

MEDALIST DIVERSIFIED REIT, INC.

Corporate Governance Guidelines

Adopted as of _____, 2018

The following Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Medalist Diversified REIT, Inc. (the “Company”) to assist the Board in the exercise of its responsibilities. These Corporate Governance Guidelines are not intended to change or interpret any federal or state law or regulation, including the Maryland General Corporation Law (“MGCL”), the Articles of Incorporation of the Company (the “Charter”) or the Bylaws of the Company (the “Bylaws”), as amended from time to time. These Corporate Governance Guidelines are subject to modification from time to time by the Board. A current version of the Corporate Governance Guidelines shall be posted on the Company's website.

I. ROLE OF DIRECTORS AND GOAL OF THE BOARD

Role of Directors

The business and affairs of the Company shall be managed by or under the direction of the Board. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, it is expected that each director will make every effort to attend each Board meeting and each meeting of any committee on which he or she sits, and to review, prior to meetings, material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chairman of the Board or the Chairman of the appropriate committee in advance of such meeting.

In addition, the Board acknowledges that effective directors maintain an attitude of constructive skepticism; they ask incisive, probing questions and require accurate, honest answers; they act with integrity and diligence; and they demonstrate a commitment to the Company, its business plans and long-term stockholder value.

The Board's Goal

The Board's goal is to build long-term value for the Company's stockholders and to ensure the vitality of the Company for its customers, its employees and other individuals and organizations that depend on the Company.

To achieve these goals, the Board will monitor the performance of both the Company (in relation to its goals, strategy and competitors) and the Company's chief executive officer(s) (the “CEO”). The Board will offer the CEO constructive advice and feedback.

Director Attendance at Annual Meetings of Stockholders

Directors are expected to attend the Company's annual meeting of stockholders. A director who is unable to attend the Company's annual meeting of stockholders (which it is understood will occur on occasion) is expected to notify the Chairman of the Board.

II. BOARD LEADERSHIP

Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman of the Board and the CEO. The Board shall be free to choose its Chairman of the Board in any way that it deems best for the Company at any given point in time.

Lead Independent Director

If the Chairman of the Board is not an Independent Director (as defined below), the Company's Independent Directors will designate one of the Independent Directors on the Board to serve as a lead Independent Director (the "Lead Independent Director"). If the Chairman of the Board is an Independent Director, then the duties of the Lead Independent Director described herein shall be a part of the duties of the Chairman of the Board. The Lead Independent Director's duties will include coordinating the activities of the Independent Directors, coordinating the agenda for and moderating sessions of the Board's Independent Directors and other non-management directors, and facilitating communications between the other members of the Board.

In performing the duties described above, the Lead Independent Director is expected to consult with the Chairmen of the appropriate Board committees and solicit their participation in order to avoid diluting the authority or responsibilities of such committee Chairmen.

III. BOARD COMPOSITION

Size of the Board

The number of directors of the Corporation shall be five, which number may be increased or decreased from time to time pursuant to the Bylaws; provided, however, that, the total number of directors shall never be less than the minimum number required by the MGCL, nor more than fifteen. This range permits diversity of experience without hindering effective discussion or diminishing individual accountability.

Selection of New Directors

The Board shall be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders.

The Nominating and Corporate Governance Committee is responsible for identifying, screening and recommending candidates to the Board for Board membership. When formulating its Board membership recommendations, the Nominating and Corporate Governance Committee shall also consider advice and recommendations from others as it deems appropriate.

The Nominating and Corporate Governance Committee will consider candidates recommended by stockholders. In considering candidates submitted by stockholders, the Nominating and Corporate Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. The Nominating and Corporate Governance Committee may establish procedures, from time to time, regarding stockholder submission of candidates.

Board Membership Criteria

The Nominating and Corporate Governance Committee shall be responsible for assessing the appropriate balance of criteria required of Board members. The Nominating and Corporate Governance Committee may apply several criteria in selecting nominees. At a minimum, the Nominating and Corporate Governance Committee shall consider (a) whether each such nominee has demonstrated, by significant accomplishment in his or her field, an ability to make a meaningful contribution to the Board's oversight of the business and affairs of the Company, and (b) the nominee's reputation for honesty and ethical conduct in his or her personal and professional activities. Additional factors which the Nominating and Corporate Governance Committee may consider include a candidate's specific experiences and skills, relevant industry background and knowledge, time availability in light of other commitments, age, potential conflicts of interest, material relationships with the Company and independence from management and the Company. The Nominating and Corporate Governance Committee may also seek to have the Board consist of directors with diverse backgrounds and experience.

Other Directorships

The Company does not have a policy limiting the number of company or other boards of directors (or comparable governing bodies) upon which a director may sit, in general. However, the Nominating and Corporate Governance Committee shall consider the number of company and other boards (or comparable governing bodies) on which a director or prospective nominee is a member. Directors shall provide prior written notice to the Chairman of the Nominating and Corporate Governance Committee of any proposed service on a company or other board (or comparable governing body).

Although the Company does not impose a limit on outside directorships, it does recognize the substantial time commitment attendant to Board membership and expects that the members of its Board be fully committed to devoting all such time as is necessary to fulfill their Board responsibilities in terms of preparation for, attendance at and participation in, Board meetings.

In addition, in recognition of the enhanced time commitment associated with membership on a public company's audit committee, no member of the Audit Committee of the Board may serve simultaneously on the audit committees of more than two other public companies.

Independence of the Board

The Board shall be comprised of a majority of directors who qualify as independent directors (the "Independent Directors") under the listing standards of the exchange on which the Company's common stock is listed (the "Exchange") and pursuant to the standards set forth in Item 407 of Regulation S-K.

The Board shall review annually the relationships that each director has with the Company (either directly or as a partner, director, member, stockholder or officer of an organization that has a relationship with the Company). Following such annual review, only those directors who the Board affirmatively determines have no material relationship with the Company (either directly or as a partner, director, member, