domestic corporation, but for the REIT provisions of the federal income tax laws.
4 it is neither a financial institution nor an insurance company subject to special provisions of the federal income tax laws.
5 at least 100 persons are beneficial owners of its shares or ownership certificates.
6 not more than 50% in value of its outstanding shares or ownership certificates is owned, directly or indirectly, by five or fewer individuals, which the Code defines to include certain entities, during the last half of any taxable year.
7 it elects to be a REIT, or has made such election for a previous taxable year, and satisfies all relevant filing and other administrative requirements established by the IRS that must be met to elect and maintain REIT status.
8 it meets certain other qualification tests, described below, regarding the nature of its income and assets and the amount of its distributions to stockholders.
9 it uses a calendar year for federal income tax purposes and complies with the recordkeeping requirements of the federal income tax laws.

We must meet the above requirements 1, 2, 3, 4, 8 and 9 during our entire taxable year and must meet requirement 5 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.

Requirements 5 and 6 will be applied to us beginning with our second REIT taxable year. If we comply with all the requirements for ascertaining the ownership of our outstanding shares in a taxable year and have no reason to know that we violated requirement 6, we will be deemed to have satisfied requirement 6 for that taxable year. For purposes of determining share ownership under requirement 6, an "individual" generally includes a supplemental unemployment compensation benefits plan, a private foundation, or a portion of a trust permanently set aside or used exclusively for charitable purposes. An "individual," however, generally does not include a trust that is a qualified employee pension or profit sharing trust under the federal income tax laws, and beneficiaries of such a trust will be treated as holding our shares in proportion to their actuarial interests in the trust for purposes of requirement 6.

Our charter contains restrictions regarding ownership and transfer of shares of our common stock that are intended to assist us in continuing to satisfy the share ownership requirements in 5 and 6 above. See "Description of Capital Stock.". We are required to maintain records disclosing the actual ownership of stock in order to monitor our compliance with the share ownership requirements. To do so, we are required to demand written statements each year from the record holders of certain minimum percentages of our shares in which such record holders must disclose the actual owners of the shares (i.e., the persons required to include our dividends in their gross income). A list of those persons failing or refusing to comply with this demand will be maintained as part of our records. Stockholders who fail or refuse to comply with the demand must submit a statement with their tax returns disclosing the actual ownership of our shares and certain other information. The restrictions in our charter, however, may not ensure that we will, in all cases, be able to satisfy such share ownership requirements. If we fail to satisfy these share ownership requirements, we will not qualify as a REIT.

Subsidiary Entities

Qualified REIT Subsidiaries

A corporation that is a "qualified REIT subsidiary" is not treated as a corporation separate from its parent REIT. All assets, liabilities, and items of income, deduction, and credit of a "qualified REIT subsidiary" are treated as assets, liabilities, and items of income, deduction, and credit of the REIT. A "qualified REIT subsidiary" is a corporation, other than a TRS, all of the stock of which is owned by the REIT. Thus, in applying the requirements described herein, any "qualified REIT subsidiary" that we own will be ignored, and all assets, liabilities, and items of income, deduction, and credit of such subsidiary will be treated as our assets, liabilities, and items of income, deduction, and credit.

Other Disregarded Entities and Partnerships

An unincorporated domestic entity, such as a partnership or limited liability company that has a single owner, generally is not treated as an entity separate from its owner for federal income tax purposes. An unincorporated domestic entity with two or more owners is generally treated as a partnership for federal income tax purposes. In the case of a REIT that is a partner in a partnership that has other partners, the REIT is treated as owning its proportionate share of the assets of the partnership and as earning its allocable share of the gross income of the partnership for purposes of the applicable REIT qualification tests. Our proportionate share for purposes of the 10% value test (see "- Asset Tests") will be based on our proportionate interest in the equity interests and certain debt securities issued by the partnership. For all of the other asset and income tests, our proportionate share will be based on our proportionate interest in the capital interests in the partnership. Our proportionate share of the assets, liabilities, and items of income of any partnership, joint venture, or limited liability company that is treated as a partnership for federal income tax purposes in which we acquire an equity interest, directly or indirectly, will be treated as our assets and gross income for purposes of applying the various REIT qualification requirements.

Taxable REIT Subsidiaries

A REIT may own up to 100% of the shares of one or more TRSs. A TRS is a fully taxable corporation that may earn income that would not be qualifying income if earned directly by the parent REIT. The subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the securities will automatically be treated as a TRS. We will not be treated as holding the assets of a TRS or as receiving any income that the TRS earns. Rather, the stock issued by a TRS to us will be an asset in our hands, and we will treat the distributions paid to us from such TRS, if any, as income. This treatment may affect our compliance with the gross income and asset tests. Because we will not include the assets and income of TRSs in determining our compliance with the REIT requirements, we may use such entities to undertake indirectly activities that the REIT rules might otherwise preclude us from doing directly or through pass-through subsidiaries. Overall, no more than 25% of the value of a REIT's assets may

consist of stock or securities of one or more TRSs.

A TRS pays income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. Further, the rules impose a 100% excise tax on transactions between a TRS and its parent REIT or the REIT's tenants that are not conducted on an arm's-length basis. The 100% tax will also apply to "redetermined services income," i.e., non-arm's-length income of a REIT's TRS attributable to services provided to, or on behalf of, the REIT (other than services provided to REIT tenants, which are potentially taxed as redetermined rents).

Gross Income Tests

We must satisfy two gross income tests annually to maintain our qualification as a REIT.

First, at least 75% of our gross income for each taxable year must consist of defined types of income that we derive, directly or indirectly, from investments relating to real property or mortgages on real property or qualified temporary investment income. Qualifying income for purposes of that 75% gross income test generally includes:

- 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, shares in other REITs;
- gain from the sale of real estate-related assets;
- income and gain derived from foreclosure property; and
- income derived from the temporary investment of new capital that is attributable to the issuance of our stock or a public offering of our debt with a maturity date of at least five years and that we receive during the one-year period beginning on the date on which we received such new capital.

Second, in general, at least 95% of our gross income for each taxable year must consist of income that is qualifying income for purposes of the 75% gross income test, other types of interest and dividends, gain from the sale or disposition of shares or securities, or any combination of these. Gross income from our sale of property that we hold 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 income from hedging transactions and certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests.

The following paragraphs discuss the specific application of the gross income tests with respect to certain material items of income we expect to receive.

Rents from Real Property

We expect to net lease our parking facilities to parking management companies that will operate the facilities. Rent that we receive from our real property will qualify as "rents from real property," which is qualifying income for purposes of the 75% and 95% gross income tests, only if the following conditions are met:

- The rent must not be based, in whole or in part, on the income or profits of any person, but may be based on a fixed percentage or percentages of gross receipts or sales.
- Neither we nor a direct or indirect owner of 10% or more of our stock may own, actually or constructively, 10% or more of a tenant from whom we receive rent, other than a TRS. Under an exception to such related-party tenant rule, rent that we receive from a TRS will qualify as "rents from real property" as long as (i) at least 90% of the leased space in the property is leased to persons other than TRSs and related-party tenants, and (ii) the amount paid by the TRS to rent space at the property is substantially comparable to rents paid by other tenants of the property for comparable space.
- If the rent attributable to personal property leased in connection with a lease of real property is 15% or less of the total rent received under the lease, then the rent attributable to personal property will qualify as rents from real property. However, if the 15% threshold is exceeded, the rent attributable to personal property will not qualify as rents from real property.

- We generally must not operate or manage our real property or furnish or render services to our tenants, other than through an "independent contractor" who is adequately compensated and from whom we do not derive revenue. However, we need not provide services through an independent contractor, but instead may provide services directly to our tenants, if the services are "usually or customarily rendered" in connection with the rental of space for occupancy only and are not considered to be provided for the tenants' convenience. In addition, we may provide a minimal amount of "noncustomary" services to the tenants of a property, other than through an independent contractor, as long as our income from the services (valued at not less than 150% of our direct cost of performing such services) does not exceed 1% of our income from the related property. Furthermore, we may own up to 100% of the stock of a TRS which may provide customary and noncustomary services to our tenants without tainting our rental income for the related properties.

In order for the rent paid under our leases to constitute "rents from real property," the leases must be respected as true leases for federal income tax purposes and not treated as service contracts, joint ventures or some other type of arrangement. The determination of whether our leases are true leases depends on an analysis of all the surrounding facts and circumstances. In making such a determination, courts have considered a variety of factors, including the following:

- The intent of the parties;
- The form of the agreement; and
- the degree of control over the property that is retained by the property owner (for example, whether the lessee has substantial control over the operation of the property or whether the lessee was required simply to use its best efforts to perform its obligations under the agreement); and the extent to which the property owner retains the risk of loss with respect to the property (for example, whether the lessee bears the risk of increases in operating expenses or the risk of damage to the property) or the potential for economic gain with respect to the property.

We currently intend to structure any leases we enter into so that they will qualify as true leases for federal income tax purposes. Our belief is based, in part, on the following facts:

- our operating partnership and the lessee intend for their relationship to be that of a lessor and lessee, and such relationship is documented by a lease agreement;
- the lessee will have the right to exclusive possession and use and quiet enjoyment of the property covered by the lease during the term of the lease;
- the lessee will bear the cost of, and will be responsible for, day-to-day maintenance and repair of the property other than the cost of certain capital expenditures, and dictate, either directly or through third-party operators that are eligible independent contractors who work for the lessee during the terms of the leases, how the property will be operated and maintained;
- the lessee generally will bear the costs and expenses of operating the property, including the cost of any inventory used in their operation, during the term of the lease;
- the lessee will benefit from any savings and bear the burdens of any increases in the costs of operating the property during the term of the lease;
- in the event of damage or destruction to a property, the lessee will be at economic risk because it will bear the economic burden of the loss in income from operation of the property subject to the right, in certain circumstances, to terminate the lease if the lessor does not restore the property to its prior condition;
- the lessee generally will indemnify the lessor against all liabilities imposed on the lessor during the term of the lease by reason of: (i) injury to persons or damage to property occurring at the property; (ii) the lessee's use, management, maintenance or repair of the property; (iii) taxes and assessments in respect of the property that are obligations of the lessees; (iv) any breach of the leases by the lessees, and (v) the nonperformance of contractual obligations of the lessees with respect to the property;
- the lessee will be obligated to pay, at a minimum, material base rent for the period of use of the property under the lease;
- the lessee will stand to incur substantial losses or reap substantial gains depending on how successfully it, either

directly or through the eligible independent contractors, operates the property;

- we expect that each lease that we enter into, at the time we enter into it (or at any time that any such lease is subsequently renewed or extended) will enable the applicable lessee to derive a meaningful profit, after expenses and taking into account the risks associated with the lease, from the operation of the property during the term of its lease; and
- upon termination of each lease, the applicable property will be expected to have a substantial remaining useful life and substantial remaining fair market value.

If our leases are characterized as service contracts or partnership agreements, rather than as true leases, part or all of the payments that our operating partnership and its subsidiaries receive from our percentage and other leases may not be considered rent or may not otherwise satisfy the various requirements for qualification as "rents from real property." In that case, we likely would not be able to satisfy either the 75% or 95% gross income test and, as a result, would lose our REIT status.

We expect to enter into sale-leaseback transactions. It is possible that the IRS could take the position that specific sale-leaseback transactions that we treat as true leases are financing arrangements or loans rather than true leases for federal income tax purposes. Recharacterization of a sale-leaseback transaction as a financing arrangement or loan could jeopardize our REIT status.

Prohibited Transactions

A REIT will incur a 100% tax on the net income (including foreign currency gain) 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 unless it qualifies for a safe harbor exception. We believe that none of our assets will be held primarily for sale to customers and that a sale of any of our assets will not be in the ordinary course of our 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. A safe harbor to the characterization of the sale of property by a REIT as a prohibited transaction and the 100% prohibited transaction tax is available generally if the REIT has held the property for not less than two years and certain other requirements are met.

We will attempt to comply with the terms of the safe-harbor provisions in the federal income tax laws prescribing when an asset sale will not be characterized as a prohibited transaction. We cannot assure you, however, that we can comply with the safe-harbor provisions or that we will avoid owning property that may be characterized as property that we 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 TRS or other taxable corporation, although such income will be taxed to the corporation at regular corporate income tax rates.

Foreclosure Property. Foreclosure property is real property (including interests in real property) and any personal property incident to such real property: (i) that is acquired by a REIT as the result of the REIT having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or on a mortgage loan held by the REIT and secured by the property; (ii) for which the related loan or lease was acquired by the REIT at a time when default was not imminent or anticipated; and (iii) for which such REIT makes a proper election to treat the property as foreclosure property. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property in the hands of the selling REIT. We do not anticipate that we will receive any income from foreclosure property that is not qualifying income for purposes of the 75% gross income test, but, if we do receive any such income, we intend to make an election to treat the related property as foreclosure property.

Hedging Transactions

We expect to enter into hedging transactions, from time-to-time, with respect to our assets or liabilities. Our hedging activities may include entering into interest rate swaps, caps, and floors, options to purchase these items, and futures and forward contracts. To the extent that we enter into an interest rate swap or cap contract, option, futures contract, forward rate

agreement, or any similar financial instrument to hedge (1) our indebtedness incurred or to be incurred to acquire or carry "real estate assets," (2) certain foreign currency risks, or (3) existing hedging positions after a portion of the hedged indebtedness or property is disposed of, any periodic income or gain from the disposition of that contract are disregarded for purposes of the 75% and 95% gross income tests. We are required to identify clearly any such hedging transaction before the close of the day on which it was acquired, originated, or entered into and satisfy other identification requirements. To the extent that we hedge for other purposes, the income from those transactions will likely be treated as non-qualifying income for purposes of both gross income tests. We intend to structure any hedging transactions in a manner that does not jeopardize our status as a REIT.

Failure to Satisfy Gross Income Tests

If we fail to satisfy one or both of the gross income tests for any taxable year, we nevertheless may qualify as a REIT for that year if we qualify for relief under certain provisions of the federal income tax laws. Those relief provisions are available if:

- our failure to meet those tests is due to reasonable cause and not to willful neglect; and
- following such failure for any taxable year, we file a schedule of the sources of our income in accordance with regulations prescribed by the Secretary of the U.S. Treasury.

We cannot predict, however, whether in all circumstances we would qualify for the relief provisions. In addition, as discussed above in "- Taxation of Our Company," even if the relief provisions apply, we would incur a 100% tax on the gross income attributable to the greater of the amount by which we fail the 75% gross income test or the 95% gross income test multiplied, in either case, by a fraction intended to reflect our profitability.

Asset Tests

To qualify as a REIT, we also must satisfy the following asset tests at the end of each quarter of each taxable year. First, at least 75% of the value of our total assets must consist of:

- cash or cash items, including certain receivables and, in certain circumstances, foreign currencies;
- government securities;
- "real estate assets" including leaseholds and options to acquire real property and leaseholds;
- stock in other REITs;
- investments in stock or debt instruments during the one-year period following our receipt of new capital that we raise through equity offerings (other than our distribution reinvestment plan) or public offerings of debt with at least a five-year term; and
- debt instruments issued by publically offered REITS.

Second, of our investments not included in the 75% asset class, the value of our interest in any one issuer's securities may not exceed 5% of the value of our total assets, or the 5% asset test.

Third, of our investments not included in the 75% asset class, we may not own more than 10% of the voting power of any one issuer's outstanding securities or 10% of the value of any one issuer's outstanding securities, or the 10% vote test or 10% value test, respectively.

Fourth, no more than 25% (20% after 2017) of the value of our total assets may consist of the securities of one or more TRSs.

Fifth, no more than 25% of the value of our total assets may consist of "non-qualified publicly offered REIT debt instruments."

To the extent rent attributable to personal property leased with real property is treated as rents from real property (because the rent attributable to personal property does not exceed 15% of total rent), the personal property will be treated as a real estate asset for purposes of the 75% asset test. Similarly, debt obligation secured by a mortgage on both real and personal property will be treated as a real estate asset for purposes of the 75% asset test, and interest thereon will be 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. Thus, there would be 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.

For purposes of the 5% asset test, the 10% vote test and the 10% value test, the term "securities" does not include shares in another REIT, equity or debt securities of a qualified REIT subsidiary or TRS, mortgage loans that constitute real estate-related assets, or equity interests in a partnership. The term "securities," however, generally includes debt securities issued by a partnership or another REIT, except that for purposes of the 10% value test, the term "securities" does not include, among other things:

- "straight debt" securities, which generally are defined as a written unconditional promise to pay on demand or on a specified date a sum certain in money if (i) the debt is not convertible, directly or indirectly, into equity, and (ii) the interest rate and interest payment dates are not contingent on profits, the borrower's discretion, or similar factors.
- any security issued by a REIT;
- any debt instrument issued by an entity treated as a partnership for federal income tax purposes in which we are a partner to the extent of our proportionate interest in the equity and debt securities of the partnership; and
- any debt instrument issued by an entity treated as a partnership for federal income tax purposes not described in the preceding bullet points if at least 75% of the partnership's gross income, excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test described above in "- Gross Income Tests."

For purposes of the 10% value test, our proportionate share of the assets of a partnership is our proportionate interest in any securities issued by the partnership, without regard to the securities described in the last two bullet points above.

No independent appraisals will be obtained to support our conclusions as to the value of our total assets or the value of any particular security or securities. Moreover, 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 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 our interests in our subsidiaries or in the securities of other issuers will not cause a violation of the REIT asset tests.

We will monitor the status of our assets for purposes of the various asset tests in order to comply at all times with such tests. However, there is no assurance that we will not inadvertently fail to comply with such tests. If we fail to satisfy the asset tests at the end of a calendar quarter, we will not lose our REIT qualification if:

- we satisfied the asset tests at the end of the preceding calendar quarter; and
- the discrepancy between the value of our assets and the asset test requirements arose from changes in the market values of our assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets.

If we did not satisfy the condition described in the second item, above, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose.

In the event that we violate the 5% asset test, the 10% vote test or the 10% value test described above, we will not lose our REIT qualification if (i) the failure is *de minimis* (up to the lesser of 1% of our assets or $10 million) and (ii) we dispose of assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure. In the event of a failure of any of the asset tests (other than *de minimis* failures described in the preceding sentence), as long as the failure was due to reasonable cause and not to willful neglect, we will not lose our REIT qualification if we (i) dispose of assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify the failure, (ii) we file a description of each asset causing the failure with the IRS and (iii) pay a tax equal to the greater of $50,000 or 35% of the net income from the assets causing the failure during the period in which we failed to satisfy the asset tests. However, there is no assurance that the IRS would not challenge our ability to satisfy these relief provisions.

Distribution Requirements

Each year, we must distribute dividends, other than capital gain dividends and deemed distributions of retained capital gain, to our stockholders in an aggregate amount at least equal to:

- the sum of
    - 90% of our "REIT taxable income," computed without regard to the dividends paid deduction and our net capital gain or loss; and
    - 90% of our after-tax net income, if any, from foreclosure property, minus
- the sum of certain items of non-cash income.

We must distribute such dividends in the taxable year to which they relate, or in the following taxable year if either (i) we declare the dividend before we timely file (including extensions) our federal income tax return for the year and distribute the dividend on or before the first regular dividend payment date after such declaration or (ii) we declare the distribution in October, November or December of the taxable year, payable to stockholders of record on a specified day in any such month, and we actually distribute the dividend before the end of January of the following year. The dividends under clause (i) are taxable to the stockholders in the year in which paid, and the dividends in clause (ii) are treated as paid on December 31 of the prior taxable year. In both instances, these distributions relate to our prior taxable year for purposes of the 90% distribution requirement.

In order for distributions to satisfy this requirement and give rise to a deduction, such dividends may not be "preferential." A dividend will not be deemed to be preferential if it is pro rata among all outstanding shares of stock within a given class and any preferences between classes of stock are made pursuant to the terms contained in our organizational documents. The preferential dividend rules do not apply to "publicly offered REITs," i.e., REITs that are required to file annual and periodic reports with the SEC under the Securities Exchange Act of 1934. We are a publicly offered REIT.

To the extent a distribution is less than 100% of our REIT taxable income, we will be subject to federal income tax on such shortfall. Also, we may elect to retain out net long-term capital gain and pay tax on such gain. In the event we so elect, we could elect to have our stockholders include such long-term capital gain in their taxable income (without receipt of the related cash) and receive a "credit" for their share of the corporate tax paid. Stockholders would be allowed to increase the adjusted tax basis of their stock by the difference between (i) the amounts designated by us to be included in their long-term capital gain and (ii) the tax deemed paid with respect to those shares.

Furthermore, if we fail to distribute during a calendar year, or by the end of January following the calendar year in the case of distributions with declaration and record dates falling in the last three months of the calendar year, at least the sum of:

- 85% of our REIT ordinary income for such year,
- 95% of our REIT capital gain income for such year, and
- any undistributed taxable income from prior periods,

We will incur a 4% nondeductible excise tax on the excess of such required distribution over the amounts we actually distribute.

As indicated above, we may elect to retain and pay income tax on the net long-term capital gain we receive in a taxable year. If we so elect, we will be treated as having distributed any such retained amount for purposes of the 4% nondeductible excise tax described above. We intend to make timely distributions sufficient to satisfy the annual distribution requirements and to avoid corporate income tax and the 4% nondeductible excise tax.

In the event we have a net operating loss carryforward from a prior tax year, we may use such carryforward to reduce our distribution requirement. The use of such carryforward will not impact the character of the distributions actually made by the REIT, which are generally taxable to the stockholders to the extent we have current or accumulated earnings and profits.

It is possible that we may not have sufficient cash to meet the distribution requirements discussed above. This could result because of competing demands for funds, or because of timing differences between the actual receipt of income and actual payment of deductible expenses and the inclusion of that income and deduction of such expenses in arriving at our REIT

taxable income. For example, we may not deduct recognized capital losses from our "REIT taxable income." Further, it is possible that, from time to time, we may be allocated a share of net capital gain attributable to the sale of depreciated property that exceeds our allocable share of cash attributable to that sale. As a result of the foregoing, we may have less cash than is necessary to distribute taxable income sufficient to avoid corporate income tax and the excise tax imposed on certain undistributed income or even to meet the 90% distribution requirement. In such a situation, we may need to borrow funds, raise funds through the issuance of additional shares of common stock or, if possible, pay taxable dividends of our common stock or debt securities.

In computing our REIT taxable income, we will use the accrual method of accounting. We are required to file an annual federal income tax return, which, like other corporate returns, is subject to examination by the IRS. Because the tax law requires us to make many judgments regarding the proper treatment of a transaction or an item of income or deduction, it is possible that the IRS will challenge positions we take in computing our REIT taxable income and our distributions. Issues could arise, for example, with respect to the allocation of the purchase price of real properties between depreciable or amortizable assets and non-depreciable or non-amortizable assets such as land and the current deductibility of fees paid to the Advisor or its affiliates. Were the IRS to successfully challenge our characterization of a transaction or determination of our REIT taxable income, we could be found to have failed to satisfy a requirement for qualification as a REIT.

Under certain circumstances, we may be able to correct a failure to meet the distribution requirement for a year by paying "deficiency dividends" to our stockholders in a later year. We may include such deficiency dividends in our deduction for dividends paid for the earlier year. Although we may be able to avoid income tax on amounts distributed as deficiency dividends, we will be required to pay interest to the IRS based upon the amount of any deduction we take for deficiency dividends.

Recordkeeping Requirements

To avoid a monetary penalty, we must request on an annual basis information from our stockholders designed to disclose the actual ownership of our outstanding stock. We intend to comply with these requirements.

Failure to Qualify

If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, we could avoid disqualification if our failure is due to reasonable cause and not to willful neglect and we pay a penalty of $50,000 for each such failure. In addition, there are relief provisions for a failure of the gross income tests and asset tests, as described in "- Gross Income Tests" and "- Asset Tests."

If we fail to qualify as a REIT in any taxable year, and no relief provision applies, we would be subject to federal income tax and any applicable alternative minimum tax on our taxable income at regular corporate rates. In calculating our taxable income in a year in which we fail to qualify as a REIT, we would not be able to deduct amounts paid out to stockholders. In fact, we would not be required to distribute any amounts to stockholders in that year. In such event, to the extent of our current and accumulated earnings and profits, distributions to stockholders generally would be taxable as ordinary income. Subject to certain limitations of the federal income tax laws, corporate stockholders may be eligible for the dividends received deduction and stockholders taxed at individual rates may be eligible for the reduced federal income tax rate of 15% through 2012 on such dividends. Unless we qualified for relief under specific statutory provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. We cannot predict whether in all circumstances we would qualify for such statutory relief.

Taxation of Taxable U.S. Stockholders

As used herein, the term "U.S. stockholder" means a holder of our stock that for U.S. federal income tax purposes is:

- a citizen or resident of the U.S.;
- a corporation (including an entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the U.S., any of its states or the District of Columbia;
- an estate whose income is subject to federal income taxation regardless of its source; or
- any trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a

valid election in place to be treated as a U.S. person.

If a partnership, entity or arrangement treated as a partnership for federal income tax purposes holds our stock, the federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our stock, you should consult your tax advisor regarding the consequences of the ownership and disposition of our stock by the partnership.

For any taxable year for which we qualify for taxation as a REIT, amounts distributed to, and gains realized by, taxable U.S. stockholders with respect to our stock generally will be taxed as described below.

As long as we qualify as a REIT, a taxable U.S. stockholder must generally take into account as ordinary income distributions made out of our current or accumulated earnings and profits that we do not designate as capital gain dividends or retained long-term capital gain. A U.S. stockholder will not qualify for the dividends received deduction generally available to corporations. In addition, dividends paid to a U.S. stockholder generally will not qualify for the 15% tax rate for "qualified dividend income." As a result, our ordinary REIT dividends will be taxed at the higher tax rate applicable to ordinary income. However, the 15% tax rate for qualified dividend income will apply to our ordinary REIT dividends (i) attributable to dividends received by us from non REIT corporations, such as a TRS, and (ii) to the extent attributable to income upon which we have paid corporate income tax (e.g., to the extent that we distribute less than 100% of our taxable income).

A U.S. stockholder generally will take into account as long-term capital gain any distributions that we designate as capital gain dividends without regard to the period for which the U.S. stockholder has held our stock. We generally will designate our capital gain dividends as either 15% or 25% rate distributions. A corporate U.S. stockholder, however, may be required to treat up to 20% of certain capital gain dividends as ordinary income.

We may elect to retain and pay income tax on the net long-term capital gain that we receive in a taxable year. In that case, to the extent that we designate such amount in a timely notice to such stockholder, a U.S. stockholder would be taxed on its proportionate share of our undistributed long-term capital gain. The U.S. stockholder would receive a credit for its proportionate share of the tax we paid. The U.S. stockholder would increase the basis in its stock by the amount of its proportionate share of our undistributed long-term capital gain, minus its share of the tax we paid.

A U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the distribution does not exceed the adjusted basis of the U.S. stockholder's stock. Instead, the distribution will reduce the adjusted basis of such stock. A U.S. stockholder will recognize a distribution in excess of both our current and accumulated earnings and profits and the U.S. stockholder's adjusted basis in his or her stock as long-term capital gain, or short-term capital gain if the shares of stock have been held for one year or less, assuming the shares of stock are a capital asset in the hands of the U.S. stockholder. In addition, if we declare a distribution in October, November, or December of any year that is payable to a U.S. stockholder of record on a specified date in any such month, such distribution shall be treated as both paid by us and received by the U.S. stockholder on December 31 of such year, provided that we actually pay the distribution during January of the following calendar year.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution by us up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any "deficiency distribution" will be treated as an ordinary or capital gain distribution, as the case may be, regardless of our earnings and profits. As a result, stockholders may be required to treat as taxable some distributions that would otherwise result in a tax-free return of capital.

U.S. Stockholders may not include in their individual income tax returns any of our net operating losses or capital losses. Instead, these losses are generally carried over by us for potential offset against our future income. Taxable distributions from us and gain from the disposition of our stock will not be treated as passive activity income and, therefore, U.S. stockholders generally will not be able to apply any "passive activity losses," such as losses from certain types of limited partnerships in which the U.S. stockholder is a limited partner, against such income. In addition, taxable distributions from us and gain from the disposition of our stock generally will be treated as investment income for purposes of the investment interest limitations. We will notify U.S. stockholders after the close of our taxable year as to the portions of the distributions attributable to that year that constitute ordinary income, return of capital and capital gain.

Taxation of U.S. Stockholders on the Disposition of Stock

A U.S. stockholder must generally treat any gain or loss realized upon a taxable disposition of our common stock as long-term capital gain or loss if the U.S. stockholder has held our common stock for more than one year and otherwise as short-term capital gain or loss. In general, a U.S. stockholder will realize gain or loss in an amount equal to the difference between the sum of the fair market value of any property and the amount of cash received in such disposition and the U.S. stockholder's adjusted tax basis in such stock. A stockholder's adjusted tax basis in our common stock generally will equal the U.S. stockholder's acquisition cost, increased by the excess of any net capital gains deemed distributed to the U.S. stockholder (discussed above) less tax deemed paid on such gains and reduced by any returns of capital. However, a U.S. stockholder must treat any loss upon a sale or exchange of common stock held by such stockholder for six months or less as a long-term capital loss to the extent of capital gain dividends and any other actual or deemed distributions from us that such U.S. stockholder treats as long-term capital gain. All or a portion of any loss that a U.S. stockholder realizes upon a taxable disposition of shares of our common stock may be disallowed if the U.S. stockholder purchases other shares of our common stock within 30 days before or after the disposition.

Taxation of U.S. Stockholders on a Repurchase of Stock

A repurchase of our common stock will be treated under Section 302 of the Code as a distribution that is taxable as dividend income (to the extent of our current or accumulated earnings and profits), unless the repurchase satisfies certain tests set forth in Section 302(b) of the Code enabling the repurchase to be treated as sale of our common stock (in which case the repurchase will be treated in the same manner as a sale described above in "—Taxation of U.S. Stockholders on the Disposition of Common Stock"). The repurchase will satisfy such tests if it (i) is "substantially disproportionate" with respect to the holder's interest in our stock, (ii) results in a "complete termination" of the holder's interest in all our classes of stock, or (iii) is "not essentially equivalent to a dividend" with respect to the holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, stock considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as stock actually owned, generally must be taken into account. Because the determination as to whether any of the three alternative tests of Section 302(b) of the Code described above will be satisfied with respect to any particular holder of our common stock depends upon the facts and circumstances at the time that the determination must be made, prospective investors are advised to consult their own tax advisors to determine such tax treatment.

If a repurchase of our common stock does not meet any of the three tests described above, the repurchase proceeds will be treated as a distribution, as described above "—Taxation of Taxable U.S. Stockholders." Stockholders should consult with their tax advisors regarding the taxation of any particular repurchase of our shares.

Capital Gains and Losses

The maximum tax rate on long-term capital gain applicable to taxpayers taxed at individual rates is currently 20% The maximum tax rate on long-term capital gain from the sale or exchange of "Section 1250 property," or depreciable real property, is 25%, which applies to the lesser of the total amount of the gain or the accumulated depreciation on the Section 1250 property.

With respect to distributions that we designate as capital gain dividends and any retained capital gain that we are deemed to distribute, we generally may designate whether such a distribution is taxable to U.S. stockholders taxed at individual rates, currently at a 20% or 25% rate. The tax rate differential between capital gain and ordinary income for non-corporate taxpayers may be significant. In addition, the characterization of income as capital gain or ordinary income may affect the deductibility of capital losses. A non-corporate taxpayer may deduct capital losses not offset by capital gains against its ordinary income only up to a maximum annual amount of $3,000. A non-corporate taxpayer may carry forward unused capital losses indefinitely. A corporate taxpayer must pay tax on its net capital gain at ordinary corporate rates. A corporate taxpayer may deduct capital losses only to the extent of capital gains, with unused losses being carried back three years and forward five years.

Medicare Tax on Unearned Income

High-income individuals, estates and trusts, will be subject to an additional 3.8% tax, which, for individuals, applies to the lesser of (i) "net investment income" or (ii) the excess of "modified adjusted gross income" over $200,000 ($250,000 if

married and filing jointly or $125,000 if married and filing separately). "Net investment income" generally equals the taxpayer's gross investment income reduced by the deductions that are allocable to such income. Investment income generally includes passive income such as dividends and gains from sales of stock.

Investments in Real Estate Outside the United States

We may invest in real estate assets, directly or indirectly, in jurisdictions other than the United States. Such assets may be subject to taxes in these non-U.S. jurisdictions that ordinarily would give rise to foreign tax credits for U.S. resident taxpayers. However, U.S. stockholders will not be entitled to use any foreign tax credits generated.

Treatment of Tax-Exempt Stockholders

Tax-exempt entities, including qualified employee pension and profit sharing trusts and individual retirement accounts, generally are exempt from federal income taxation. However, they are subject to taxation on their unrelated business taxable income, or UBTI. Although many investments in real estate generate UBTI, the IRS has issued a ruling that dividend distributions from a REIT to an exempt employee pension trust do not constitute UBTI so long as the exempt employee pension trust does not otherwise use the shares of the REIT in an unrelated trade or business of the pension trust. Based on that ruling, amounts that we distribute to tax-exempt stockholders generally should not constitute UBTI. However, if a tax-exempt stockholder were to finance (or be deemed to finance) its acquisition of stock with debt, a portion of the income that it receives from us would constitute UBTI pursuant to the "debt-financed property" rules. Moreover, social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts and qualified group legal services plans that are exempt from taxation under special provisions of the federal income tax laws are subject to different UBTI rules, which generally will require them to characterize distributions that they receive from us as UBTI. Finally, in certain circumstances, a qualified employee pension or profit sharing trust that owns more than 10% of our capital stock must treat a percentage of the dividends that it receives from us as UBTI. Such percentage is equal to the gross income we derive from an unrelated trade or business, determined as if we were a pension trust, divided by our total gross income for the year in which we pay the dividends. That rule applies to a pension trust holding more than 10% of our capital stock only if:

- the percentage of our dividends that the tax-exempt trust must treat as UBTI is at least 5%;
- we qualify as a REIT by reason of the modification of the rule requiring that no more than 50% of our capital stock be owned by five or fewer individuals that allows the beneficiaries of the pension trust to be treated as holding our capital stock in proportion to their actuarial interests in the pension trust; and
- either:
    - one pension trust owns more than 25% of the value of our capital stock; or
    - a group of pension trusts individually holding more than 10% of the value of our capital stock collectively owns more than 50% of the value of our capital stock.

Taxation of Non-U.S. Stockholders

The term "non-U.S. stockholder" means a holder of our stock that is not a U.S. stockholder, a partnership (or entity treated as a partnership for federal income tax purposes) or a tax-exempt stockholder. The rules governing federal income taxation of nonresident alien individuals, foreign corporations, foreign partnerships, and other foreign stockholders are complex. This section is only a summary of such rules. **We urge non-U.S. stockholders to consult their own tax advisors to determine the impact of federal, state, and local income tax laws on the purchase, ownership and sale of our stock, including any reporting requirements.**

Distributions

A distribution to a non-U.S. stockholder that is not attributable to gain from our sale or exchange of a "U.S. real property interest," or USRPI, as defined below, that we do not designate as a capital gain dividend or retained capital gain and that we pay out of our current or accumulated earnings and profits will be subject to a withholding tax equal to 30% of the gross amount of the distribution unless an applicable tax treaty reduces or eliminates the tax. However, if a distribution is treated as effectively connected with the non-U.S. stockholder's conduct of a U.S. trade or business, the non-U.S. stockholder generally will be subject to federal income tax on the distribution at graduated rates, in the same manner as U.S. stockholders are taxed with respect to such distribution, and a non-U.S. stockholder that is a corporation also may be subject to the 30% branch profits tax with respect to that distribution. We plan to withhold U.S. income tax at the rate of 30% on the gross amount of any such distribution paid to a non-U.S. stockholder unless either:

- a lower treaty rate applies and the non-U.S. stockholder files an IRS Form W-8BEN evidencing eligibility for that reduced rate with us;
- the non-U.S. stockholder files an IRS Form W-8ECI with us claiming that the distribution is effectively connected income; or
- the distribution is treated as attributable to a sale of a USRPI under FIRPTA (discussed below).

A non-U.S. stockholder will not incur tax on a distribution in excess of our current and accumulated earnings and profits if the excess portion of such distribution does not exceed the adjusted basis of its common stock. Instead, the excess portion of such distribution will reduce the adjusted basis of such stock. A non-U.S. stockholder will recognize gain on a distribution that exceeds both our current and accumulated earnings and profits and the adjusted basis of its common stock, which gain will be taxable if the non-U.S. stockholder otherwise would be subject to tax on gain from the sale or disposition of its common stock, as described below. Because we generally cannot determine at the time we make a distribution whether the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend. However, a non-U.S. stockholder may claim a refund of amounts that we withhold if we later determine that a distribution in fact exceeded our current and accumulated earnings and profits.

For any year in which we qualify as a REIT, a non-U.S. stockholder may incur tax on distributions that are attributable to gain from our sale or exchange of a USRPI under the Foreign Investment in Real Property Act of 1980, or "FIRPTA". A USRPI includes certain interests in real property and stock in corporations at least 50% of whose assets consist of interests in real property. Under FIRPTA, a non-U.S. stockholder is taxed on distributions attributable to gain from sales of USRPIs as if such gain were effectively connected with a U.S. business of the non-U.S. stockholder. A non-U.S. stockholder thus would be taxed on such a distribution at the normal capital gains rates applicable to U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of a nonresident alien individual. A non-U.S. corporate stockholder not entitled to treaty relief or exemption also may be subject to the 30% branch profits tax on such a distribution.

Capital gain distributions that are attributable to our sale of real property would be subject to tax under FIRPTA, as described in the preceding paragraph. In such case, we must withhold 35% of any distribution that we could designate as a capital gain dividend. A non-U.S. stockholder may receive a credit against its tax liability for the amount we withhold. Moreover, if a non-U.S. stockholder disposes of our stock during the 30-day period preceding a dividend payment, and such non-U.S. stockholder (or a person related to such non-U.S. stockholder) acquires or enters into a contract or option to acquire our stock within 61 days of the first day of the 30-day period described above, and any portion of such dividend payment would, but for the disposition, be treated as a USRPI capital gain to such non-U.S. stockholder, then such non-U.S. stockholder shall be treated as having USRPI capital gain in an amount that, but for the disposition, would have been treated as USRPI capital gain. The taxation of capital gain distributions received by certain non-U.S. stockholders may, under certain circumstances, differ materially from that described above in the event that shares of our stock are ever regularly traded on an established securities market in the U.S.

Dispositions

Non-U.S. stockholders could incur tax under FIRPTA with respect to gain realized upon a disposition of our common stock if we are a U.S. real property holding corporation during a specified testing period. If at least 50% of a REIT's assets are USRPIs, then the REIT will be a U.S. real property holding corporation. We anticipate that we will be a U.S. real property holding corporation based on our investment strategy. However, even if we are a U.S. real property holding corporation, a non-U.S. stockholder generally would not incur tax under FIRPTA on gain from the sale of our common stock if we are a "domestically controlled qualified investment entity." A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its shares are held directly or indirectly by non-U.S. stockholders. We cannot assure you that this test will be met.

The following new rules apply in determining whether a REIT is a domestically controlled qualified investment entity:

- In the case of a publicly traded REIT, a person holding less than 5% of a publicly traded class of stock at all times during the testing period is treated as a U.S. person unless the REIT has actual knowledge that such person is not a U.S. person. Our stock is not publicly traded.

- In the case of REIT stock held by a publicly traded REIT or certain publicly traded or open-ended RICs, the REIT or RIC will be treated as a U.S. person if the REIT or RIC is domestically controlled and will be treated as a non-U.S. person otherwise.
- In the case of REIT stock held by a REIT or RIC not described in the previous rule, the REIT or RIC is treated as a U.S. person or a non-U.S. person on a look-through basis.

Additional FIRPTA provisions may, under certain circumstances, apply to certain non-U.S. stockholders in the event that shares of our common stock are ever regularly traded on an established securities market in the U.S., which may have a material impact on such non-U.S. stockholders.

Recent FIRPTA Amendments. The PATH Act a number of changes to taxation of non-U.S. persons under FIRPTA:

- Stock of a REIT held (directly or through partnerships) by a "qualified shareholder" will not be a USRPI, and capital gain dividends from such a REIT will not be treated as gain from sale of a USRPI, unless a person (other than a qualified shareholder) that holds an interest (other than an interest solely as a creditor) in such qualified shareholder owns, taking into account applicable constructive ownership rules, more than 10% of the stock of the REIT. If the qualified shareholder has such an "applicable investor," the portion of REIT stock held by the qualified shareholder indirectly owned through the qualified shareholder by the applicable investor will be treated as a USRPI, and the portion of capital gain dividends allocable to the applicable shareholder through the qualified investor will be treated as gains from sales of USRPIs. For these purposes, a "qualified shareholder" is foreign person which is in a treaty jurisdiction and satisfies certain publicly traded requirements, is a "qualified collective investment vehicle," and maintains records on the identity of certain 5% owners. A "qualified collective investment vehicle" is a foreign person that is eligible for a reduced withholding rate with respect to ordinary REIT dividends even if such person holds more than 10% of the REIT's stock, a publicly traded partnership that is a withholding foreign partnership that would be a U.S. real property holding corporation if it were a U.S. corporation, or is designated as a qualified collective investment vehicle by the Secretary of the Treasury and is either fiscally transparent within the meaning of Section 894 of the Code or required to include dividends in its gross income but entitled to a deduction for distributions to its investors. Finally, capital gain dividends and non-dividend redemption and liquidating distributions to a qualified shareholder that are not allocable to an applicable investor will be treated as ordinary dividends.
- "Qualified foreign pension funds" and entities that are wholly owned by a qualified foreign pension fund are exempted from FIRPTA and FIRPTA withholding. For these purposes, a "qualified foreign pension fund" is any trust, corporation, or other organization or arrangement if (i) it was created or organized under foreign law, (ii) it was established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) it does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) it is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) under the laws of the country in which it is established or operates, either contributions to such fund which would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such fund or taxed at a reduced rate, or taxation of any investment income of such fund is deferred or such income is taxed at a reduced rate.

- The so-called FIRPTA "cleansing rule" (which applies to corporations that no longer have any USRPIs and have recognized all gain on their USRPIs and are no longer treated as U.S. real property holding corporations) will not apply to a REIT or a RIC or a corporation if the corporation or any predecessor was a REIT or a RIC during the applicable testing period.

If the gain on the sale of our common stock were taxed under FIRPTA, a non-U.S. stockholder would be taxed on that gain in the same manner as U.S. stockholders, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals, and the purchaser would be required to withhold 15% of the seller's amounts realized. Furthermore, a non-U.S. stockholder generally will incur tax on gain not subject to FIRPTA if:

- the gain is effectively connected with the non-U.S. stockholder's U.S. trade or business, in which case the non-U.S. stockholder will be subject to the same treatment as U.S. stockholders with respect to such gain; or

- the non-U.S. stockholder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a "tax home" in the U.S., in which case the non-U.S. stockholder will incur a 30% tax on his or her capital gains.

Repurchase of Stock

A repurchase of our stock by a non-U.S. stockholder whose income derived from the investment in shares of our stock is not effectively connected with the non-U.S. Stockholder's conduct of a trade or business in the U.S. will be treated under Section 302 of the Code as a distribution that is taxable as dividend income (to the extent of our current or accumulated earnings and profits), unless the repurchase satisfies certain tests set forth in Section 302(b) of the Code enabling the repurchase to be treated as sale of our stock (in which case the repurchase will be treated in the same manner as a sale described above in "- Taxation of Non-U.S. Stockholders" - "Dispositions"). The repurchase will satisfy such tests if it (i) is "substantially disproportionate" with respect to the holder's interest in our stock, (ii) results in a "complete termination" of the holder's interest in all our classes of stock, or (iii) is "not essentially equivalent to a dividend" with respect to the holder, all within the meaning of Section 302(b) of the Code. In determining whether any of these tests have been met, stock considered to be owned by the holder by reason of certain constructive ownership rules set forth in the Code, as well as stock actually owned, generally must be taken into account. Because the determination as to whether any of the three alternative tests of Section 302(b) of the Code described above will be satisfied with respect to any particular holder of our stock depends upon the facts and circumstances at the time that the determination must be made, prospective investors are advised to consult their own tax advisors to determine such tax treatment.

If a repurchase of our stock does not meet any of the three tests described above, the repurchase proceeds will be treated as a distribution, as described above "- Taxation of Non-U.S. Stockholders" -"Distributions." Non-U.S. stockholders should consult with their tax advisors regarding the taxation of any particular repurchase of our shares.

FATCA Withholding

Withholding at a rate of 30% is required on dividends in respect of, and after December 31, 2018, withholding at a rate of 30% will be required on gross proceeds from the sale of, shares of our common stock held by or through certain foreign financial institutions (including investment 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 our shares are held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and after December 31, 2018, gross proceeds from the sale of, our shares held by an investor that is a passive non-financial foreign entity will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us 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 we will in turn provide to the Secretary of the Treasury. Non-U.S. stockholders are encouraged to consult with their tax advisers regarding the possible implications of these rules on their investment in our common stock.

Information Reporting Requirements and Withholding

We will report to our stockholders and to the IRS the amount of distributions we pay during each calendar year, and the amount of tax we withhold, if any. Under the backup withholding rules, a stockholder may be subject to backup withholding at a rate, currently of 28%, with respect to distributions unless the stockholder:

- is a corporation or qualifies for certain other exempt categories and, when required, demonstrates this fact; or
- provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with the applicable requirements of the backup withholding rules.

A stockholder who does not provide us with its correct taxpayer identification number also may be subject to penalties imposed by the IRS. Any amount paid as backup withholding will be creditable against the stockholder's income tax liability. In addition, we may be required to withhold a portion of capital gain distributions to any stockholders who fail to certify their

non-foreign status to us.

Backup withholding will generally not apply to payments of dividends made by us or our paying agents, in their capacities as such, to a non-U.S. stockholder provided that the non-U.S. stockholder furnishes to us or our paying agent the required certification as to its non-U.S. status, such as providing a valid IRS Form W-8BEN or W-8ECI, or certain other requirements are met. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person that is not an exempt recipient. Payments of the proceeds from a disposition or a repurchase effected outside the U.S. by a non-U.S. stockholder made by or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, information reporting (but not backup withholding) generally will apply to such a payment if the broker has certain connections with the U.S. unless the broker has documentary evidence in its records that the beneficial owner is a non-U.S. stockholder and specified conditions are met or an exemption is otherwise established. Payment of the proceeds from a disposition by a non-U.S. stockholder of stock made by or through the U.S. office of a broker is generally subject to information reporting and backup withholding unless the non-U.S. stockholder certifies under penalties of perjury that it is not a U.S. person and satisfies certain other requirements, or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the stockholder's federal income tax liability if certain required information is furnished to the IRS. Stockholders should consult their own tax advisors regarding application of backup withholding to them and the availability of, and procedure for obtaining an exemption from, backup withholding.

Statement of Share Ownership

We are required to demand annual written statements from the record holders of designated percentages of our stock disclosing the actual owners of the shares of stock. Any record stockholder who, upon our request, does not provide us with required information concerning actual ownership of the shares of stock is required to include specified information relating to his shares of stock in his federal income tax return. We also must maintain, within the Internal Revenue District in which we are required to file our federal income tax return, permanent records showing the information we have received about the actual ownership of our stock and a list of those persons failing or refusing to comply with our demand.

Tax Shelter Reporting

If a stockholder recognizes a loss with respect to the shares of (i) $2 million or more in a single taxable year or $4 million or more in a combination of taxable years, for a holder that is an individual, S corporation, trust, or a partnership with at least one noncorporate partner, or (ii) $10 million or more in a single taxable year or $20 million or more in a combination of taxable years, for a holder that is either a corporation or a partnership with only corporate partners, the stockholder may be required to file a disclosure statement with the IRS on Form 8886. Direct stockholders of portfolio securities are in many cases exempt from this reporting requirement, but stockholders of a REIT currently are not excepted. 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. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review. No assurance can be given as to whether, when or in what form, the U.S. federal income tax laws applicable to us and our stockholders may be changed. Changes to the federal tax laws and interpretations of federal tax laws could adversely affect an investment in shares of our stock.

State and Local Taxes

We and/or you may be subject to taxation by various states and localities, including those in which we or a stockholder transacts business, owns property or resides. The state and local tax treatment may differ from the federal income tax treatment described above. Consequently, you should consult your own tax advisors regarding the effect of state and local tax laws upon an investment in our stock.

ERISA CONSIDERATIONS

The following is a summary of some of the considerations associated with an investment in shares of our stock by a qualified employee pension benefit plan or an IRA. This summary is based on provisions of ERISA and the Code, as amended through the date of this memorandum, and relevant regulations and opinions issued by the Department of Labor and the IRS. We cannot assure you that adverse tax decisions or legislative, regulatory or administrative changes which would significantly modify the statements expressed herein will not occur. Any such changes may or may not apply to transactions entered into prior to the date of their enactment. Each fiduciary of an employee pension benefit plan subject to ERISA, such as a profit sharing, section 401(k) or pension plan, or of any other retirement plan or account subject to Section 4975 of the Code, such as an IRA, which we refer to collectively as the "Benefit Plans," seeking to invest plan assets in shares of our stock must, taking into account the facts and circumstances of such Benefit Plan, consider, among other matters:

- Whether the investment is consistent with the applicable provisions of ERISA and the Code and the documents and instruments governing your Benefit Plans;
- Whether, under the facts and circumstances attendant to the Benefit Plan in question, the fiduciary's responsibility to the plan has been satisfied;
- Whether your investment will impair the liquidity of the Benefit Plan;
- Whether the investment will produce UBTI to the Benefit Plan (see "Material U.S. Federal Income Tax Considerations - Treatment of Tax-Exempt Stockholders");
- The need to value the assets of the Benefit Plan annually; and
- Whether your investment will constitute a prohibited transaction under ERISA or the Code as described below.

Under ERISA, a plan fiduciary's responsibilities include the following duties:

- To act solely in the interest of plan participants and beneficiaries and for the exclusive purpose of providing benefits to them, as well as defraying reasonable expenses of plan administration;
- To invest plan assets prudently;
- To diversify the investments of the plan unless it is clearly prudent not to do so;
- To ensure sufficient liquidity for the plan; and
- To consider whether an investment would constitute or give rise to a prohibited transaction under ERISA or the Code.

ERISA also requires that the assets of an employee benefit plan be held in trust and that the trustee, or a duly authorized named fiduciary or investment manager, have exclusive authority and discretion to manage and control the assets of the plan. Section 406 of ERISA and Section 4975 of the Code prohibit specified transactions involving the assets of a Benefit Plan which are between the plan and any "party in interest" or "disqualified person" with respect to that Benefit Plan. These transactions are prohibited regardless of how beneficial they may be for the Benefit Plan. Prohibited transactions include the sale, exchange or leasing of property, the lending of money or the extension of credit between a Benefit Plan and a party in interest or disqualified person, and the transfer to, or use by, or for the benefit of, a party in interest, or disqualified person, of any assets of a Benefit Plan. A fiduciary of a Benefit Plan also is prohibited from engaging in self-dealing, acting for a person who has an interest adverse to the plan or receiving any consideration for its own account from a party dealing with the plan in a transaction involving plan assets.

Plan Asset Considerations

In order to determine whether an investment in shares of our stock by Benefit Plans creates or gives rise to the potential for either prohibited transactions or the commingling of assets referred to above, a fiduciary must consider whether an investment in shares of our stock will cause our assets to be treated as assets of the investing Benefit Plans. Section 3(42) of ERISA defines the term "plan assets" to mean plan assets as defined in the U.S. Department of Labor Regulations. These regulations provide guidelines as to whether, and under what circumstances, the underlying assets of an entity will be deemed to constitute assets of a Benefit Plan when the plan invests in that entity, which we refer to as the "Plan Assets Regulation." Under the Plan Assets Regulation, the assets of corporations, partnerships or other entities in which a Benefit Plan makes an equity investment will generally be deemed to be assets of the Benefit Plan unless the entity satisfies one of the exceptions to this general rule.

In the event that our underlying assets were treated by the Department of Labor as the assets of investing Benefit Plans, our management would be treated as fiduciaries with respect to each Benefit Plan stockholder, and an investment in shares of our stock might constitute an ineffective delegation of fiduciary responsibility to our advisor, and expose the fiduciary of the Benefit Plan to co-fiduciary liability under ERISA for any breach by our advisor of the fiduciary duties mandated under ERISA.

If our advisor or affiliates of our advisor were treated as fiduciaries with respect to Benefit Plan stockholders, the prohibited transaction restrictions of ERISA and the Code would apply to any transaction involving our assets. These restrictions could, for example, require that we avoid transactions with entities that are affiliated with us or our affiliates or restructure our activities in order to obtain an administrative exemption from the prohibited transaction restrictions. Alternatively, we might have to provide Benefit Plan stockholders with the opportunity to sell their shares of stock to us or we might dissolve or terminate. If a prohibited transaction were to occur, the Code imposes an excise tax equal to 15% of the amount involved and authorizes the IRS to impose an additional 100% excise tax if the prohibited transaction is not "corrected." These taxes would be imposed on any disqualified person who participates in the prohibited transaction. In addition, our advisor and possibly other fiduciaries of Benefit Plan stockholders subject to ERISA who permitted the prohibited transaction to occur or who otherwise breached their fiduciary responsibilities, or a non-fiduciary participating in a prohibited transaction, could be required to restore to the Benefit Plan any profits they realized as a result of the transaction or breach, and make good to the Benefit Plan any losses incurred by the Benefit Plan as a result of the transaction or breach. With respect to an IRA that invests in shares of our stock, the occurrence of a prohibited transaction involving the individual who established the IRA, or his beneficiary, would cause the IRA to lose its tax-exempt status under Section 408(e)(2) of the Code.

The Plan Assets Regulation provides that the underlying assets of REITs will not be treated as assets of a Benefit Plan investing therein if the interest the Benefit Plan acquires is a "publicly offered security." A publicly offered security must be:

- Sold as part of a public offering registered under the Securities Act and be part of a class of securities registered under the Exchange Act, as amended;
- "Widely held," such as part of a class of securities that is owned by 100 or more persons who are independent of the issuer and one another; and
- "Freely transferable."

Exception for Insignificant Participation by Benefit Plan Investors

The plan assets regulation provides that the assets of an entity will not be deemed to be the assets of a benefit plan if equity participation in the entity by benefit plans is not significant. An equity participation in an entity is not deemed to be significant if benefit plans hold less than 25% of the value of each class of equity interests in that entity. In calculating the value of a class of equity interests, the value of any equity interests held by us or any of our affiliates must be excluded. Although we expect to qualify for this exception, neither our organizational documents nor our escrow arrangements restrict ownership of each class of equity interests held by benefit plans to less than 25%.

Other Prohibited Transactions

Regardless of whether the shares of stock qualify for the "publicly offered security" exception of the Plan Assets Regulation, a prohibited transaction could occur if we, the Advisor, any selected dealer or any of their affiliates is a fiduciary (within the meaning of Section 3(21) of ERISA) with respect to any Benefit Plan purchasing the shares of stock. Accordingly, unless an administrative or statutory exemption applies, shares of stock should not be purchased using assets of a Benefit Plan with respect to which any of the above persons is a fiduciary. A person is a fiduciary with respect to a Benefit Plan under Section 3(21) of ERISA if, among other things, the person has discretionary authority or control with respect to "plan assets" or provides investment advice for a fee with respect to "plan assets." Under a regulation issued by the Department of Labor, a person shall be deemed to be providing investment advice if that person renders advice as to the advisability of investing in shares of our stock and that person regularly provides investment advice to the Benefit Plan pursuant to a mutual agreement or understanding (written or otherwise) (i) that the advice will serve as the primary basis for investment decisions, and (ii) that the advice will be individualized for the Benefit Plan based on its particular needs.

Annual Valuation

A fiduciary of an employee benefit plan subject to ERISA is required to determine annually the fair market value of each asset of the plan as of the end of the plan's fiscal year and to file a report reflecting that value with the Department of Labor. When the fair market value of any particular asset is not available, the fiduciary is required to make a good faith determination of that asset's "fair market value" assuming an orderly liquidation at the time the determination is made. In addition, a trustee or custodian of an IRA must provide an IRA participant with a statement of the value of the IRA each year.

In discharging its obligation to value assets of a plan, a fiduciary subject to ERISA must act consistently with the relevant provisions of the plan and the general fiduciary standards of ERISA. It is not currently intended that the shares of our stock will be listed on a national securities exchange, nor is it expected that a public market for the shares of stock will develop. To date, neither the IRS nor the Department of Labor has promulgated regulations specifying how a plan fiduciary should determine the "fair market value" of the shares of our stock, namely when the fair market value of the shares of stock is not determined in the marketplace. Therefore, to assist fiduciaries in fulfilling their valuation and annual reporting responsibilities with respect to ownership of shares of stock, we intend to provide reports of our annual determinations of the current value of our net assets per outstanding share to those fiduciaries (including IRA trustees and custodians) who identify themselves to us and request the reports.

We intend to revise these valuation procedures to conform with any relevant guidelines that the IRS or the Department of Labor may hereafter issue and may also revise these procedures to conform with guidance that FINRA may issue in the future. Meanwhile, we cannot assure you:

- That the value determined by us could or will actually be realized by us or by stockholders upon liquidation (in part because appraisals or estimated values do not necessarily indicate the price at which assets could be sold and because no attempt will be made to estimate the expenses of selling any of our assets);
- That stockholders could realize this value if they were to attempt to sell their shares of stock; or
- That the value, or the method used to establish value, would comply with the ERISA or IRA requirements described above.

ESTIMATED USE OF PROCEEDS

We expect to use substantially all of the net proceeds from this offering to invest in a portfolio of parking facilities located throughout the United States and Canada. No more than 10% of the proceeds of this offering will be used for investment in Canadian properties. We will focus our investments primarily on parking lots, parking garages and other parking structures. To a lesser extent, we may also invest in properties other than parking facilities. We may not be able to promptly invest the net proceeds of this offering. In the interim, we may invest in short-term, highly liquid or other authorized investments. Such short-term investments are not anticipated to earn as high of a return as we expect to earn on our real estate investments. In the event we are not able to promptly invest the net proceeds of this offering, it may also be necessary for us to pay distributions from offering proceeds.

In addition, as of June 30, 2016, we have paid distributions from offering proceeds only. We may not be able to make distributions on a monthly basis and may continue to pay distributions from sources other than cash flow from operations, including the sale of assets, borrowings or offering proceeds. We have no limits on the amounts we may pay from such sources. If we pay distributions from offering proceeds and other sources other than our cash flow from operations, the funds available to us for investments would be reduced, and your share value may be diluted.

The following table sets forth information about how we intend to use the proceeds raised in this offering, assuming we raise $50,000,000 from the sale of Shares, the maximum offering amount. The actual amounts of remaining proceeds available for investments may be less than the amounts set forth in the table since the amounts set forth in the table do not include any deduction for acquisition expenses, which cannot be determined at the present time, or any working capital reserve. The amounts set forth in the table also do not take into account any proceeds from debt financing that we may obtain in order to increase funds available for investment.

	Maximum Offering		
	Amount	**% of Proceeds**	
Gross Offering Proceeds	$ 50,000,000	100.00	%
Less Offering Expenses:	—	—	
Selling Commissions [(1)]	$ 3,000,000	6.00	%
Due Diligence Fee Paid By Company [(2)]	$ 1,000,000	2.00	%
Dealer Manager Fee [(3)]	$ 1,000,000	2.00	%
Reimbursable offering expenses [(4)]	$ 1,000,000	2.00	%
Net Proceeds Available for Investment[(5)]	$ 44,000,000	88.00	%
Less:			
Acquisition Fee[(6)]	$ 1,023,750	2.25	%
Acquisition Expenses[(7)]	$ 341,250	0.75	%
Working Capital Reserve[(8)]	—	—	
Remaining Proceeds Available for Investments	$ 42,635,000	85.00	%

(1) The Company will pay selling commissions of up to 6.0% of gross offering proceeds from the sale of shares in this offering.

(2) The Company may pay non-affiliated selling agents a one-time fee separately negotiated with each selling agent for due diligence expenses of up to 2.0% of gross offering proceeds.

(3) A dealer manager fee of up to 2.0% of gross offering proceeds will be paid to our affiliated dealer manager, MVP American Securities, in connection with this offering.

(4) Up to 2.0% of the gross offering proceeds may be used to pay or reimburse our affiliates for expenses incurred by or on behalf of the Company in connection with the offer and sale of the Shares, including but not limited to expenses for assembling, printing and mailing offering documents, legal and accounting services, registration and qualification of securities under federal and state law, and third-party transfer agents, consultants or service providers engaged in connection with the offering.

(5) Until required in connection with the acquisition of our investments, substantially all of the net proceeds of the offering and, our working capital reserves, may be invested in short-term, highly liquid investments, including, but not limited to, government obligations, bank certificates of deposit, short-term debt obligations and interest-bearing accounts. The amount of investments which we are able to make will depend on, among other things, the amount of capital raised in this offering. We are not able to estimate the amount of investments we may make assuming the sale of any particular number of Shares. In general we expect that the concentration risk of our portfolio of investments will be inversely related to the number of Shares sold in this offering.

(6) We will pay our advisor and its affiliates an acquisition fee of up to 2.25% of the purchase price of each real estate investment that we acquire (including our pro rata share of debt attributable to such property) or the total principal amount borrowed under loans by us. Assuming that we incur leverage up to 50% of the aggregate fair market value of our assets, as set forth in our borrowing policy, the acquisition fees if we raise the maximum offering would be $2,047,500.

(7) We will reimburse our advisor for actual expenses incurred in connection with the selection or acquisition of an investment, whether or not we ultimately acquire the investment. The total of all acquisition fees and acquisition expenses will not exceed 6% of the purchase price of any real property acquired. For purposes of this table, we have assumed expenses of 0.75% of the purchase price of each property (including our pro rata share of debt attributable to such property). This estimate is based on the prior experience of our sponsor in sponsoring a previous REIT that focuses on acquiring parking facilities. Actual amounts are dependent upon numerous factors including the aggregate purchase price paid to acquire each real estate asset, the aggregate amount borrowed, if any, to acquire each real estate asset and the number of real estate assets acquired, and cannot be determined at the present time.

(8) We may incur capital expenses relating to our investments. At the time we make an investment, we will establish estimates of the capital needs of such investments through the anticipated hold period of the investments. We do not anticipate that we will establish a permanent reserve for expenses relating to our investment through the anticipated hold period of the investment. However, to the extent that we have insufficient funds for such purposes, we may establish reserves from gross offering proceeds, out of cash flow generated by our investments or out of the net cash proceeds received by us from any sale of our investments.

MANAGEMENT

The Company is subject to the reporting requirements of the Securities Exchange Act of 1934. Copies of our most recent annual report on Form 10-K are attached to this offering memorandum which discuss, among other things, our Management in greater detail. In addition, you can access these and other reports about the Company at www.sec.gov or by contacting the Company and requesting a copy of any of our SEC reports.

Board of Directors

We operate under the direction and oversight of our board of directors, the members of which are accountable to us and our stockholders as fiduciaries. The board of directors is responsible for directing and overseeing the management of our business and affairs. The board of directors has retained our advisor to manage our day-to-day affairs and to implement our investment strategy, subject to the board of directors' direction, oversight and approval.

We have a total of five directors, four of whom are independent of us, the Advisor, our Sponsor and our respective affiliates as determined in accordance with the North American Securities Administrators Association's Statement of Policy Regarding Real Estate Investment Trusts, as revised and adopted on May 7, 2007, or the NASAA REIT Guidelines. The NASAA REIT Guidelines require our charter to define an independent director as a director who is not and has not for the last two years been associated, directly or indirectly, with our Sponsor or the Advisor. A director is deemed to be associated with our Sponsor or the Advisor if he or she owns any interest in, is employed by, is an officer or director of, or has any material business or professional relationship with our Sponsor, the Advisor or any of their affiliates, performs services (other than as a director) for us, or serves as a director or trustee for more than three REITs sponsored by our Sponsor or advised by the Advisor. A business or professional relationship will be deemed material per se if the gross revenue derived by the director from our Sponsor, the Advisor or any of their affiliates exceeds five percent of (1) the director's annual gross revenue derived from all sources during either of the last two years or (2) the director's net worth on a fair market value basis. An indirect relationship is defined to include circumstances in which the director's spouse, parents, children, siblings, mothers- or fathers-in-law, sons- or daughters-in-law or brothers- or sisters-in-law is or has been associated with us, our Sponsor, the Advisor or any of their respective affiliates. Our board of directors has determined that each of Allen Wolff, David Chavez, Erik Hart and John Dawson qualifies as an independent director under the NASAA REIT Guidelines.

We refer to our directors who are not independent as our "affiliated directors." Currently, our only affiliated director is Michael V. Shustek

Our charter provides that the number of directors shall be five which number may be increased or decreased as set forth in the bylaws. Our charter also provides that a majority of the directors must be independent directors and that at least one of the independent directors must have at least three years of relevant real estate experience. The independent directors will nominate replacements for vacancies among the independent directors.

Our board of directors is elected by our common stockholders on an annual basis. Any director may resign at any time and may be removed with or without cause by the stockholders upon the affirmative vote of stockholders entitled to cast at least a majority of all the votes entitled to be cast generally in the election of directors. The notice of any special meeting called to remove a director will indicate that the purpose, or one of the purposes, of the meeting is to determine if the director will be removed.

At such time as we are subject to Subtitle 8 of the MGCL, we have elected to provide that any vacancy on our board of directors may be filled only by a vote of a majority of the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred and, in the case of an independent director, the director must also be nominated by the remaining independent directors.

Director Biographies

John E. Dawson is one of our independent directors. He has also been a director of MVP REIT, Inc. since its inception. He was a director of Vestin Group from March 2000 to December 2005, was a director of Vestin Realty Mortgage II, Inc., from March 2007 until he resigned in November 2013 and was a director for Vestin Realty Mortgage I, Inc. from March 2007 until January 2008. Since January of 2015 Mr. Dawson has been a Partner at the International law firm of Dickinson Wright PLLC. Mr. Dawson was a partner of the Las Vegas law firm of Lionel Sawyer & Collins from 2005 until its closing in

December of 2014. Previous to that, from 1995 to 2005, Mr. Dawson was a partner at the law firm of Marquis & Aurbach. Mr. Dawson received his Bachelor's Degree from Weber State and his Juris Doctor from Brigham Young University. Mr. Dawson received his Masters of Law (L.L.M.) in Taxation from the University of San Diego. Mr. Dawson is a member of the Nevada Bar (active) and the Utah Bar (inactive).

David Chavez is one of our independent directors. Since 2009, Mr. Chavez has served as Chief Executive Officer of Assured Strategies, LLC, a strategic consulting, coaching and advisory firm. From 1996 to 2007, Mr. Chavez served as Chief Executive Officer of the Chavez & Koch, a Professional Corporation, Certified Public Accountants (CPA's), Ltd., certified public accounting firm, and from 1995 to 1996, he was a private business and financial consultant. Mr. Chavez received an Associates of Science in Mid-Management-Business Degree from City Colleges of Chicago-Europe, and a Bachelor of Science in Business Administration Degree, with a concentration in Accounting, from the University of Nevada, Las Vegas.

Erik A. Hart is one of our independent directors. Since May 2012, Mr. Hart has served as Managing Partner for Romandad Partners and the Romandad Trust. Previous to that, from 2001 to July 2013, Mr. Hart practiced law at The Law Offices of Erik A. Hart, and from 1998 to 2001, Mr. Hart was a lawyer for the Business Affairs and Business Development Department of the Spelling Entertainment Group, Inc., formerly Republic Entertainment, Inc. Mr. Hart received his Bachelor's Degree from the University of the Pacific, and his Juris Doctor from McGeorge School of Law. Mr. Hart is a member of the California Bar (inactive).

Allen Wolff is one of our independent directors. Since December 2014, Mr. Wolff has served as Chief Financial Officer for NTN Buzztime, Inc. (NYSE MKT: NTN), a social entertainment and integrated marketing platform. Previous to that, from July 2013 to December 2014, Mr. Wolff served as Co-Founder and Financial Strategist for PlumDiggity, LLC, a financial and marketing strategy firm. From January 2011 to July 2013, Mr. Wolff served as Chief Financial Officer and director for 365 Retail Markets, LLC, a micro-market self-checkout POS technology firm, and from January 2006 to January 2011, Mr. Wolf served as Co-Founder and Chief Financial Officer of Paysimple, Inc., a provider of payment management solutions. From January 2003 to July 2009, Mr. Wolff served as President and Chief Financial Officer of The Conclave Group, LLC, a real estate industry publication serving 12,000 apartment communities nationwide. Mr. Wolff received his Bachelor's Degree from the University of Michigan, and his Master of Business Administration Degree from the R.H. Smith School of Business at the University of Maryland.

Michael V. Shustek has been Chief Executive Officer, President, Secretary and the Chairman of the board of directors of the Company since its inception and serves as the Chief Executive Officer of our Advisor. He has also served as Chief Executive Officer and a director of MVP REIT, Inc. since its inception, Chairman of the Board of Directors, Chief Executive Officer and a director of Vestin Group since April 1999 and a director and CEO of Vestin Realty Mortgage II, Inc. and Vestin Realty Mortgage I, Inc. since January 2006. In July 2012, Mr. Shustek became a principal of MVP American Securities. During January 2013, Mr. Shustek became the sole owner of MVP American Securities. In February 2004, Mr. Shustek became the President of Vestin Group. In 2003, Mr. Shustek became the Chief Executive Officer of Vestin Originations, Inc. In 1995, Mr. Shustek founded Del Mar Mortgage, and has been involved in various aspects of the real estate industry in Nevada since 1990. In 1993, he founded Foreclosures of Nevada, Inc., a company specializing in non-judicial foreclosures. In 1997, Mr. Shustek was involved in the initial founding of Nevada First Bank, with the largest initial capital base of any new state charter in Nevada's history. In 1993, Mr. Shustek also started Shustek Investments, a company that originally specialized in property valuations for third-party lenders or investors.

Mr. Shustek has co-authored two books, entitled "Trust Deed Investments," on the topic of private mortgage lending, and "If I Can Do It, So Can You." Mr. Shustek is a guest lecturer at the University of Nevada, Las Vegas, where he also has taught a course in Real Estate Law and Ethics. Mr. Shustek received a Bachelor of Science degree in Finance at the University of Nevada, Las Vegas. As our founder and CEO, Mr. Shustek is highly knowledgeable with regard to our business operations. In addition, his participation on our board of directors is essential to ensure efficient communication between the Board and management.

Our Advisor

We rely on our advisor to manage our day-to-day activities and to implement our investment strategy, subject to the supervision of our board of directors. Our advisor performs its duties and responsibilities as our fiduciary pursuant to an advisory agreement. Our advisor is managed by Michael V. Shustek.

Affiliated Property Manager

We do not intend to provide property management services for our real properties. However, our charter provides that our real properties may be managed and leased by an affiliated property manager and in the future there is potential for overlap between members of our advisor's management team and the management team of an affiliated property manager. As such, if we retain an affiliated property manager, we would not have the benefit of independent property management to the same extent as if our advisor and the property manager were unaffiliated and did not share any employees or managers. In addition, our agreements with an affiliated property manager would not be at arm's-length, and we would not have the benefit of arm's-length negotiations of the type normally conducted between unrelated parties.

INVESTMENT OBJECTIVES, STRATEGY AND POLICIES

The Company is subject to the reporting requirements of the Securities Exchange Act of 1934. Copies of our most recent annual report on Form 10-K are attached to this offering memorandum which discuss, among other things, our Investment Objectives, Strategy and Policies in greater detail. In addition, you can access these and other reports about the Company at www.sec.gov or by contacting the Company and requesting a copy of any of our SEC reports.

Investment Objectives

The Company's primary investment objectives are to:

- preserve, protect and return stockholders' capital contributions;
- provide periodic distributions once the Company has acquired a substantial portfolio of investments; and
- realize growth in the value of the Company's investments.

The Company cannot assure stockholders that the Company will attain these objectives or that the value of the Company's assets will not decrease. Furthermore, within the investment objectives and policies, the Advisor has substantial discretion with respect to the selection of specific investments and the purchase and sale of the Company's assets. Our board of directors will review investment policies at least annually to determine whether the investment policies continue to be in the best interests of stockholders.

The charter does not require the Company to consummate a transaction to provide liquidity to stockholders on any certain date or at all; therefore, the Company may continue indefinitely.

Investment Strategy

The Company's investment strategy will focus primarily on parking lots, parking garages and other parking structures throughout the United States and Canada. To a lesser extent, the Company may also invest in properties other than parking facilities. No more than 10% of the proceeds of the Offering will be used for investment in Canadian properties.

Parking Facilities

The primary focus of the Company's investment strategy will be on parking facilities, including parking lots, parking garages and other parking structures throughout the United States and Canada. No more than 10% of the proceeds of this offering will be used for investment in Canadian properties.

The Company believes parking facilities possess attractive characteristics not found in other commercial real estate investments, such as:

- generally can be leased to any number of parking operators, which gives the property owner flexibility and pricing power;
- if a tenant that operates a facility terminates a lease, replacement operators can generally be found quickly, minimizing any dark period;
- generally, no leasing commissions;
- generally, no tenant improvement requirements;
- during the recent recession, parking revenues remained resilient;
- relatively low capital expenditures; and
- opportunity for geographic diversification.

Moreover, the Company believes the REIT industry is evolving, with more REITs moving towards specializing in particular types of properties or property location rather than building a diversified portfolio of a variety of property types and locations. As a result, the Company believes that focusing the portfolio on parking facilities would enhance stockholder value through specialization that could distinguish the Company from other REITs in the marketplace. The Company also believes that a parking-focused investment strategy will enhance the value of the portfolio upon a sale, merger or listing of our shares

on a national securities exchange at the time that our board of directors determines to pursue a transaction that would provide liquidity to stockholders, or a liquidity event.

Other Real Property Investments

The Company may also seek to invest in properties other than parking facilities. The Company may also enter into various leases for these properties. The terms and conditions of any lease the Company enters into with our tenants may vary substantially. However, the Company expects that leases will be the type customarily used between landlords and tenants in the geographic area where the property is located.

Investment Criteria

The Company will focus on acquiring properties that meet the following criteria:

- properties that generate current cash flow;
- properties that are located in populated metropolitan areas; and
- while the Company may acquire properties that require renovation, the Company will only do so if the Company anticipates the properties will produce income within 12 months of our acquisition.

The foregoing criteria are guidelines and the Advisor and board of directors may vary from these guidelines to acquire properties which they believe represent value opportunities.

The Advisor has substantial discretion with respect to the selection of specific properties. Our board of directors has delegated to the Advisor the authority to make certain decisions regarding investments consistent with the investment guidelines and borrowing policies approved by our board of directors and subject to the limitations in the charter, advisory agreement, and the direction and oversight of our board of directors. There is no limitation on the number, size or type of properties that the Company may acquire or on the percentage of net offering proceeds that may be invested in any particular property type or single property. The number and mix of properties will depend upon real estate market conditions and other circumstances existing at the time of acquisition and the amount of proceeds raised in the Offering. Moreover, depending upon real estate market conditions, economic changes and other developments, the board of directors may change the targeted investment focus or supplement that focus to include other targeted investments from time to time without stockholder consent.

Investment Process

Our board of directors has delegated to our advisor the authority to make certain decisions regarding our investments consistent with the investment guidelines and borrowing policies approved by our board of directors and subject to the limitations in our charter, advisory agreement, and the direction and oversight of our board of directors. Our board of directors will formally review at a duly called meeting our investment guidelines on an annual basis and our investment portfolio on a quarterly basis or, in each case, more often as they deem appropriate. Changes to our investment guidelines must be approved by our board of directors.

Our advisor will source our investments from new or existing customers, former and current financing and investment partners, third party intermediaries, competitors looking to share risk and securitization or lending departments of major financial institutions. The process for selecting our investments in real property is described in further detail above under the heading “—Investment Criteria,”

Borrowing Policy

On October 5, 2016, the Company and MVP REIT (the “Borrowers”), through their respective operating partnerships, entered into a credit agreement (the "Unsecured Credit Agreement") with KeyBank, National Association (‘KeyBank”) as the administrative agent and KeyBanc Capital Markets ("KeyBank Capital Markets") as the lead arranger. Pursuant to the Unsecured Credit Agreement, the Borrowers were provided with a $30 million unsecured credit facility (the "Unsecured Credit Facility"), which may be increased up to $100 million, in minimum increments of $10 million, for a maximum of $70 million increase. The Unsecured Credit Facility has an initial term of two years, maturing on October 5, 2018, and may be

extended for a one-year period if certain conditions are met and upon payment of an extension fee. The Unsecured Credit Facility has an interest rate calculated based on LIBO Rate plus 2.25% or Base Rate plus 1.25%, both as provided in the Unsecured Credit Agreement. The Base Rate is calculated as the greater of (i) the KeyBank Prime rate or (ii) the Federal Funds rate plus ½ of 1%. Payments under the Unsecured Credit Facility are interest only and are due on the first day of each quarter. The obligations of the Borrowers of the Unsecured Credit Agreement are joint and several. The Borrowers have entered into cross-indemnification provisions with respect to their joint and several obligations under the Unsecured Credit Facility. The foregoing summary is qualified in its entirety by reference to the Unsecured Credit Agreement, a copy of which has been filed by the Company as an exhibit to the Form 8-K disclosing the entry into the Unsecured Credit Agreement.

We intend to employ conservative levels of borrowing in order to provide more funds available for investment. Our intended targeted debt level is no more than 50% of the loan to value of our portfolio of assets. Our charter precludes us from borrowing more than the North American Securities Administrators Association's Statement of Policy Regarding Real Estate Investment Trusts, as revised and adopted on May 7, 2007, which we refer to as the NASAA REIT Guidelines, limit of 300% of our net assets, unless a majority of our independent directors approve any borrowing in excess of 300% of our net assets and the justification for such excess borrowing is disclosed to our stockholders in our next quarterly report. Net assets for purposes of this calculation are defined to be our total assets (other than intangibles), valued at cost prior to deducting depreciation, reserves for bad debts and other non-cash reserves, less total liabilities. The preceding calculation is generally expected to approximate 75% of the aggregate cost of our assets before non-cash reserves and depreciation. We may borrow in excess of these amounts if such excess is approved by a majority of the independent directors and disclosed to stockholders in our next quarterly report, along with an explanation for such excess. In such event, we will review our debt levels at that time and take action to reduce any such excess as soon as practicable. We do not intend to exceed our charter's leverage limit except in the early stages of our operations when the costs of our investments are most likely to exceed our net offering proceeds. Our aggregate borrowings, secured and unsecured, will be reviewed by the board of directors at least quarterly.

Disposition Policies

The period that we will hold our investments in real estate secured loans and real property will vary depending on the type of asset, interest rates and other factors. Our advisor will continually perform a hold-sell analysis on each asset in order to determine the optimal time to hold the asset and generate a strong return to our stockholders. The determination of whether a particular real estate asset should be sold or otherwise disposed of will be made after consideration of relevant factors with a view toward achieving maximum total investment return for the asset. Relevant factors to be considered by the advisor when disposing of an investment include:

- the prevailing economic, real estate and securities market conditions;
- the extent to which the investment has realized its expected total return;
- portfolio rebalancing and optimization;
- diversification benefits;
- opportunity to pursue a more attractive investment in real property or in a real estate asset;
- liquidity benefits with respect to sufficient funds for the share repurchase program; and
- other factors that, in the judgment of the advisor, determine that the sale of the investment is in our best interests.

In addition, with respect to refinancing properties, our advisor will consider the amount of our initial cash investment and whether the property is subject to financing that comes due in a relatively short term.

PRIVATE PLACEMENT

The proposed Offering described in this Memorandum will be made by the Company in reliance upon the non-public Offering exemption from registration provided in section 4(a)(2) of the 1933 Act and Regulation D promulgated thereunder. No registration statement relating to the shares has been filed with the Commission or any state securities commission. The Shares are only being sold to accredited investors in accordance with the requirements of Rule 506(c) under Regulation D.

Pursuant to securities exemptions applicable to the Offering, namely SEC Rule 506(c) and related state laws, the Company must verify the accredited status of each investor. Each investor should carefully review the Subscription Agreement attached as Exhibit A, and the Accredited Investor Representation Letter attached as Exhibit B, to ensure that such representations are true. Each prospective investor also will be required to submit extensive financial information so that the Company can satisfy its verification obligation as part of the subscription documents.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth herein, the Company is offering for sale up to 50,000 shares of Company's convertible redeemable preferred stock, together with Warrants to purchase up to 1,500,000 shares of our common stock on a "best efforts" basis during the offering period. The minimum investment is $10,000, which represents 10 Shares at a price of $1,000.00 per Share, though the Company may, in its sole discretion, accept subscription for lesser amounts. For every Share subscribed, a holder will receive Warrants to purchase 30 shares of the Company's common stock, exercisable following a Listing Event at the exercise price equal to 110% of the volume weighted average closing price during the 20 trading days ending on the 90th day after the occurrence of such Listing Event; however, in no event shall the exercise price of the Warrants be less than $25 per share. The Shares and Warrants are immediately detachable and will be issued separately.

The Company reserves the right to reject any subscription from a subscriber that it believes, in its sole discretion, does not meet the suitability standards for this offering. In such event, any funds received from such subscriber will be promptly returned with interest (if the Company received any) if subscriber submitted immediately available funds. A person may subscribe for purchase of the Shares by completing the Subscription Agreement and Accredited Investor Representation Letter in full, which incorporates questions concerning investor suitability, and delivering such executed documents, together with payment of the subscription price, to the Company as directed therein. The offering is not subject to any minimum condition. Closings will occur on the 15th and last day of each month as subscriptions are accepted. This offering will continue until we have sold all of the Shares or two years from the date of the first purchase of convertible redeemable preferred stock, whichever occurs first. We may also elect to terminate the offering at any time.

The offer and sale of the Shares and Warrants offered herein are made in reliance upon exemptions from the Act (specifically Rule 506(c)) and state securities laws. Rule 506(c) permits general solicitation and advertising of private offerings. Pursuant to securities exemptions applicable to the Offering, namely SEC Rule 506(c) and related state laws, the Company must verify the accredited status of each investor. Each prospective investor will be required to submit extensive financial information so that the Company can satisfy its verification obligation as part of the subscription documents. The Company's obligations to comply with Rule 506(c), namely verifying the accredited status of investors are novel and onerous. If the Company fails to comply with these obligations it is highly unlikely that any other exemption would be applicable, and the Company could be liable for a violation of securities laws. Rule 506(c) has been subject to limited judicial scrutiny at the state and federal level. New or additional state and federal laws, rules or legal interpretations could drastically alter the coast and/or difficulty of compliance under Rule 506(c).

The Shares will be sold on a "best efforts" basis through MVP American Securities or other authorized selling agents, which means that each selling agent will use its best efforts to sell our shares, but is not required, to sell any specific amount of Shares. MVP American Securities is a broker-dealer and member of FINRA. MVP American Securities principal business address is 8880 W. Sunset Road #232, Las Vegas, Nevada 89148. Michael V. Shustek, the Chief Executive Officer of our advisor and our Chief Executive Officer and Chairman, owns 100% of the outstanding membership interests of MS MVP Holdings, LLC, which owns 100% of the outstanding membership interests of MVP American Securities. MVP American Securities may authorize other non-affiliated selling agents that are FINRA members to sell our shares in this offering.

The Company will pay selling commissions of up to 6.0% of gross offering proceeds from the sale of shares in this offering, including sales by affiliated and non-affiliated selling agents. The Company may pay non-affiliated selling agents a one-time fee separately negotiated with each selling agent for due diligence expenses of up to 2.0% of gross offering proceeds.

The Company may also pay a dealer manager fee to MVP American Securities of up to 2.0% of gross offering proceeds from the sale of the Shares as compensation for acting as dealer manager. MVP American Securities, as our dealer manager, provides services to us, which include conducting broker-dealer seminars, holding informational meetings and providing information and answering any questions concerning this offering. As dealer manager, MVP American Securities, will also manage, direct and supervise its associated persons in connection with the offering.

The combined selling commission, due diligence fee and dealer manager fee associated with the offer, sale or distribution of the Shares and Warrants, which will be paid by or reimbursed by the Company and are deemed components of underwriting compensation under this offering, will not exceed FINRA's 10% cap under FINRA Rule 2310(b)(4)(B)(ii), which we refer to as FINRA's 10% cap.

We expect MVP American Securities to authorize other broker-dealers that are members of FINRA, which we refer to as participating broker-dealers, to sell the Shares and the Warrants. MVP American Securities may reallow all or a portion of its selling commissions attributable to a participating broker-dealer. MVP American Securities may also reallow a portion of its dealer manager fee earned on the proceeds raised by a participating broker-dealer, to such participating broker-dealer as a marketing fee. The amount of the marketing fee to be reallowed to any participating broker-dealer will be determined by the dealer manager in its sole discretion.

The table below sets forth the nature and estimated amount of all items viewed as “underwriting compensation” by FINRA, assuming we sell all the Shares and the Warrants offered hereby.

In addition, up to 2.0% of the gross offering proceeds may be used to pay or reimburse our affiliates for expenses incurred by or on behalf of the Company in connection with the offer and sale of the Shares, including but not limited to expenses for assembling, printing and mailing offering documents, legal and accounting services, registration and qualification of securities under federal and state law, and third-party transfer agents, consultants or service providers engaged in connection with the offering.

	Maximum Offering		
	Amount	**% of Proceeds**	
Gross Offering Proceeds	$ 50,000,000	100.00	%
Less Offering Expenses:	—	—	
Selling Commissions	$ 3,000,000	6.00	%
Due Diligence Reimbursements By Company	$ 1,000,000	2.00	%
Dealer Manager Fee	$ 1,000,000	2.00	%
Reimbursable offering expenses	$ 1,000,000	2.00	%
Net Proceeds Available for Investment	$ 45,000,000	88.00	%

To the extent permitted by law and our charter, we will indemnify the participating broker-dealers and the dealer manager against certain civil liabilities, including certain liabilities arising under the Securities Act and liabilities arising from breaches of our representations and warranties contained in the dealer manager agreement. However, the SEC takes the position that indemnification against liabilities arising under the Securities Act is against public policy and is not enforceable.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of shares of our capital stock as set forth in our charter and is qualified in its entirety by reference to our charter. Under our charter, we have authority to issue a total of 100,000,000 shares of capital stock. Of the total number of shares of capital stock authorized, 98,999,000 shares are classified as common stock, par value $0.0001 per share, 1,000,000 shares are classified as preferred stock, par value $0.0001 per share (of which 50,000 shares are classified as Series A Convertible Redeemable Preferred Stock) and 1,000 shares are classified as convertible stock, par value $0.0001 per share. Our board of directors, with the approval of a majority of the entire board of directors and without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of any class or series that we have authority to issue. As of the date of this memorandum, no shares of preferred stock or convertible stock were issued and outstanding.

Common Stock

The holders of shares of our common stock are entitled to one vote per share on all matters voted on by stockholders, including the election of our directors. Our charter does not provide for cumulative voting in the election of directors. Therefore, the holders of a majority of the outstanding shares of our common stock can elect our entire board of directors. Subject to any preferential rights of any outstanding series of preferred stock, the holders of shares of our common stock are entitled to such distributions as may be authorized from time to time by our board of directors out of legally available assets and declared by us and, upon liquidation, are entitled to receive all assets available for distribution to stockholders. All issued shares of our common stock are be fully paid and nonassessable shares of common stock. Holders of shares of our common stock do not have preemptive rights, which means that the holders of shares of common stock do not have an automatic option to purchase any new shares that we issue, or preference, conversion, exchange, redemption or appraisal rights, unless, in the case of appraisal rights, our board of directors determines that appraisal rights apply, with respect to all or any classes or series of our stock, to one or more transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise such rights. Stockholders are not liable for our acts or obligations.

We have not issued and will not issue certificates for our shares. Our shares are and will be held in "uncertificated" form which eliminates the physical handling and safekeeping responsibilities inherent in owning transferable share certificates and eliminates the need to return a duly executed share certificate to effect a transfer. Subject to the transferee meeting the suitability standards described below in "—Restrictions on Ownership and Transfer of Shares—Suitability Standards and Minimum Purchase Requirements," transfers can be effected simply by mailing a transfer and assignment form, which we will provide to you at no charge, to:

MVP Realty Advisors, LLC
12730 High Bluff Drive, #110
San Diego, California 92130
Attn: Investor Relations
(858) 369-7959

DST Systems, Inc. acts as our registrar and transfer agent for our shares. The address and phone number of DST Systems, Inc. to which our stockholders should address their questions and correspondence regarding stock transfers, dividends, and other transfer matters from and after the effective date of the appointment of DST Systems, Inc. are:

DST Systems, Inc.
430 W 7th St
Kansas City Mo 64105
(816) 435-1000

Preferred Stock

Our charter authorizes our board of directors, without stockholder approval, to classify and reclassify any unissued shares of our common stock and preferred stock into other classes or series of stock. Prior to issuance of shares of each class or series, our board of directors is required by the MGCL and by our charter to set, subject to our charter restrictions on ownership and transfer of our stock, the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our board of directors could authorize the issuance of shares of common stock or preferred stock with terms and conditions which

could have the effect of delaying, deferring or preventing a transaction or change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. Our board of directors has no present plans to issue preferred stock (other than the Series A Convertible Redeemable Preferred Stock offered hereby), but may do so at any time in the future without stockholder approval. However, the issuance of preferred stock must be approved by a majority of our independent directors not otherwise interested in the transaction, who will have access, at our expense, to our legal counsel or to independent legal counsel. Our board of directors, including all of our independent directors, has unanimously approved the offer, sale and issuance of the Series A Convertible Redeemable Preferred Stock pursuant to this memorandum.

Securities Offered In This Offering – Series A Convertible Redeemable Preferred Stock and Warrants to Acquire Common Stock

Our board of directors, including our independent directors, has created out of the authorized and unissued shares of our preferred stock, a series of convertible redeemable preferred stock, designated as the Series A Convertible Redeemable Preferred Stock. For every $1,000 in Shares of Series A Convertible Redeemable Preferred Stock subscribed, a holder will receive Warrants to purchase 30 shares of the Company's common stock. For a brief description of the terms of the Shares and the Warrants, please see the section entitled "Overview of the Offering" above, which is incorporated herein by reference. The description of the Shares and the Warrants contained therein does not purport to be complete and is qualified in its entirety by reference to the Articles Supplementary and the Warrants in substantially the forms attached hereto as Exhibit C and Exhibit D, respectively.

Convertible Stock

Our authorized capital stock includes 1,000 shares of convertible stock, par value $0.0001 per share. No shares of our convertible stock are issued or outstanding as of the date of this prospectus. We have no present plans to issue any convertible stock, but we may do so in the future without stockholder approval.

As set forth in our charter, once issued, no additional consideration will be due upon the conversion of any outstanding convertible stock. There will be no distributions paid on shares of any convertible stock.

Except in limited circumstances, once issued, outstanding shares of convertible stock will not be entitled to vote on any matter, or to receive notice of, or to participate in, any meeting of our stockholders at which they are not entitled to vote. However, the affirmative vote of the holders of more than two-thirds of the outstanding shares of convertible stock, voting together as a single class, will be required (1) for any amendment, alteration or repeal of any provision of our charter that materially and adversely changes the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms and conditions of redemption of the convertible stock and (2) to effect a merger of our company into another entity, or a merger or consolidation of another entity into our company, unless in each case each share of convertible stock (A) will remain outstanding without a material and adverse change to its terms and rights or (B) will be converted into or exchanged for shares of stock or other ownership interest of the surviving entity having the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms and conditions of redemption identical to that of our convertible stock.

Share Repurchase Program

Our board of directors has adopted a share repurchase program, or SRP, to repurchase shares of our common stock upon the request of a stockholder at a price equal to or at a discount from the purchase price paid for the shares being repurchased. Unless the shares are being repurchased in connection with a stockholder's death or disability (which, for the purposes of the SRP, is as defined in the Code), we may not repurchase shares unless you have held the shares for at least two years. In the event that we declare and pay stock dividends rather than cash distributions, stockholders may request repurchase of the shares received one year after issuance.

Shares repurchased in connection with a stockholder's death or disability will be repurchased at a price per share equal to 100% of the amount the stockholder paid for each share, or, once we have established an estimated NAV per share, 100% of such amount, as determined by our board of directors, subject to any special distributions previously made to our stockholders. After the Valuation Date, unless the shares are being repurchased in connection with a stockholder's death or disability as described above, we will repurchase shares under our share repurchase program at a price equal to, or at a discount from, our most recent estimated NAV per share as of the applicable repurchase date as follows (in each case, as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to our common stock):

Share Purchase Anniversary	Repurchase Price as a Percentage of NAV per share
Less than 2 years	No Repurchase Allowed
After 2 years	95.0%
After 3 years	97.0%
After 5 years	100.0%

If funds available for the SRP are not sufficient to accommodate all requests, shares will be repurchased as follows: (i) first, repurchases due to the death of a stockholder, on the basis of the date of the request for repurchase; (ii) next, in the discretion of our board of directors, repurchases because of other involuntary exigent circumstances, such as bankruptcy; (iii) next, repurchases of shares held by stockholders subject to a mandatory distribution requirement under the stockholder's IRA; and (iv) finally, all other repurchase requests based upon the postmark of receipt. If your repurchase request is not honored during a repurchase period, you will be required to resubmit the request to have it considered in a subsequent repurchase period.

Our board of directors may, in its sole discretion, terminate, suspend or amend the SRP upon 30 days' written notice without stockholder approval if it determines that the funds available to fund the SRP are needed for other business or operational purposes or that amendment, suspension or termination of the SRP is in the best interest of our stockholders. Our board of directors may also limit the amounts available for repurchase at any time in its sole discretion. Notwithstanding the foregoing, the SRP will terminate if the shares of our common stock are listed on a national securities exchange or a secondary trading market develops. For more information on the SRP, please see "Share Repurchase Program" under Item 5 of our annual report on Form 10-K.

Meetings, Special Voting Requirements and Access to Records

An annual meeting of the stockholders will be held each year, beginning in 2017, on a specific date and time and place set by our board of directors, which will be at least 30 days after delivery of our annual report. Special meetings of stockholders may be called only upon the request of a majority of the directors, a majority of the independent directors, the chairman of the board, the chief executive officer or the president and must be called by our secretary to act on any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast at least 10% of the votes entitled to be cast on such matter at the meeting. Upon receipt of a written request of stockholders entitled to cast at least 10% of the votes entitled to be cast, either in person or by mail, stating the purpose of the meeting, we will provide all stockholders, within 10 days after receipt of such request, with written notice either in person or by mail, of such meeting and the purpose thereof. The meeting must be held on a date not less than 15 nor more than 60 days after the secretary's delivery of such notice, at a time and place specified in the request, or if none is specified, at a time and place convenient to stockholders. The presence either in person or by proxy of stockholders entitled to cast at least 50% of all the votes entitled to be cast at the meeting will constitute a quorum. Generally, the affirmative vote of a majority of all votes cast is necessary to take stockholder action, except that the affirmative vote of a majority of the shares entitled to vote and present in person or by proxy at a meeting at which a quorum is present is required to elect a director and except as set forth in the next paragraph.

Under the MGCL and our charter, stockholders are generally entitled to vote at a duly held meeting at which a quorum is present, on matters including (i) the amendment of our charter (except as otherwise provided in our charter or the MGCL), (ii) our dissolution or (iii) our merger or consolidation, our conversion, a statutory share exchange or the sale or other disposition of all or substantially all of our assets, after our board of directors has adopted a resolution declaring that such a proposed action is advisable and directing that the matter be submitted to stockholders for approval or ratification. Under our charter, these matters require the affirmative vote of stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. The holders of a majority of shares of stock entitled to vote who are present in person or by proxy at an annual meeting at which a quorum is present, may, without the necessity for concurrence by our board, vote to elect our directors, pursuant to our charter and bylaws. Stockholders are not entitled to exercise any of the rights of an objecting stockholder provided for in Title 3, Subtitle 2 of the MGCL unless our board of directors determines that such rights shall apply with respect to all or any classes or series of shares, to a particular transaction or all transactions occurring after the date of such determination in connection with which stockholders would otherwise be entitled to exercise such rights. With respect to stock owned by our advisor, directors, or any of their affiliates, neither the advisor nor such directors, nor any of their affiliates may vote or consent on matters submitted to stockholders regarding the removal of the advisor, such directors or any of their affiliates or any transaction between us and any of them. In terms of determining the requisite percentage in

interest of shares necessary to approve a matter on which our advisor, directors or their affiliates may not vote or consent, any shares owned by any of them shall not be included.

The advisory agreement, including the selection of our advisor, is approved at least annually by our board of directors including a majority of the independent directors. While the stockholders do not have the right to vote to replace our advisor or to select a new advisor, stockholders do have the ability, by the affirmative vote of a majority of the votes entitled to be cast generally in the election of directors, to remove a director from our board of directors.

Under the MGCL, any stockholder and any designated representative will be permitted access to the following records: our charter, our bylaws, the minutes of the proceedings of our stockholders, our annual statements of affairs and voting trust agreements deposited with us. We will make any of these requested documents available at our principal office within 10 days after receipt of a request; provided, however, that we will have up to 20 days to prepare and have available on file for inspection and copying certain requested statements of stock and securities issued. A requesting stockholder may inspect and copy any of them for a reasonable charge, upon reasonable notice and during normal business hours. In addition, we may require the stockholder to execute a confidentiality agreement prior to reviewing certain other corporate records relating to our proposed and existing investments. An alphabetical list of the names, addresses and telephone numbers of our stockholders, along with the number of shares of our common stock held by each of them, will be maintained as part of our books and records and will be available for inspection by any stockholder or the stockholder's designated agent at our office upon the request of the stockholder. The stockholder list will be updated at least quarterly to reflect changes in the information contained therein. A copy of the list will be mailed to any stockholder who requests the list within 10 days of the request. A stockholder may request a copy of the stockholder list in connection with matters relating to voting rights and the exercise of stockholder rights under federal proxy laws. A stockholder requesting a list will be required to pay reasonable costs of postage and duplication. In addition to the foregoing, stockholders have rights under Rule 14a-7 under the Exchange Act, which provides that, upon the request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters presented to stockholders or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholders may make the distribution of proxies themselves. If a proper request for the stockholder list is not honored, then the requesting stockholder will be entitled to recover certain costs, including reasonable attorneys' fees, incurred in compelling the production of the list as well as actual damages suffered by reason of the refusal or failure to produce the list. However, a stockholder will not have the right to, and we may require a requesting stockholder to represent that it will not, secure the stockholder list or other information for the purpose of selling or using the list for a commercial purpose not related to the requesting stockholder's interest in our affairs.

Restrictions on Ownership and Transfer of Shares

Sale or Other Transfer of Shares of Series A Convertible Redeemable Preferred Stock

None of the Shares may be sold or otherwise transferred unless the holder thereof delivers evidence, to the satisfaction of the Company, that such sale or other transfer of the Shares is made to an accredited investor solely in compliance with all federal and state securities laws. Any sale or transfer of the Shares made in violation of any federal or state securities laws shall be *void ab initio*.

Ownership Limit

For us to maintain our REIT qualification, no more than 50% in value of our outstanding shares may be owned, directly or indirectly through the application of certain attribution rules under the Code, by any five or fewer individuals, as defined in the Code to include specified entities, during the last half of any taxable year other than our first taxable year. In addition, our outstanding shares must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-month taxable year or during a proportionate part of a shorter taxable year, excluding our first taxable year for which we elect to be taxed as a REIT. In addition, we must meet requirements regarding the nature of our gross income to qualify as a REIT. One of these requirements is that at least 75% of our gross income for each calendar year must consist of rents from real property and income from other real property investments. The rents received from any tenant will not qualify as rents from real property, which could result in our loss of REIT status, if we own, actually or constructively within the meaning of certain provisions of the Code, 10% or more of the ownership interests in that tenant. To assist us in preserving our status as a REIT, among other purposes, our charter contains limitations on the ownership and transfer of our shares which prohibit: (i) any person or entity from owning or acquiring, directly or indirectly, more than 9.8% in value of the aggregate of our then outstanding shares of capital stock or more than 9.8% in value or number of shares, whichever is more restrictive, of the aggregate of our then outstanding shares of common stock; (ii) any person or entity from owning or acquiring, directly or

indirectly, our shares to the extent such ownership would result in our being "closely held" within the meaning of Section 856(h) of the Code or otherwise failing to qualify as a REIT; and (iii) any transfer of or other event or transaction with respect to our shares that would result in the beneficial ownership of our outstanding shares by fewer than 100 persons.

Our charter provides that the shares of our capital stock that, if transferred, would: (i) result in a violation of the 9.8% ownership limits; (ii) result in us being "closely held" within the meaning of Section 856(h) of the Code; or (iii) otherwise cause us to fail to qualify as a REIT, will be transferred automatically to a trust effective as of the close of business on the business day before the purported transfer of such shares. We will appoint a trustee of the trust that will not be affiliated with us or the purported transferee or record holder. We will also name a charitable organization as beneficiary of the trust. The trustee will receive all distributions on the shares in the trust and will hold such distributions in trust for the exclusive benefit of the beneficiary. The trustee also will vote the shares in the trust and, subject to Maryland law, will have the authority (1) to rescind as void any vote cast by the intended transferee prior to our discovery that the shares have been transferred to the trustee and (2) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. The intended transferee will acquire no rights in such shares, unless, in the case of a transfer that would cause a violation of the 9.8% ownership limits, the transfer is exempted (prospectively or retroactively) by the board of directors from the ownership limit based upon receipt of information (including certain representations and undertakings from the intended transferee) that such transfer would not, among other things, violate the provisions of the Code for our qualification as a REIT. In addition, our charter provides that any transfer of our shares that would result in our shares being owned by fewer than 100 persons will be null and void and the intended transferee will acquire no rights in such shares.

The trustee will sell the shares to a person whose ownership of such shares will not violate the ownership limits. The transfer will be made no later than 20 days after the later of our receipt of notice that shares have been transferred to the trust or the date we determine that a purported transfer of shares has occurred. Prior to the sale by the trustee, we will have the option of repurchasing such shares. Upon any such transfer or repurchase, the purported transferee or holder will receive a per share price equal to the lesser of (i) the price per share in the transaction that resulted in the transfer of such shares to the trust (or, in the case of a gift, devise or other transaction, the market price per share at the time of the gift, devise or other transaction) or (ii) the market price on the date we, or our designee, accept the offer to purchase, in the case of a purchase by us, or the price received by the trustee net of any selling commission and expenses, in the case of a sale by the trustee to a person designated by the trustee. We (in the case of a purchase by us) and the trustee (in the case of a sale by the trustee to a person designated by the trustee) may reduce the amount payable to the purported transferee or holder by the amount of dividends and other distributions which have been paid to such purported transferee or holder and are owed by such purported transferee or holder to the trustee. The charitable beneficiary will receive any excess amounts. In the case of a liquidation, holders of such shares will receive a ratable amount of our remaining assets available for distribution to shares of the applicable class or series taking into account all shares of such class or series. The trustee will distribute to the purported transferee or holder an amount equal to the lesser of the amounts received with respect to such shares or the price per share in the transaction that resulted in the transfer of such shares to the trust (or, in the case of a gift, devise or other transaction, the price at the time of the gift, devise or other transaction) and will distribute any remaining amounts to the charitable beneficiary.

Any person who acquires or attempts to acquire our shares in violation of the foregoing restrictions or who owns our shares that were transferred to any such trust is required to give immediate written notice to us of such event, and any person who purports to transfer or receive our shares subject to such limitations is required to give us 15 days written notice prior to such proposed transaction. In both cases, such persons must provide to us such other information as we may request to determine the effect, if any, of such event on our status as a REIT. The foregoing restrictions will continue to apply until the board of directors determines it is no longer in our best interest to attempt to, or to continue to, qualify as a REIT or that compliance with the restrictions is no longer required in order for us to qualify as a REIT.

The 9.8% ownership limits do not apply to a person or persons that the board of directors exempts (prospectively or retroactively) from the ownership limit upon appropriate assurances (including certain representations and undertakings required by our charter) that our qualification as a REIT is not jeopardized. Generally, the limit can be waived by our board of directors. Any person who owns more than 5% (or such lower percentage applicable under Treasury regulations) of our outstanding shares during any taxable year is required to deliver a statement or affidavit setting forth the number of shares beneficially owned.

Suitability Standards and Minimum Purchase Requirements

State securities laws and our charter require that purchasers of our common stock meet standards regarding (i) net worth or income and (ii) minimum purchase amounts with respect to our common stock offering. Subsequent purchasers, i.e., potential purchasers of your shares, must also meet the net worth or income standards, and unless you are transferring all of your shares, you may not transfer your shares in a manner that causes you or your transferee to own fewer than the number of shares required to meet the minimum purchase requirements, except for the following transfers without consideration: transfers by gift, transfers by inheritance, intrafamily transfers, family dissolutions, transfers to affiliates and transfers by operation of law. These suitability and minimum purchase requirements are applicable until our shares are listed on a national securities exchange, and these requirements may make it more difficult for you to sell your shares of common stock upon the conversion of the Shares.

OPERATING PARTNERSHIP

General

We will hold substantially all of our assets in our operating partnership or in subsidiary entities in which our operating partnership owns an interest. Our operating partnership was formed in June 2015 to acquire and hold investments on our behalf. We utilize an UPREIT structure to enable us to acquire real property in exchange for limited partnership interests in our operating partnership from owners who desire to defer taxable gain that would otherwise normally be recognized by them upon the disposition of their real property or transfer of their real property to us in exchange for shares of our common stock or cash. In such a transaction, the property owner's goals are accomplished because the owner may contribute property to our operating partnership in exchange for limited partnership interests on a tax-free basis. These owners may also desire to achieve diversity in their investment and other benefits afforded to owners of shares of common stock in a REIT.

We are the sole general partner of our operating partnership. Our wholly owned subsidiary, MVP REIT Holdings, LLC, is the sole limited partner. As the sole general partner of our operating partnership, we have the exclusive power to manage and conduct the business of our operating partnership.

If we ever decide to acquire properties in exchange for limited partnership interests in our operating partnership, we expect to amend and restate the limited partnership agreement of our operating partnership, or the operating partnership agreement, to provide for units of general and limited partnership interests to have distribution rights equivalent to those on our common stock and to provide redemption rights to the holders of limited partnership.

The following is a summary of certain provisions of the operating partnership agreement. This summary is qualified by the specific language in the operating partnership agreement.

Capital Contributions

As we accept subscriptions for our shares, we will transfer substantially all of the net offering proceeds to our operating partnership in exchange for limited partnership interests. However, we will be deemed to have made capital contributions in the amount of the gross offering proceeds received from investors, and our operating partnership will be deemed to have simultaneously paid the costs associated with the offering.

If our operating partnership requires additional funds at any time in excess of capital contributions made by us and our advisor, we may borrow funds from a financial institution or other lender and lend such funds to our operating partnership on the same terms and conditions as are applicable to our borrowing of such funds. In addition, we are authorized to cause our operating partnership to issue limited partnership interests for less than fair market value if we conclude in good faith that such issuance is in the best interest of our operating partnership and us.

Operations

The operating partnership agreement requires that our operating partnership be operated in a manner that will enable us to (1) satisfy the requirements for being classified as a REIT for federal income tax purposes, unless we otherwise cease to

qualify as a REIT, (2) avoid any federal income or excise tax liability and (3) ensure that our operating partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Internal Revenue Code, which classification could result in our operating partnership being taxed as a corporation, rather than as a partnership.

Distributions

The operating partnership agreement generally provides that our operating partnership will distribute cash flow from operations and, except as provided below, net sales proceeds from the disposition of assets, to the partners of our operating partnership in accordance with their relative percentage interests, on a monthly basis (or, at our election, more frequently), in amounts determined by us as general partner.

In addition to the administrative and operating costs and expenses incurred by our operating partnership in acquiring and operating our investments, our operating partnership will pay all our administrative costs and expenses and such expenses will be treated as expenses of our operating partnership. Such expenses will include, but not be limited to, all:

- expenses relating to the formation and continuity of our existence;
- expenses associated with the preparation and filing of any periodic reports by us under federal, state or local laws or regulations;
- expenses associated with compliance by us with applicable laws, rules and regulations; and
- other operating or administrative costs incurred in the ordinary course of our business on behalf of our operating partnership.

Change in General Partner

We will generally not be able to withdraw as the general partner of our operating partnership or transfer our general partnership interest in our operating partnership (unless we transfer our interest to a wholly owned subsidiary). If we voluntarily seek protection under bankruptcy or state insolvency laws, or if we are involuntarily placed under such protection for more than 90 days, we will be deemed to be automatically removed as the general partner. Otherwise, the limited partners will not have the right to remove us as general partner.

INVESTOR QUALIFICATIONS

The securities offered hereby may only be sold to persons who are "accredited investors" as defined under the federal securities laws, who must also meet any additional qualification imposed by the state in which such investor resides, as set forth in the Subscription Agreement attached hereto as Exhibit A and the Accredited Investor Representation Letter attached hereto as Exhibit B. Subscribers will be asked to furnish information and representations sufficient for the Company to confirm each subscriber's status as an accredited investor who also meets any state suitability standards, in order for the Company to comply with its obligations to demonstrate compliance with federal and with state securities laws.

Shares will be sold only to investors who satisfy, and who represent in writing that they satisfy, the definition of accredited investors as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended. This definition includes, among others the following investors: (i) an individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds $1,000,000 (US), excluding the value of the individual's primary residence; (ii) an individual (not a partnership, corporation, etc.) who had income in excess of $200,000 (US) in each of the two (2) most recent years, or joint income with such individual's spouse in excess of $300,000 (US) in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses, but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year; (iii) a director or executive officer of the Company; (iv) a corporation, partnership, limited liability company, business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring an interest in the Company, and with total assets in excess of $5,000,000 (US); (v) a trust with total assets in excess of $5,000,000 (US), not formed for the specific purpose of acquiring an interest in the Company, where the purchase is directed by a "sophisticated person" as defined in Regulation 506(b)(2)(ii) under the Act; or (vi) an entity, all of whose equity owners are "accredited investors" within one or more of the above categories. Investors will also be required to produce documentation of your status as an accredited investor upon which the Company will rely in accepting subscriptions.

In addition, certain states may require that subscribers meet net worth or income suitability standards before investing in this offering. Therefore, subscribers may have to make certain additional representations as to net worth and net income.

SUBSCRIPTIONS

Only those persons who have received this Memorandum, and who have completed and returned to the Company both the Subscription Agreement and Accredited Investor Representation Letter attached hereto prior to the closing date, may subscribe for the Shares offered hereby. The Company reserves the right to reject any subscription in whole or in part. A subscription, which is not accompanied by properly completed and executed Subscription Agreement and Accredited Investor Representation Letter, will be rejected. Until accepted and executed by the Company, the Subscription Agreement will constitute an offer to purchase the securities offered hereby. By completing and executing the Subscription Agreement, each purchaser agrees to the restrictions on the Shares set forth in the Memorandum and the Subscription Agreement. If a potential investor decides not to make a subscription or his subscription is rejected by the Company the potential investor must return this Memorandum to the Company. The Shares will be issued in book-entry form only; no separate certificate will be issued.

Prospective investors will, at their request, have the opportunity to meet with and ask questions of the Company's representatives. In any such conference, the prospective investors and their representatives will have the opportunity to obtain further information or documentation to verify or supplement the information contained in this Memorandum to the extent that such information and documentation can be obtained by the Company without unreasonable effort or expense.

MVP REIT II, INC.
12730 High Bluff Drive, Suite 110,
San Diego, California 92130
Attn: Investor Relations

PROSPECTIVE INVESTORS SHOULD NOT EXECUTE THE SUBSCRIPTION DOCUMENTS UNLESS ANY AND ALL QUESTIONS THEY MAY HAVE REGARDING THEIR PROSPECTIVE INVESTMENT HAVE BEEN SATISFACTORILY ANSWERED.

ADDITIONAL CONSIDERATIONS

This Memorandum is personal to the prospective investor to whom it has been delivered and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the securities described herein. The receipt of this Memorandum constitutes an agreement on the part of the recipient hereof: (i) to maintain the confidentiality of the information contained herein, as well as any supplemental information provided to the recipient by us or any of our representatives, either orally or in writing; and (ii) that any reproduction or distribution of this Memorandum or any of its supplemental information provided by us or any of our representatives, in whole or in part, or any disclosure of any of the contents thereof to any other person or any use of such materials for any purpose other than to evaluate participation in the private placement is strictly prohibited. The undertakings and prohibitions set forth in the preceding sentence are intended for our benefit and may be enforced by us.

No person has been authorized to give any information or to make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon. The delivery of this Memorandum at any time does not imply that the information herein is correct as of any time subsequent to its date. This Memorandum has been prepared on a confidential basis solely for the purpose of offering the securities described herein. This Memorandum does not constitute, and shall not be construed as, any representation or warranty as to the adequacy or accuracy of the information set forth herein, and nothing contained in this Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. We make no representations as to future performance. In making an investment decision, prospective investors must rely on their own examination of us, our Shares and the terms of this offering, including the merits and risks involved.

Prospective investors are not to construe the contents of this Memorandum as investment, legal or tax advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of a purchase of the securities described herein. No representation or warranty is made as to whether, or the extent to which, the securities described herein constitute legal investments for investors whose investment authority is subject to legal restrictions

Exhibit A

SUBSCRIPTION AGREEMENT

(SEE FOLLOWING PAGE)

MVP REIT II, INC.,

a Maryland corporation

SUBSCRIPTION AGREEMENT
FOR SHARES OF SERIES A CONVERTIBLE REDEEMABLE PREFERRED STOCK

THE OFFERING OF THE SHARES DESCRIBED HEREIN HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), OR UNDER ANY SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. THIS OFFERING IS MADE PURSUANT TO RULE 506 OF REGULATION D UNDER THE SECURITIES ACT, WHICH EXEMPTS FROM SUCH REGISTRATION TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING. FOR THIS REASON, THESE SECURITIES WILL BE SOLD ONLY TO INVESTORS WHO MEET CERTAIN MINIMUM SUITABILITY QUALIFICATIONS DESCRIBED HEREIN.

A SUBSCRIBER SHOULD BE PREPARED TO BEAR THE ECONOMIC RISK OF AN INVESTMENT IN THE SHARES BECAUSE THE SHARES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE LAWS OF ANY OTHER JURISDICTION, AND, THEREFORE, CANNOT BE SOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THERE IS NO OBLIGATION OF THE ISSUER TO REGISTER THE SHARES UNDER THE SECURITIES ACT OR THE LAWS OF ANY OTHER JURISDICTION. TRANSFER OF THE SHARES IS ALSO RESTRICTED UNDER THE TERMS OF THE SHARES.

MVP REIT II, INC.
12730 High Bluff Drive, Suite 110,
San Diego, California 92130
Attn: Investor Relations

Gentlemen and Ladies:

1. *Application for Subscription*. The undersigned hereby applies to purchase, in accordance with the terms of this Subscription Agreement (this "*Agreement*"), shares of Series A convertible redeemable preferred stock ("*Shares*") of MVP REIT II, Inc., a Maryland corporation (the "*Company"*). This subscription may be rejected, in whole or in part, by the Company, in its sole discretion, and the Company has the right to allocate Shares among subscribers in the event the offering of Shares is oversubscribed.

2. *Representations, Warranties, and Agreements*. The undersigned represents, warrants, and agrees as follows:

a. The undersigned has received the Company's Private Placement Memorandum and the supplemental exhibits, annexes, schedules and other documents referred to therein as being furnished therewith (collectively, the "*Disclosure Documents*"), has carefully reviewed the Disclosure Documents, and has relied only on the information contained therein or otherwise provided in writing in connection therewith. All documents, records, and books pertaining to this investment have been made available to the undersigned for inspection by the undersigned and/or the undersigned's advisor(s), and any books and records of the Company will be available upon reasonable notice, for inspection by investors and/or their advisor(s), during reasonable business hours at the Company's principal place of business. The undersigned and/or the undersigned's advisor(s) have had a reasonable opportunity to ask questions of and receive answers from the Company, concerning the offering of the Shares, and all such questions have been answered to the full satisfaction of the undersigned. No oral representations have been made or oral information furnished to the undersigned or the undersigned's advisor(s) in connection with the offering of the Shares which were in any way inconsistent with the Disclosure Documents. The undersigned understands that the Company reserves the right to reject any subscription, in whole or in part, and no subscription will be binding until accepted by the Company.

b. The Shares are being purchased solely for the undersigned's own account, for investment purposes only, and not for the account of any other person nor with a view to, or for sale in connection with, any distribution, division, assignment, or resale to others, and no other person has a direct or indirect beneficial interest in the Shares. The Shares will not be transferred: (i) without the prior written consent of all parties required to grant such consent; or (ii) in contravention of state or federal law.

c. The undersigned acknowledges: (i) that an investment in the Shares involves highly speculative risks; (ii) that the undersigned has carefully reviewed the "*Risk Factors*" section of the Disclosure Documents and considered such factors in relation to the undersigned's own investment activities; and (iii) that the undersigned has the ability to accept highly speculative risks and is prepared to lose the entire investment in the Company.

d. The undersigned, if a corporation, trust, partnership, limited liability company, or other entity, is authorized and otherwise duly qualified to purchase and hold Shares, and such entity has not been formed for the specific purpose of acquiring Shares.

e. All information which the undersigned has provided to the Company concerning the undersigned or the undersigned's investor status, financial position, knowledge and experience in financial and business matters, or, in the case of a corporation, trust, partnership, limited liability company, or other entity, the knowledge and experience in financial and business matters of the person making the investment decision on behalf of such entity, including all information contained herein and in the undersigned's Accredited Investor Representation Letter, is correct and complete as of the date set forth at the end hereof, and if there should be any adverse change in such information prior to this subscription being accepted, the undersigned will immediately provide the Company with such information.

f. The undersigned: (i) if an individual, is at least twenty-one (21) years of age and is a citizen of the United States of America, or, if not, has designated the undersigned's citizenship hereinbelow; (ii) is a resident of such state in the address information provided below; (iii) acknowledges and agrees that, notwithstanding the submission of this subscription agreement, no offer or sale of the Shares will be made in any state in which such offer or sale is not permitted; and (iv) as part of verifying the undersigned's status as an Accredited Investor, agrees to submit supporting documentation as described in the Accredited Investor Representation Letter provided as part of the Disclosure Documents.

3. *Indemnification*. The undersigned agrees to indemnify and hold harmless the Company and its respective managers, members, and affiliates, or anyone acting on behalf of the Company, from and against all damages, losses, costs, and expenses (including reasonable attorney fees) which they may incur by reason of the failure of the undersigned to give full and accurate information herein or in connection with this investment, or in any document provided by the undersigned to the Company.

4. *Miscellaneous*. The undersigned agrees: (i) not to transfer or assign this Agreement, or any of the undersigned's interest herein, and further agrees that the transfer or assignment of Shares acquired pursuant hereto shall be made only in accordance herewith and with all applicable laws; (ii) that the undersigned may not cancel, terminate, or revoke this Agreement and that this Agreement shall survive the death or disability of the undersigned and shall be binding upon the undersigned's heirs, executors, administrators, successors and assigns; (iii) that notwithstanding any of the representations, warranties, acknowledgments, or agreements made herein by the undersigned, the undersigned does not thereby or in any manner waive any rights granted to the undersigned under federal or state securities laws; (iv) that this Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter contained herein and may be amended only by a writing executed by all parties; (v) that this Agreement shall be enforced, governed, and construed in all respects in accordance with Nevada law, without regard to its principles of conflict of laws; (vi) that the undersigned's execution hereof constitutes a contract with the Company for the uses and purposes hereof, and that this Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together one Agreement; (vii) that all communications provided hereunder shall be in writing and delivered or mailed by registered or certified mail; if delivered to the subscriber herein such notice(s) shall be delivered at the address of record on file with the Company and if delivered to the Company, such notice(s) shall be delivered to the Company's principal offices; (viii) that the representations and warranties of the undersigned set forth herein and in all other materials provided to the Company by the undersigned shall survive the sale of the Shares; and (ix) that all acknowledgments and representations hereunder of *"the undersigned"* refer to the subscriber.

5. *Vesting and Execution*. The undersigned will complete this Agreement in accordance with the following: The undersigned acknowledges that title to the Shares may vest in any one of the following manners: natural persons may hold Shares *individually*, as *community property*, as *joint tenants with right of survivorship*, or as *tenants in common*; title may also be held in any one of the following entities: *corporations*, *limited liability companies*, *trusts*, or *partnerships*. The undersigned understands that the formalities governing subscription for Shares varies depending upon the type of vesting selected or the type of entity investing. Natural persons subscribing for Shares must execute this Agreement as follows: subscriptions for investments to be held *individually* need only be executed below where indicated; subscriptions for investments to be held as *community property* require only one signature if the Shares are held in one name (*i.e.*, managing spouse), or two signatures if the Shares are held in both names; subscriptions for investments to be held as *joint tenants with right of survivorship* or as *tenants in common* require the signatures of both investing parties. Entities subscribing for Shares must execute this Agreement as follows: subscriptions by *corporations* must be executed by an officer authorized to bind the corporation and must also be accompanied by a copy of the corporate resolutions or other instruments authorizing the investment; subscriptions by *partnerships* or by *limited liability companies* must be executed by a general partner or manager, as the case may be, and by all others who may be required to do so by the terms of the partnership agreement or operating agreement, as the case may be, of the subscriber and should be accompanied by a copy of the partnership agreement or operating agreement, as the case may be (which should include the date of formation of the entity and a list of all partners or members, as the case may be); subscriptions by *trusts* must be executed for the trust by a trustee empowered to bind the trust and should clearly state the full name and date of the trust and be accompanied by a copy of the trust instrument or the will authorizing investments by the trustee.

6. *Investment Suitability*. The undersigned declares that he, she, or it is an "*accredited investor*," as that term is defined in Rule 501(a) under the Act because he, she, or it [INITIAL ONLY ONE:]

(i) with respect to natural persons only, has had for each of the past two (2) years and reasonably expects to have during the current year individual income in excess of $200,000 or joint income together with such person's spouse in excess of $300,000 [_____(initials)];

(ii) with respect to natural persons only, has either individual net worth or joint net worth together with such person's spouse (but excluding personal residence, unless there is greater recourse debt there against than the value thereof, in which event the amount of negative equity therein shall be subtracted from the undersigned's net worth) in excess of $1,000,000 [_____(initials)] ; or

(iii) meets the standard for accredited investors set forth in clause ___ of Rule 501(a) under the Act [_____(initials)].

7. *Subscription and Title to Shares; Power of Attorney to Execute Operating Agreement and/or Amendments thereto*. The undersigned hereby subscribes for _____ Shares and encloses payment by check in the amount of $ _____ _____($1,000.00 per Share) made payable to *"MVP REIT II, Inc."*, which subscription and payment by check shall include detachable Warrants to purchase 30 shares of common stock of the Company for every $1,000 in Shares purchased.

8. **SUBMISSION AND PAYMENT INSTRUCTIONS:** The Subscription Agreement, together with the full purchase price, the completed Accredited Investor Representation Letter, and all supporting documentation, should be delivered to **DST Systems, Inc. , as agent for MVP REIT II, Inc.,** by one of the following methods :

Payment by Bank Check or Certified Check:	Make payable to "MVP REIT II, Inc."
Payment by Wire Transfer	DST as agent for MVP REIT II, Inc. Account #:9872013247 Bank Routing No.: 101000695
Original documents and payment (if bank or certified check) should be mailed to the following address:	Overnight: DST Systems, Inc. as agent for MVP REIT II, Inc. 43 W. 7th Street Kansas City, MO 64105 or DST Systems, Inc. as agent for MVP REIT II, Inc. P.O. Box 219390 Kansas City, MO 64105

(PLEASE SUBMIT TO DST SYSTEMS, INC. ONLY; DO NOT SUBMIT TO MVP REIT II, INC.)

The undersigned desires to have title to the Shares and detachable Warrants vest as follows (see Paragraph 5 above for vesting options): _____for SHARES and _____ for detachable WARRANTS.

Very truly yours,

Dated _____, 2016.

_____
[Name of entity above if applicable]

_____
Signature

_____
Print or Type Name

Address

_____
_____
_____
_____, _____

_____
Social Security or Tax I.D. Number

Other Contact Information:

Phone Numbers
Home: _____
Work: _____
Cell: _____
E-Mail address: _____

_____

ACCEPTANCE OF SUBSCRIPTION

On this ___ day of _____, 2016, the Company hereby accepts this subscription for a total of ___ Shares of the ___ Shares subscribed for, including a grant of ____ detachable Warrants.

MVP REIT II, INC.,
a Maryland corporation

By: _____
Its: _____

Exhibit B

ACCREDITED INVESTOR REPRESENTATION LETTER

To: Prospective purchasers of Series Convertible Redeemable Preferred Stock **(the "Securities")** offered by MVP REIT II, Inc. (the "**Company**")

Re: Requirement to Submit an Accredited Investor Representation Letter

The Securities are being sold only to "accredited investors" ("**Accredited Investors**") as defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (the "**Securities Act**"). The purpose of the attached Accredited Investor Representation Letter (the "**Letter**") is to collect information from you to determine whether you are an Accredited Investor and otherwise meet the suitability criteria established by the Company for investing in the Securities.

As part of verifying your status as an Accredited Investor, you may be asked to submit supporting documentation as described in the Letter. It is possible that you were not required to submit this type of information in past offerings in which you have participated. However, the nature of this offering, together with changes made to Regulation D in September 2013, impose additional obligations on the Company to verify that each investor is in fact an Accredited Investor. Accordingly, you must fully complete and sign the Letter, and deliver the supporting documentation, before the Company will consider your proposed investment.

The Independent Third Party Verification (in the form attached) and/or other supporting documentation must be submitted to the Company simultaneously with the delivery of this Letter to the Company.

All of your statements in the Letter and the supporting documentation delivered by you or on your behalf in connection with the Letter (collectively, the "**Investor Information**") will be treated confidentially. However, you understand and agree that the Company may present the Investor Information to such parties as it deem(s) appropriate to establish that the issuance and sale of the Securities (a) is exempt from the registration requirements of the Securities Act or (b) meets the requirements of applicable state securities laws.

You understand that the Company will rely on your representations and other statements and documents included in the Investor Information in determining your status as an Accredited Investor, your suitability for investing in the Securities and whether to accept your subscription for the Securities.

The Company reserves the right, in its sole discretion, to verify your status as an Accredited Investor using any other methods that it may deem acceptable form time to time. However, you should not expect that the Company will accept any other such method. The Company may refuse to accept your request for investment in the Securities for any reason or for no reason.

ACCREDITED INVESTOR REPRESENTATION LETTER

MVP REIT II, INC.
12730 High Bluff Drive, Suite 110,
San Diego, California 92130
Attn: Michael V. Shustek

Dear Mr. Shustek:

I am submitting this Accredited Investor Representation Letter (the "**Letter**") in connection with the offering of Series A convertible redeemable preferred stock (the "**Securities**") of MVP REIT II, Inc. (the "**Company**"). I understand that the Securities are being sold only to accredited investors ("**Accredited Investors**") as defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (the "**Securities Act**").

I hereby represent and warrant to the Company that I qualify as an Accredited Investor on the basis that:

*(You **must** choose part A or B below and check the applicable boxes.)*

A. I am a **NATURAL PERSON** and:

*(An investor using this Part A **must** check box (1) or (2).)*

[ ] (1) **Income Test**: My individual income exceeded $200,000 in each of the two most recent years or my joint income together with my spouse exceeded $300,000 in each of those years;

and

I reasonably expect to earn individual income of at least $200,000 this year or joint income with my spouse of at least $300,000 this year.

and

In accordance with the procedures described below under the heading "Independent Third-Party Verification," I will assist in arranging for a registered broker-dealer, SEC-registered investment advisor, license attorney, or certified public accountant to deliver to the Company written confirmation of my status as an Accredited Investor based on my individual income or my joint income together with my spouse.

[ ] (2) **Net Worth Test**: My individual net worth, or my joint net worth together with my spouse, exceeds $1,000,000.

For these purposes, "net worth" means the excess of:

- total assets as fair market value (including all personal and real property, but excluding the estimated fair market value of my primary resident)

minus

- total liabilities.

For these purposes, "liabilities":

- excludes any mortgage or other debt secured by my primary residence in an amount of up to the estimated fair market value of that residence; but

- includes any mortgage or other debt secured by my primary residence in an amount in excess of the estimated fair market value of that residence.

I confirm that my total individual liabilities, or my total joint liabilities together with my spouse, do not exceed $_____. I represent that all liabilities necessary to determine my individual net worth, or my joint net worth together with my spouse, for the purpose of determining my status as an Accredited Investor are reflected in the dollar amount in the preceding sentence.

In addition, I confirm that I have not incurred any incremental mortgage or other debt secured by my primary residence in the 60 days preceding the date of this Letter, and I will not incur any incremental mortgage or other debt secured by my primary residence prior to the date of the closing for the sale of the Securities. I agree to promptly notify the Company if, between the date of this Letter and the date of the closing for the sale of the Securities, I incur any incremental mortgage or other debt secured by my primary resident. (***NOTE****: If the representation in the first sentence of this paragraph is untrue or becomes untrue prior to the date of the closing for the sale of the Securities, you may still be able to invest in the Securities. However, you must first contact the Company for additional instructions on how to calculate your net worth for purposes of this offering.)*

and

In accordance with the procedures described below under the heading "Independent Third-Party Verification," I will assist in arranging for a registered broker-dealer, SEC-registered investment advisor, license attorney, or certified public accountant to deliver to the Company written confirmation of my status as an Accredited Investor based on my individual net worth or my joint net worth together with my spouse.

B. I am a **LEGAL ENTITY** that is:

*(An investor using this Part B **must** check at least one box below. **NOTE:** An investor that checks any of boxes B(1) through B(12) must contact the Company for additional instructions.)*

[ ] (1) A bank as defined in Section 3(a)(2) of the Securities Act, or any 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.

[ ] (2) A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended.

[ ] (3) An insurance company as defined in the Securities Act.

[ ] (4) An investment company registered under the Investment Company Act of 1940 (the "**Investment Company Act**").

[ ] (5) A business development company as defined in Section 2(a)(48) of the Investment Company Act.
[ ] (6) A private business development company as defined in the Investment Advisors Act of 1940.

[ ] (7) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or 301(d) of the Small Business Investment Act of 1958.

[ ] (8) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Securities, with total assets in excess of $5,000,000.

[ ] (9) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000.

[ ] (10) An employee benefit plan within the meaning of Title I of the Employment Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in such Act,, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000, or if a self-directed plan, the investment decision are made solely by person that are accredited investors.

[ ] (11) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Securities, whose purchase is directed by a "sophisticated" person.

[ ] (12) An entity in which all of the equity owners are Accredited Investors.

*(**NOTE**: If box (12) is checked, each equity owner of the entity must individually complete and submit to the Company its own copy of this Letter.)*

INDEPENDENT THIRD-PARTY VERIFICATION

To verify my status as an Accredited Investor, I have requested that the following prepare, on my behalf, an Independent Third-Party Verification Letter substantially in the form attached as *Annex A*, which I am expected to submit simultaneously with this Letter:

Name: _____

Firm Name: _____

Email: _____

Telephone: _____

Address: _____

Who is a:

[ ] registered broker-dealer

[ ] SEC-registered investment advisor

[ ] licensed attorney

[ ] certified public accountant

*(**NOTE**: You must check one of the boxes above.)*

I have informed the person named above that the Company may further contact him or her to verify my status as an Accredited Investor and I hereby authorize the Company and its agents to communicate with the person or firm named above to obtain such verification.

I understand that I am solely responsible for paying any fees charged by the person or firm named above in connection with verifying my status as an Accredited Investor.

SUPPORTING DOCUMENTATION

Supporting documentation must be submitted to the Company simultaneously with the delivery of this Letter to the Company.

I understand that the Company may request additional supporting documentation from me in order to verify my status as an Accredited Investor and I hereby agree to promptly provide any such additional supporting documentation.

I further understand that, even if I complete and execute this Letter and provide supporting documentation requested by the Company, the Company may in its sole discretion refuse to accept my subscription for the Securities for any reason or for no reason.

RELIANCE ON REPRESENTATIONS; INDEMNITY

I understand that the Company and its counsel are relying upon my representations in the Letter and upon the supporting documentation delivered in connection with the Letter (collectively, the "**Investor Information**"). I agree to indemnify and hold harmless the Company, its directors, officers, shareholders, members, representatives and agents, and any person who controls any of the foregoing, against any and all loss, liability, claim damage and expense, including attorneys' fees) arising out of or based upon any misstatement or omission in the Investor Information or any failure by me to comply with any covenant or agreement made by me in the Investor Information.

SHARING OF INVESTOR INFORMATION

I understand and agree that the Company may present the Investor information to such parties as it deems appropriate to establish that the issuance and sale of the Securities (a) is exempt from the registration requirements of the Securities Act or (b) meets the requirements of applicable state securities laws.

INVESTOR'S SIGNATURE AND CONTACT INFORMATION

Date: _____
Name: _____
Signature: _____
Email Address: _____
Mailing Address: _____
_____
Telephone Number: _____

SPOUSE'S SIGNATURE AND CONTACT INFORMATION

*(**NOTE**: The investor's spouse need only sign this letter if the investor is a natural person proving its accredited investor status based on joint income or joint net worth with the spouse. A spouse who signs this letter makes all representations set out in this letter, including those relating to joint income or joint net worth, as applicable.)*

Date: _____
Name: _____
Signature: _____
Email Address: _____
Mailing Address: _____
_____
Telephone Number: _____

Annex A: Form of Independent Third-Party Verification Letter

MVP REIT II, INC.
12730 High Bluff Drive, Suite 110,
San Diego, California 92130
Attn: Michael V. Shustek

Dear Mr. Shustek:

Dear _____[NAME OF INDEPENDENT THIRD PARTY]:

Our client, _____[NAME OF PROSPECTIVE INVESTOR] (the "**Prospective Investor**"), has asked me to verify the Prospective Investor's status as an "accredited investor" as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended (an "**Accredited Investor**"). I am providing this verification to assure MVP REIT, II, Inc. (the "**Company**"), that the Prospective Investor is an Accredited Investor and is eligible to participate in a placement of securities (the "Offering") by MVP REIT II, Inc. that is only open to Accredited Investors.

I am [ ] a registered broker-dealer, [ ] an SEC-registered investment advisor, [ ] a licensed attorney, [ ] a certified public accountant duly registered and in good standing under the laws of the jurisdiction of my residence or principal office. I acknowledge that the Company will rely on this letter in determining the Prospective Investor's eligibility to participate in the Offering and I consent to such reliance.

I have undertaken an independent analysis of the Prospective Investor's status as an Accredited Investor at least once during the three-month period preceding the date of this letter. The most recent date as of which I have made such determination is _____. To my knowledge after reasonable investigation, no facts, circumstances or events have arisen after that date that lead me to believe that he Prospective Investor has ceased to be an Accredited Investor. I have taken reasonable steps to verify that the Prospective Investor is an Accredited Investor based on his [ ] income, [ ] net worth (whether individual or together with his/her spouse) and, based on those steps, I have determined that the Prospective Investor is an Accredited Investor.

Sincerely,

By: _____

Name: _____

Title: _____

Date: _____

Countersigned:

[FIRM NAME]

By: _____

Name: _____

Title: _____

Date: _____

cc: [NAME OF PROSPECTIVE INVESTOR]

*(**Note**: If you prefer to use a different form of documentation to confirm the Prospective Investor's status as an Accredited Investor, please submit your alternative form of verification to the Company by (a) emailing it in PDF form to info@mvpreits.com or (b) mailing it to DST Systems, Inc., as agent for MVP REIT II, Inc., 43 W. 7th Street, Kansas City, MO 64105. Note that if you use a different form of verification, it must be signed and dated and include, at a minimum: (a) confirmation of your status as a registered broker-dealer, an SEC-registered investment advisor, a licensed attorney, [or a certified public accountant duly registered and in good standing under the laws of the jurisdiction of my residence or principal office; (b) a statement that you have taken reasonable steps to verify that the Prospective Investor qualifies as an Accredited Investor based on his/her income or net worth, as applicable; (c) a statement that, based on those steps, you have determined that he Prospective Investor is an Accredited Investor; (d) the date as of which you most recently made that determination; (e) a statement that, to your knowledge, after reasonable investigation, no facts, circumstances or events have arisen after that date that lead you to believe that the Prospective Investor has ceased to be an Accredited Investor; and (f) an acknowledgement that the Company will rely on your letter in determining the Prospective Investor's eligibility to participate in the Offering and your consent to such reliance.*

Exhibit C

FORM OF ARTICLES SUPPLEMENTARY

(SEE FOLLOWING PAGE)

MVP REIT II, INC.
Articles Supplementary
Series A Convertible Redeemable
Preferred Stock

MVP REIT II, Inc., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Under a power contained in Article V of the charter of the Corporation (the "Charter"), the Board of Directors (the "Board of Directors") of the Corporation by duly adopted resolutions classified and designated 50,000 shares of authorized but unissued Preferred Stock (as defined in the Charter) as shares of Series A Convertible Redeemable Preferred Stock, with the following preferences, rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption, which, upon any restatement of the Charter, shall become part of Article V of the Charter, with any necessary or appropriate renumbering or relettering of the sections or subsections hereof.

Series A Convertible Redeemable Preferred Stock

1. Designation and Number. A series of Preferred Stock, designated the "Series A Convertible Redeemable Preferred Stock" (the "Series A Preferred Stock"), is hereby established. The number of shares of the Series A Preferred Stock shall be 50,000. The par value of the Series A Preferred Stock shall be $0.0001.

2. Definitions. In addition to the capitalized terms elsewhere defined herein, the following terms, when used herein, shall have the meanings indicated:

(a) "Listing Event" shall mean either (i) the listing of the Common Stock (as defined in the Charter) on a national securities exchange or (ii) a merger, sale of all or substantially all of the Corporation's assets or another transaction, in each case, approved by the Board of Directors in which the Corporation's common stockholders will receive common stock that is listed on a national securities exchange, or options or warrants to acquire common stock that is listed on a national securities exchange, in exchange for their existing shares, options and warrants of the Corporation, as applicable.

(b) "NASDAQ" shall mean the Nasdaq Stock Market.

(c) "Person" shall mean any company, limited liability company, partnership, trust, organization, association, other entity or individual.

(e) "Trading Day" shall mean, (i) if the Common Stock is listed or admitted to trading on NASDAQ, a day on which NASDAQ is open for the transaction of business, (ii) if the Common Stock is not listed or admitted to trading on NASDAQ but is listed or admitted to trading on another national securities exchange or automated quotation system, a day on which such national securities exchange or automated quotation system, as the case may be, on which the Common Stock is listed or admitted to trading is open for the transaction of business, or (iii) if the Common Stock is not listed or admitted to trading on any national securities exchange or automated quotation system, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(f) "VWAP" shall mean, for any Trading Day, the volume-weighted average price, calculated by dividing the aggregate value of Common Stock traded on NASDAQ during regular hours (price per share multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on NASDAQ (or such other national securities exchange or automated quotation system on which the Common Stock is listed) for such Trading Day, or if such volume-weighted average price is unavailable, the market value of one share of Common Stock on such Trading Day as determined by the Board of Directors in a commercially reasonable manner, using a volume-weighted average price method.

3. Rank. The Series A Preferred Stock shall, with respect to rights to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Corporation, rank (a) senior to all classes or series of Common Stock and any other class or series of stock of the Corporation the terms of which specifically provide that the holders of the Series A Preferred Stock are entitled to receive dividends or amounts distributable upon the liquidation, dissolution or winding up of the Corporation in preference or priority to the holders of shares of such class or series (the

"Junior Stock"); (b) on a parity with any class or series of stock of the Corporation the terms of which specifically provide that the holders of such class or series of stock and the Series A Preferred Stock are entitled to receive dividends and amounts distributable upon the liquidation, dissolution or winding up of the Corporation in proportion to their respective amounts of accumulated, accrued and unpaid dividends per share or liquidation preferences, without preference or priority of one over the other (the "Parity Stock"); and (c) junior to any class or series of stock of the Corporation the terms of which specifically provide that the holders of such class or series are entitled to receive dividends or amounts distributable upon the liquidation, dissolution or winding up of the Corporation in preference or priority to the holders of the Series A Preferred Stock (the "Senior Stock").

4. Dividends.

(a) Subject to the preferential rights of holders of any class or series of Senior Stock, holders of the Series A Preferred Stock shall be entitled to receive, when and as authorized by the Board of Directors and declared by the Corporation, out of funds legally available for the payment of dividends, cash dividends at the rate of 5.75% per annum of the initial stated value of $1,000 per share (the "Stated Value") (equivalent to a fixed annual rate of $57.50 per share); provided, however, that if a Listing Event has not occurred within 12 months of the date of the last and final closing of the offering of the Series A Preferred Stock (the "Offering"), such annual dividend rate per share will be increased to 7.50% of the Stated Value (equivalent to a fixed annual rate of $75.00 per share) until the occurrence of a Listing Event, at which time, the dividend rate will revert automatically to 5.75% per annum of the Stated Value. The dividends on each share of Series A Preferred Stock shall be cumulative from the first date on which such share of Series A Preferred Stock is issued and shall be payable monthly on the 12th day of the month following the month for which the dividend was declared or, if not a business day, the next succeeding business day (each, a "Dividend Payment Date"); provided, that, no holder of any shares of Series A Preferred Stock shall be entitled to receive any dividends paid or payable on the Series A Preferred Stock with a Dividend Payment Date before the date such shares of Series A Preferred Stock are issued. Any dividend payable on the Series A Preferred Stock for any partial dividend period shall be computed ratably on the basis of a 360-day year consisting of twelve 30-day months. Dividends shall be payable in arrears to holders of record as they appear in the stock records of the Corporation at the close of business on the applicable record date (the "Dividend Record Date") 15 days preceding the applicable Dividend Payment Date. The term "business day" shall mean any day, other than Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law to close, or a day which is or is declared a national or a New York state holiday.

(b) Holders of Series A Preferred Stock shall not be entitled to any dividends in excess of cumulative dividends, as herein provided, on the Series A Preferred Stock. Any dividend payment made on the Series A Preferred Stock shall first be credited against the earliest accrued but unpaid dividend due with respect to such shares which remains payable.

(c) No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears.

(d) When dividends are not paid in full upon the Series A Preferred Stock or any other class or series of Parity Stock, or a sum sufficient for such payment is not set apart, all dividends declared upon the Series A Preferred Stock and any shares of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Series A Preferred Stock and accumulated, accrued and unpaid on such Parity Stock (which shall not include any accumulation in respect of unpaid dividends for prior dividend periods if such Parity Stock does not have a cumulative dividend).

(e) Except as set forth in the preceding paragraph, unless full cumulative dividends equal to the full amount of all accumulated, accrued and unpaid dividends on the Series A Preferred Stock have been, or are concurrently therewith, declared and paid, or declared and set apart for payment, for all past dividend periods, no dividends (other than dividends or distributions paid in shares of Junior Stock or options, warrants or rights to subscribe for or purchase shares of Junior Stock) shall be declared and paid or declared and set apart for payment by the Corporation and no other distribution of cash or other property may be declared and made, directly or indirectly, by the Corporation with respect to any shares of Junior Stock or Parity Stock, nor shall any shares of Junior Stock or Parity Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an equity incentive or benefit plan of the Corporation) for any consideration (or any monies be paid to or made available for a sinking fund for the redemption of any shares of any such stock), directly or indirectly, by the Corporation (except by conversion into or exchange for shares of Junior Stock, or options, warrants or rights to subscribe for or purchase shares of Junior Stock), nor shall any other cash or other

property be paid or distributed to or for the benefit of holders of shares of Junior Stock or Parity Stock.

(f) Notwithstanding the foregoing provisions of this Section 4, the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or other distribution on any shares of Junior Stock or Parity Stock, or (ii) redeeming, purchasing or otherwise acquiring any Junior Stock or Parity Stock, in each case, if such declaration, payment, setting apart for payment, redemption, purchase or other acquisition is necessary in order to comply with the restrictions on transfer and ownership set forth in Article VI of the Charter.

5. Liquidation Preference.

(a) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, before any payment or distribution by the Corporation shall be made to or set apart for the holders of any shares of Junior Stock, the holders of shares of the Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation that are legally available for distribution to the stockholders, a liquidation preference equal to the Stated Value per share (the "Liquidation Preference"), plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not declared) to and including the date of payment. Until the holders of the Series A Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to the date of final distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the available assets of the Corporation, or proceeds thereof, distributable among the holders of the Series A Preferred Stock shall be insufficient to pay in full the above described Liquidation Preference and the liquidating payments on any shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of the Series A Preferred Stock and any such Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Series A Preferred Stock and any such Parity Stock if all amounts payable thereon were paid in full. After payment of the full amount of the Liquidation Preference to which they are entitled, the holders of the Series A Preferred Stock shall have no right or claim to any of the remaining assets of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of the Series A Preferred Stock and any Parity Stock, the holders of any classes or series of Junior Stock shall be entitled to receive any and all assets of the Corporation remaining to be paid or distributed, and the holders of the Series A Preferred Stock and any Parity Stock shall not be entitled to share therein.

(c) The consolidation or merger of the Corporation with or into any other corporation, trust or entity or of any other corporation, trust or entity with or into the Corporation, or the sale or transfer of all or substantially all of the assets or business of the Corporation or a statutory share exchange, shall not be deemed to constitute a voluntary or involuntary liquidation, dissolution or winding up of the Corporation. A Listing Event shall not be deemed to constitute a voluntary or involuntary liquidation, dissolution or winding up of the Corporation.

(d) In determining whether a distribution (other than upon voluntary or involuntary liquidation), by dividend, redemption or other acquisition of shares of stock of the Corporation or otherwise, is permitted under the Maryland General Corporation Law, amounts that would be needed, if the Corporation were to be dissolved at the time of distribution, to satisfy the preferential rights upon dissolution of holders of shares of the Series A Preferred Stock shall not be added to the Corporation's total liabilities.

6. Conversion.

(a) Subject to the Corporation's redemption rights set forth in Section 6(b), each share of Series A Preferred Stock will be convertible into shares of the Common Stock, at the election of the holder thereof by written notice to the Corporation (each, a "Conversion Notice"), beginning upon the earlier of (i) 90 days after the occurrence of a Listing Event or (ii) the second anniversary of the final closing of the Offering (whether or not a Listing Event has occurred). The Conversion Notice shall state: (i) the number of shares of Series A Preferred Stock to be converted; and (ii) that the shares of Series A Preferred Stock are to be converted pursuant to the applicable terms of the shares of Series A Preferred Stock. Each such share of Series A Preferred Stock will convert into a number of shares of the Common Stock determined by dividing (i) the sum of (A) 100% of the Stated Value plus (B) any accrued but unpaid dividends to, but not including, the Conversion Date (as defined below) (unless the Conversion Date is after a Dividend Record Date and prior to the corresponding Dividend Payment Date, in which case no additional amount for such accrued and unpaid dividend will be included in such sum) by (ii) the conversion price of each share of the Common Stock (the "Conversion Price"). The Conversion Price will be determined as follows:

i. Provided there has been a Listing Event, if a Conversion Notice with respect to any share of Series A Preferred Stock is received on or prior to the day immediately preceding the first anniversary of the issuance of such share of Series A Preferred Stock, the Conversion Price for such share of Series A Preferred Stock will be equal to 110% of the VWAP per share of the Common Stock of the Corporation (or its successor) for the 20 trading days prior to the delivery date of the Conversion Notice.

ii. Provided there has been a Listing Event, if a Conversion Notice with respect to any share of Series A Preferred Stock is received on or after the first anniversary of the issuance of such share of Series A Preferred Stock, the Conversion Price for such share of Series A Preferred Stock will be equal to the VWAP per share of the Common Stock of the Corporation (or its successor) for the 20 trading days prior to the delivery date of the Conversion Notice.

iii. If a Conversion Notice with respect to any share of Series A Preferred Stock is received on or after the second anniversary of the final closing of the Offering, and at the time of receipt of such Conversion Notice, a Listing Event has not occurred, the Conversion Price for such share of Series A Preferred Stock will be equal to 100% of the Corporation's net asset value per share of the Common Stock ("NAV per share"), if then established, and until the Corporation establishes a NAV per share, the Conversion Price will be equal to $25.00, or the initial offering price per share of the Common Stock in the Corporation's initial public offering.

A holder may elect to convert all or any portion of its shares of Series A Preferred Stock by delivering a Conversion Notice stating its desire to convert such number of shares of Series A Preferred Stock into Common Stock. Subject to the Corporation's redemption rights in Section 6(b) and Section 7, the conversion of the shares of Series A Preferred Stock subject to a Conversion Notice (the "Conversion Shares") into shares of the Common Stock will occur at the end of the 20th Trading Day after the Corporation's receipt of such Conversion Notice (the "Conversion Date").

(b) Notwithstanding the foregoing, upon a holder providing a Conversion Notice, the Corporation will have the right (but not the obligation) to redeem, in its sole discretion, any or all of the Conversion Shares at a redemption price, payable in cash, determined as follows (the "Redemption Price"):

i. If a Conversion Notice with respect to any share of Series A Preferred Stock is received on or prior to the day immediately preceding the first anniversary of the issuance of such share of Series A Preferred Stock, the Redemption Price for such share of Series A Preferred Stock will be equal to 90% of the Stated Value of the share of Series A Preferred Stock, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

ii. If a Conversion Notice with respect to any share of Series A Preferred Stock is received on or after the first anniversary of the issuance of share of Series A Preferred Stock, the Redemption Price for such share of Series A Preferred Stock will be equal to 100% of the Stated Value of the share of Series A Preferred Stock, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

iii. If a Conversion Notice with respect to any share of Series A Preferred Stock is received after the second anniversary of the final closing of the Offering, and at the time of receipt of such Conversion Notice, a Listing Event has not occurred, the Redemption Price for such share of Series A Preferred Stock will be equal to 100% of the Stated Value of the share of Series A Preferred Stock, plus any accrued but unpaid dividends thereon to, but not including, the redemption date.

The Corporation, in its discretion, may elect to redeem any such shares of Series A Preferred Stock by delivering a written notice of redemption to the holder thereof on or prior to 10th Trading Day prior to the close of trading on the Conversion Date. If the Corporation elects to redeem such Conversion Shares, the Corporation shall pay the Redemption Price, without interest, to holder of the redeemed Conversion Shares promptly following the delivery of a notice of redemption pursuant to this Section 6, but, in any event, not later than the Conversion Date, which payment date shall also be the redemption date for this Section 6; *provided, however*, that if the Corporation exercises its redemption right pursuant to Section 7, such shares shall be redeemed in accordance with the procedures set forth in Section 7. If a notice of redemption is not delivered by the Corporation by the 10th Trading

Day prior to the close of trading on the Conversion Date, the Conversion Shares shall thereafter convert into shares of the Common Stock, effective as of the close of trading on the Conversion Date.

(c) Holders of Series A Preferred Stock shall not have the right to convert any shares that the Corporation has elected to redeem pursuant to this Section 6 or Section 7. Accordingly, if the Corporation has provided a notice of redemption with respect to some of all of the Series A Preferred Stock, holders of any Series A Preferred Stock that the Corporation has called for redemption shall not be permitted to exercise their conversion right pursuant to Section 6 in respect of any of the shares that have been called for redemption, and such shares of Series A Preferred Stock shall not be so converted and the holders of such shares shall be entitled to receive on the applicable redemption date the applicable redemption price.

(d) Written notice as to the redemption of any Conversion Shares pursuant to this Section 6 shall be given by first class mail, postage pre-paid, to each such record holder of such shares of Series A Preferred Stock at the respective mailing addresses of each such holder as the same shall appear on the stock transfer records of the Corporation. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any such shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which Series A Preferred Stock may then be listed or admitted to trading, such notice shall state: (i) the redemption date (which may not be after the Conversion Date); (ii) the Redemption Price payable on the redemption date, including without limitation a statement as to whether or not accumulated, accrued and unpaid dividends shall be payable as part of the redemption price, or payable on the next Dividend Payment Date to the record holder at the close of business on the relevant Dividend Record Date as described above; (iii) that the Series A Preferred Stock is being redeemed pursuant to Section 6; and (iv) that dividends on the shares of Series A Preferred Stock to be redeemed will cease to accrue on such redemption date. If less than all the Conversion Shares are to be redeemed, the notice mailed to such holder also shall specify the number of Conversion Shares to be redeemed.

(e) If notice of redemption of any shares of Series A Preferred Stock has been given and if the funds necessary for such redemption have been set apart by the Corporation for the benefit of the holders of any shares of Series A Preferred Stock so called for redemption, then, from and after the redemption date, dividends will cease to accrue on such shares of Series A Preferred Stock, such shares of Series A Preferred Stock shall be redeemed in accordance with the notice and shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the cash payable upon such redemption without interest thereon. No further action on the part of the holders of such shares shall be required.

(f) In the event of any conversion or redemption pursuant to Section 6, if the Conversion Date or redemption date, as applicable, occurs after a Dividend Record Date and on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such shares converted or called for redemption, as applicable, shall be payable on such Dividend Payment Date to the holders of record at the close of business on such Dividend Record Date, and shall not be payable in connection with the conversion or redemption of such shares.

(g) Notwithstanding anything to the contrary contained herein, no holder of shares of Series A Preferred Stock will be entitled to convert such shares of Series A Preferred Stock into shares of Common Stock to the extent that receipt of such shares of Common Stock would cause the holder of such shares of Common Stock (or any other person) to violate the restrictions on transfer and ownership set forth in Article VI of the Charter.

7. Optional Redemption by the Corporation.

(a) Except as provided in Section 6, the Series A Preferred Stock is not redeemable by the Corporation prior to the 20th Trading Day after the date of a Listing Event, if any. However, the Series A Preferred Stock shall be subject to the provisions of Article VI of the Charter. Pursuant to Article VI of the Charter, and without limitation of any provisions of such Article VI, the Series A Preferred Stock, together with all other Shares (as defined in the Charter), owned by a stockholder in excess of the Aggregate Share Ownership Limit (as defined in the Charter) or the Common Share Ownership Limit (as defined in the Charter) will automatically be transferred to a Charitable Trust (as defined in the Charter) for the benefit of a Charitable Beneficiary (as defined in the Charter) and the Corporation shall have the right to purchase such transferred shares from the Charitable Trust. For this purpose, the Market Price (as defined in the Charter) of Series A Preferred Stock shall equal the Stated Value, plus an amount equal to all accumulated, accrued and unpaid dividends (whether or not earned or declared) to and including the date

of purchase.

(b) From time to time, on and after the 20th Trading Day after the date of a Listing Event, if any, the Corporation may, at its option, redeem such shares of the Series A Preferred Stock, in whole or from time to time, in part, at a redemption price equal to 100% of the Stated Value per share, plus all accumulated, accrued and unpaid dividends, if any, to and including the date fixed for redemption (the "Optional Redemption Date").

(c) The Optional Redemption Date shall be selected by the Corporation and shall be 30 days after the date on which the Corporation sends a notice of redemption (the "Optional Redemption Notice").

(d) If full cumulative dividends on all outstanding shares of Series A Preferred Stock have not been declared and paid or declared and set apart for payment for all past dividend periods, no shares of the Series A Preferred Stock may be redeemed pursuant to this Section 7, unless all outstanding shares of the Series A Preferred Stock are simultaneously redeemed, and neither the Corporation nor any of its affiliates may purchase or otherwise acquire shares of the Series A Preferred Stock otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of the Series A Preferred Stock; provided, however, that the foregoing shall not prevent the redemption or purchase by the Corporation of shares of Series A Preferred Stock pursuant to Article VI of the Charter.

(e) If fewer than all the outstanding shares of Series A Preferred Stock are to be redeemed pursuant to this Section 7, the Corporation shall select those shares to be redeemed pro rata or in such manner as the Board of Directors may determine.

(f) The Optional Redemption Notice shall be given by first class mail, postage pre-paid, to each such record holder of such shares of Series A Preferred Stock at the respective mailing addresses of each such holder as the same shall appear on the stock transfer records of the Corporation. No failure to give such notice or any defect therein or in the mailing thereof shall affect the validity of the proceedings for the redemption of any such shares of Series A Preferred Stock except as to the holder to whom notice was defective or not given.

(g) In addition to any information required by law or by the applicable rules of any exchange upon which Series A Preferred Stock may then be listed or admitted to trading, the Optional Redemption Notice shall state: (i) the Optional Redemption Date; (ii) the redemption price payable on the Optional Redemption Date, including without limitation a statement as to whether or not accumulated, accrued and unpaid dividends shall be payable as part of the redemption price, or payable on the next Dividend Payment Date to the record holder at the close of business on the relevant Dividend Record Date as described above; (iii) whether the redemption price will be paid in cash or Common Stock; (iv) that the Series A Preferred Stock is being redeemed pursuant to Section 7; and (v) that dividends on the shares of Series A Preferred Stock to be redeemed will cease to accrue on such Optional Redemption Date. If less than all the shares of Series A Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder also shall specify the number of shares of Series A Preferred Stock held by such holder to be redeemed.

(h) If the Optional Redemption Notice has been given and if the funds necessary for such redemption have been set apart by the Corporation for the benefit of the holders of any shares of Series A Preferred Stock so called for redemption, then, from and after the Optional Redemption Date, dividends will cease to accrue on such shares of Series A Preferred Stock, such shares of Series A Preferred Stock shall be redeemed in accordance with the notice and shall no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the cash or Common Stock payable upon such redemption without interest thereon. No further action on the part of the holders of such shares shall be required.

(i) Pursuant to Section 6 above, the Corporation also shall have the right to redeem all or any portion of the Shares subject to a Conversion Notice for a cash payment to the holder thereof equal to the Redemption Price set forth in Section 6(b) above, by delivering a Redemption Notice to the holder of Conversion Shares on or prior 10th Trading Day prior to the close of trading on the applicable Conversion Date.

(j) Subject to applicable law and the limitation on purchases when dividends on the Series A Preferred Stock are in arrears, the Corporation may, at any time and from time to time, purchase or otherwise acquire any shares of Series A Preferred Stock in the open market, by tender or by private agreement.

8. Redemption Price.

(a) The redemption price payable pursuant to any redemption pursuant to Section 7 (other than any redemption in connection with a Conversion Notice pursuant to Sections 6 and 7(i)) shall be paid in cash or, at the election of the Corporation in its sole discretion, in shares of Common Stock, based on the VWAP of the Common Stock for the 20 Trading Days immediately preceding the Optional Redemption Date; provided however, that if the shares of Common Stock are not then listed on a national securities exchange, then the value of the Common Stock will be equal to the then current NAV per share of the Common Stock, if then established by the Corporation. Until the establishment of a NAV per share, the value of the Common Stock for redemption purposes shall be equal to $25.00, or the initial offering price per share of the Common Stock in the Corporation's initial public offering. For the avoidance of doubt, any accumulated, accrued and unpaid dividends, if any, with respect to shares of Series A Preferred Stock to be redeemed shall be paid in cash.

(b) Redemptions of shares of Series A Preferred Stock by the Corporation in connection with a Conversion Notice pursuant to Sections 6 and 7(i), if any, shall be paid in cash.

(c) In the event of any redemption pursuant to Section 7, if the Optional Redemption Date occurs after a Dividend Record Date and on or prior to the related Dividend Payment Date, the dividend payable on such Dividend Payment Date in respect of such shares called for redemption shall be payable on such Dividend Payment Date to the holders of record at the close of business on such Dividend Record Date, and shall not be payable as part of the redemption price for such shares.

9. No Fractional Shares. The Corporation shall not issue fractional shares of Common Stock upon any conversion pursuant to Section 6 or redemption pursuant to Section 7, but in lieu of fractional shares, the Corporation, at its sole discretion, may (i) eliminate a fractional interest by rounding up to a full share of stock, (ii) arrange for the disposition of a fraction interest by the person entitled to it, (iii) pay cash for the fair value of a fractional share of stock determined as of the time when the person entitled to receive it is determined, or (iv) otherwise arrange for the disposition of the fractional interest in accordance with Section 2-214 of the Maryland General Corporation Law.

10. Appointment of Transfer Agent; Mechanics of Conversion and Redemption.

(a) The Corporation shall maintain or cause to be maintained a register in which, subject to such reasonable regulations as it may prescribe, the Corporation shall provide for the registration of shares of Series A Preferred Stock and of transfers of shares of Series A Preferred Stock for the purpose of registering shares of Series A Preferred Stock and of transfers of shares of Series A Preferred Stock as herein provided. The Corporation may appoint a registrar and one or more transfer agents for the Series A Preferred Stock as it shall determine. The Corporation may change the transfer agent without prior notice to any holder.

(b) If the Corporation elects to issue Common Stock upon any conversion pursuant to Section 6 or redemption pursuant to Section 7, the Corporation shall cause the transfer agent to, as soon as practicable, but not later than three (3) business days after the effective date of such conversion or redemption, register the number of shares of Common Stock to which such holder shall be entitled as a result of such redemption. The Person or Persons entitled to receive the shares of Common Stock issuable upon such redemption shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of the effective date of such conversion or redemption.

11. Reservation of Shares.

(a) The Corporation shall reserve and shall at all times have reserved out of its authorized but unissued shares of Common Stock, a sufficient number of shares of Common Stock to permit any conversion pursuant to Section 6 or redemption pursuant to Section 7 of the then outstanding shares of Series A Preferred Stock. All shares of Common Stock when issued upon redemption of shares of Series A Preferred Stock shall be validly issued, fully paid and nonassessable.

(b) Any shares of Series A Preferred Stock that shall at any time have been converted or redeemed pursuant to Section 6 or redeemed pursuant to Section 7 or otherwise acquired by the Corporation shall, after such redemption or acquisition, have the status of authorized but unissued Preferred Stock, without designation as to class or series until such shares are once more classified and designated as part of a particular class or series by the Board of Directors.

12. Adjustments. If a conversion or redemption of any shares of Series A Preferred Stock pursuant to Section 6,

Section 7 and Section 8 occurs less than 20 Trading Days after the Corporation: (i) declaring a dividend or making a distribution on the Common Stock payable in Common Stock, (ii) subdividing or splitting the outstanding Common Stock, (iii) combining or reclassifying the outstanding Common Stock into a smaller number of shares or (iv) consolidating with, or merging with or into, any other Person, or engaging in any reorganization, reclassification or recapitalization that is effected in such a manner that the holders of Common Stock are entitled to receive stock, securities, cash or other assets with respect to or in exchange for Common Stock (other than as a cash dividend or distribution declared by the Corporation), the Stated Value shall be adjusted so that the conversion or redemption of the Series A Preferred Stock less than 20 Trading Days after such event shall entitle the holder to receive the aggregate number of shares of Common Stock or cash, which, if the Series A Preferred Stock had been converted or redeemed immediately prior to such event, such holder would have owned upon such conversion or redemption and been entitled to receive by virtue of such dividend, distribution, subdivision, split, combination, consolidation, merger, reorganization, reclassification or recapitalization.

13. Voting Rights. Holders of the Series A Preferred Stock shall not have any voting rights.

14. Restrictions on Transfer. The Series A Preferred Stock is subject to the provisions of Article VI of the Charter. In addition, no shares of Series A Preferred Stock may be sold or otherwise Transferred (as defined in the charter) unless the holder thereof delivers evidence, to the satisfaction of the Corporation, that such sale or other Transfer (as defined in the charter) of the Shares is made to an accredited investor solely in compliance with all federal and state securities laws. Any sale or transfer of the Shares made in violation of any federal or state securities law shall be *void ab initio*.

SECOND: The shares of Series A Preferred Stock have been classified and designated by the Board of Directors under the authority contained in the Charter.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Chief Financial Officer on this 27th day of October, 2016.

ATTEST: MVP REIT II, INC.

By: /s/ Ed Bentzen
Ed Bentzen
Chief Financial Officer

By: /s/ Michael V. Shustek (SEAL)
Michael V. Shustek
Chief Executive Officer

Exhibit D

FORM OF WARRANT

(SEE FOLLOWING PAGE)

Form of Warrant

THIS WARRANT AND THE SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY APPLICABLE STATE SECURITIES LAWS. THIS WARRANT AND THE SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT ARE SUBJECT TO RESTRICTIONS ON RESALE AND MAY NOT BE RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

No. of Shares: [●] Warrant No. [●]

Warrant to Purchase Common Stock

of

MVP REIT II, Inc.

WARRANT

Dated: [●], 2016

This warrant (the "**Warrant**") certifies that [●] (sometimes herein called the "**Holder**") is entitled to purchase from MVP REIT II, Inc., a Maryland corporation (the "**Company**"), up to [●][1] shares of common stock, par value $0.0001 per share, of the Company (the "**Shares**"), following the occurrence of either (i) the listing of the Company's common stock (the "**Common Stock**") on a national securities exchange or (ii) a merger, sale of all or substantially all of the Company's assets or another transaction, in which the Company's common stockholders will receive common stock that is listed on a national securities exchange, or options or warrants to acquire common stock that is listed on a national securities exchange, in exchange for their existing Company common shares, options and warrants, as applicable (each a "**Listing Event**"), at a purchase price, per share, equal to 110% of the VWAP during the 20 Trading Days ending on the 90th day after the occurrence of a Listing Event; however, in no event shall such purchase price be less than $25 per share (the "**Exercise Price**").

For purposes of this Warrant:

"Trading Day" shall mean, (i) if the Common Stock is listed or admitted to trading on NASDAQ, a day on which NASDAQ is open for the transaction of business, (ii) if the Common Stock is not listed or admitted to trading on NASDAQ but is listed or admitted to trading on another national securities exchange or automated quotation system, a day on which such national securities exchange or automated quotation system, as the case may be, on which the Common Stock is listed or admitted to trading is open for the transaction of business, or (iii) if the Common Stock is not listed or admitted to trading on any national securities exchange or automated quotation system, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"VWAP" shall mean, for any Trading Day, the volume-weighted average price, calculated by dividing the aggregate value of Common Stock traded on NASDAQ during regular hours (price per share multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on NASDAQ (or such other national securities exchange or automated quotation system on which the Common Stock is listed) for such Trading Day, or if such volume-weighted average price is unavailable, the market value of one share of Common Stock on such Trading Day as determined by the Board of Directors in a commercially reasonable manner, using a volume-weighted average price method.

1. **Exercise**. The purchase rights represented by this Warrant shall be exercisable at the Exercise Price, and during the period as follows:

(a) During the period beginning from the date hereof (the "**Issue Date**") to and through the 90th day following the occurrence of a Listing Event, inclusive, if any, the Holder shall have no right to purchase any Shares hereunder.

(b) At any time and from time to time between (i) the date that is 90 days after the occurrence of a Listing Event, if any (such date, the "**Initial Exercise Date**"), and (ii) the fifth anniversary date of the

[1] Holder is entitled to warrant to acquire 30 shares of common stock for every $1,000 in Series A Preferred Stock purchased.

Initial Exercise Date (such date, subject to proviso hereunder, the "**Expiration Date**"), inclusive, the Holder shall have the right to purchase all or any portion of the Shares at the Exercise Price; provided, however, that if, for whatever reason, a Listing Event does not occur within five years after the last, final closing date of the offering of the Series A Convertible Redeemable Preferred Stock, par value $0.0001 per share, and Warrants by the Company (the "**Final Closing Date**"), this Warrant shall expire, without being exercisable by the holder hereof, and the Expiration Date shall be deemed to occur automatically, on the fifth anniversary date of the Final Closing Date.

(c) After the Expiration Date, the Holder shall have no right to purchase all or any portion of the Shares hereunder.

2. **Payment for Shares; Issuance of Certificates**.

(a) The purchase rights represented by this Warrant may be exercised at any time within the period specified in Section 1(b), in whole or in part, by: (i) the surrender of this Warrant for cancellation (with the purchase form at the end hereof properly completed and executed) at the principal executive office of the Company as set forth in Section 15 (or such other office or agency of the Company as it may designate by notice to the Holder pursuant to Section 15); and (ii) payment to the Company of the aggregate Exercise Price then in effect for the number of Shares specified in the above-mentioned purchase form, together with applicable stock transfer taxes, if any. This Warrant shall be deemed to have been exercised, in whole or in part to the extent specified, immediately prior to the close of business on the date this Warrant is surrendered and payment is made in accordance with the foregoing provisions of this Section 2(a), and the person or persons in whose name or names the certificates for the Shares purchased shall be issuable upon such exercise shall become the holder or holders of record of such Shares at that time and date.

(b)The certificates for the Shares purchased pursuant to an exercise of this Warrant pursuant to Sections 2(a) shall be delivered in book entry form only to the Holder within a reasonable time after the purchase rights represented by this Warrant shall have been so exercised.

(c) If this Warrant is exercised in part pursuant to Sections 2(a), the Company shall issue, in the name of the Holder, a new Warrant of like tenor (including all substantive provisions hereof) and representing in the aggregate rights to purchase the number of Shares as remain purchasable hereunder at such time after giving effect to such partial exercise, which issuance may be in book-entry form.

3. **Transfer**.

(a) This Warrant shall not be sold, assigned, pledged, hypothecated, encumbered or otherwise transferred or disposed of, or be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of this Warrant or the Shares purchasable hereunder (each, a "**Transfer**"), except that a Transfer of this Warrant may be effected to successors by operation of law of the Holder or with the prior consent of the Company.

(b) Any Transfer of this Warrant that is permitted by Section 3(a) shall be effected by the Holder by (i) executing the transfer form at the end hereof, and (ii) surrendering this Warrant for cancellation at the office or agency of the Company referred to in Section 2, accompanied by (A) a certificate (signed by an officer of the Holder or such other authorized representative reasonably satisfactory to the Company, if the Holder is an entity) stating that such Transfer is permitted under Section 3(a), and (B) an opinion of counsel, reasonably satisfactory in form and substance to the Company, to the effect that the Shares or this Warrant, as the case may be, may be sold or otherwise transferred without registration under the Securities Act of 1933, as amended (the "**Act**").

(c) Upon any Transfer of this Warrant or any part thereof in accordance with the foregoing provisions of this Section 3, the Company shall issue, in the name or names specified by the Holder (including the Holder), a new Warrant or Warrants of like tenor (including all substantive provisions hereof) and representing in the aggregate rights to purchase the same number of Shares as are purchasable hereunder at such time.

(d) This Warrant may not be exercised and neither this Warrant nor any of the Shares, nor any interest in either, may be the subject of a Transfer, in whole or in part, except in compliance with applicable United States federal and state securities laws and the terms and conditions hereof. Each Warrant issued upon a Transfer or in replacement hereof shall bear a legend in substantially the same form as the legend set forth on the first page of this Warrant. Each certificate for Shares issued upon exercise of this Warrant, unless at the time of exercise such Shares are acquired pursuant to a registration statement that has been declared effective under the Act and applicable blue sky laws, shall, in addition to any legend

required by the Maryland General Corporation Law and the Company's charter, bear a legend substantially in the following form:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). SUCH SHARES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF REGISTRATION OR AN EXEMPTION THEREFROM. MVP REIT II, INC. MAY REQUIRE AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO IT THAT A PROPOSED TRANSFER OR SALE IS IN COMPLIANCE WITH THE ACT."

Any certificate for any Shares issued at any time in exchange or substitution for any certificate for any Shares bearing such legend also shall bear such legend unless, in the opinion of counsel for the Company, the Shares represented thereby need no longer be subject to the restriction contained herein. The provisions of this Section 3(d) shall be binding upon all subsequent holders of certificates for Shares bearing the above legend and all subsequent holders of this Warrant, if any.

(e) Any attempted Transfer of this Warrant or any part thereof in violation of this Section 3 shall be null and *void ab initio*.

4. **Shares to be Fully Paid; Reservation of Shares**. The Company covenants and agrees that all Shares which may be purchased hereunder will, upon issuance and delivery against payment therefor of the requisite purchase price, be duly and validly issued, fully paid and nonassessable. The Company further covenants and agrees that, during the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved a sufficient amount of Common Stock to provide for the exercise of this Warrant.

5. **No Voting or Dividend Rights**. This Warrant shall not entitle the Holder to any voting rights or any other rights, including without limitation notice of meetings of other actions or receipt of dividends or other distributions, as a stockholder of the Company.

6. **Adjustment of Exercise Price**. The Exercise Price in effect at the time and the number and kind of securities purchasable upon the exercise of this Warrant shall be subject to adjustment from time to time upon the happening of certain events as follows:

(a) In case the Company shall, while this Warrant remains outstanding and unexpired, (i) declare a dividend or make a distribution on its outstanding Common Stock in shares of Common Stock, (ii) subdivide or reclassify its outstanding Common Stock into a greater number of shares, (iii) combine or reclassify its outstanding Common Stock into a smaller number of shares, or (iv) enter into any transaction whereby the outstanding shares of Common Stock are at any time changed into or exchanged for a different number or kind of shares or other securities of the Company or of another entity through reorganization, merger, consolidation, liquidation, conversion or recapitalization, then an appropriate adjustment in the number of Shares (or other securities for which such Shares have previously been exchanged or converted) purchasable under this Warrant shall be made and the Exercise Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination, reclassification, reorganization, merger, consolidation, liquidation or recapitalization shall be proportionately adjusted so that the Holder of this Warrant exercised after such date shall be entitled to receive the aggregate number and kind of shares or other securities which, if this Warrant had been exercised by such Holder immediately prior to such date, the Holder would have been entitled to receive upon such dividend, distribution, subdivision, combination, reclassification, reorganization, merger, consolidation, liquidation or recapitalization. For example, if the Company declares a two-for-one stock subdivision (split) and the Exercise Price hereof immediately prior to such event was $25.00 per Share and the number of Shares issuable upon exercise of this Warrant was 30, the adjusted Exercise Price immediately after such event would be $12.50 per Share and the adjusted number of Shares issuable upon exercise of this Warrant would be 60. Any such adjustment shall be made successively whenever any event listed above shall occur.

(b) Whenever any adjustment shall be made pursuant to Section 6(a), the Company shall promptly make a certificate signed by its Chairman, Chief Executive Officer, President, Vice President, Chief Financial Officer or Treasurer, setting forth in reasonable detail the event requiring the adjustment, the amount of the adjustment, the method by which such adjustment was calculated and the adjusted Exercise Price and the adjusted number of shares of Common Stock issuable upon exercise of this Warrant after giving effect to such adjustment, and shall promptly cause copies of such certificates to be sent to the Holder, and shall cause a certified copy thereof to be mailed to the Company's transfer agent, if any. The Company may retain a firm of independent certified public accountants selected by the Board of Directors

of the Company (who may be the regular accountants employed by the Company) to make any computation required by this Section 6, and a certificate signed by such firm shall be conclusive evidence of the correctness of such adjustment.

(c) If at any time, as a result of an adjustment made pursuant to the provisions of this Section 6, the Holder thereafter shall become entitled to receive upon exercise of this Warrant any shares of the Company other than Common Stock, thereafter the number of such other shares so receivable upon exercise of this Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Stock contained in Section 6(a).

7. **Unenforceability**. The invalidity or unenforceability of any section, paragraph or provision of this Warrant shall not affect the validity or enforceability of any other section, paragraph or provision hereof. If any section, paragraph or provision of this Warrant is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such changes as are necessary to make it valid and enforceable.

8.**Ownership Limitation**. This Warrant and the Shares are subject to restrictions on beneficial ownership and constructive ownership and transfer for, among other purposes, the purpose of the Company's maintenance of its qualification as a real estate investment trust under the Internal Revenue Code of 1986, as amended, as set forth in the Company's charter.

9. **Governing Law; Jurisdiction; WAIVER OF JURY TRIAL**.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

(b) Each of the parties hereto hereby irrevocably consents, to the maximum extent permitted by law, that any action or proceeding relating to this Warrant or the transactions contemplated hereby shall be brought, at the option of the party instituting the action or proceeding, in any court of general jurisdiction in New York County, New York, in the United States District Court for the Southern District of New York or in any state or federal court sitting in the area currently comprising the Southern District of New York. Each of the parties hereto waives any objection that it may have to the conduct of any action or proceeding in any such court based on improper venue or forum non conveniens, waives personal service of any and all process upon it, and consents that all service of process may be made by mail or courier service directed to it at the address set forth herein and that service so made shall be deemed to be completed upon the earlier of actual receipt or ten days after the same shall have been posted or delivered to a nationally recognized courier service. Nothing contained in this shall affect the right of any party hereto to serve legal process in any other manner permitted by law.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATED DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ANY LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (D) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE RELATED DOCUMENTS, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.

10. **Binding Effect on Successors**. In case of any consolidation of the Company with, or merger of the Company into, any other entity, or in case of any sale or conveyance of all or substantially all the assets of the Company, other than in connection with (i) a Listing Event or (ii) a plan of complete liquidation of the Company at any time prior to the Expiration Date or as a Liquidation Event, then the Company shall give written notice of consolidation, merger, sale or conveyance to the Holder and, from and after the effective time of such consolidation, merger, sale or conveyance, this Warrant shall represent, upon exercise, only the right to receive the consideration that would have been issuable in respect of the Shares purchasable under this Warrant in such consolidation, merger, sale or conveyance had this Warrant been

exercised in full immediately prior to such effective time, and the Holder shall have no further rights under this Warrant other than the right to receive such consideration. Notwithstanding the foregoing or anything else to the contrary contained herein, upon the occurrence of a Listing Event involving a merger, sale of all or substantially all of the Company's assets or another transaction, in each case, in which the Company's stockholders will receive, as consideration, stock that is listed on a national securities exchange, or options or warrants to acquire stock that is listed on a national securities exchange, the Company will cause the surviving or, in the event of a sale of assets, purchasing entity, as a condition precedent to such Listing Event, to assume the obligations of the Company with respect to this Warrant, with such adjustments to the Exercise Price and the securities covered hereby as may be necessary in order to preserve the economic benefits of this Warrant to the Holder.

11. **Fractional Shares**. No fractional shares shall be issued upon exercise of this Warrant. The Company shall, in lieu of issuing any fractional share, (i) eliminate a fractional interest by rounding up to a full share of stock, (ii) arrange for the disposition of a fraction interest by the person entitled to it, (iii) pay cash for the fair value of a fractional share of stock in an amount equal to such fraction multiplied by the Exercise Price, or (iv) otherwise arrange for the disposition of the fractional interest in accordance with Section 2-214 of the Maryland General Corporation Law or the bylaws of the Company.

12. **Lost Warrant**. The Company represents and warrants to the Holder hereof that upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant and, in the case of any such loss, theft or destruction, upon receipt of an affidavit of loss and indemnity reasonably satisfactory to the Company, or in the case of any such mutilation upon surrender and cancellation of this Warrant, the Company, at its expense, will make and deliver a new Warrant, of like tenor, in lieu of the lost, stolen, destroyed or mutilated Warrant.

13. **Headings**. The headings of the several sections of this Warrant are inserted for convenience only and do not constitute a part of this Warrant.

14. **Modification and Waiver**. This Warrant and any provision hereof may be amended, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of the same is sought.

15. **Notices**. Any notice or other communication required or contemplated by this Warrant shall be deemed to have been duly given if transmitted by registered or certified mail, return receipt requested, or nationally recognized overnight delivery service**,** to the Company at its principal executive office located at MVP REIT II, Inc., 12730 High Bluff Drive, Suite 110, San Diego, California 92130, Attention: Investor Relations, or to the Holder at the name and address set forth in the Warrant Register maintained by the Company.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the date first written above.

MVP REIT II, INC.

By: _____
Name: Michael V. Shustek
Title: Chief Executive Officer

Acknowledged and Agreed to
as of the date first written above:

[●]

By: _____

Name: [●]

Title: [●]

PURCHASE FORM

(To be signed only upon exercise of the foregoing Warrant)

The undersigned, the holder of the foregoing Warrant, hereby irrevocably elects to exercise the purchase rights represented by such Warrant for, and to purchase thereunder, _____ shares (the "**Purchased Shares**") of Common Stock, par value $0.0001 per share, of MVP REIT II, Inc., for an Exercise Price (as defined in the foregoing Warrant) and which Exercise Price currently is $____ per Share, and either:

□ tenders herewith payment of the aggregate Exercise Price in respect of the Purchased Shares in full, in the amount of $_____; and

□ requests that the certificates for the Purchased Shares issued in the name(s) of, and delivered to _____, whose address(es) is (are):

Dated: _____

By:

_____

_____

_____

Address

Social Security or other
identifying Number:

_____

TRANSFER FORM

(To be signed only upon transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto _____ the right to purchase Shares as defined in, and represented by, the foregoing Warrant to the extent of _____ Shares, and appoints _____ attorney to transfer such rights on the books of MVP REIT II, Inc., with full power of substitution in the premises.

Dated: _____

By:

_____

_____

_____

Address

_____

In the presence of:

_____
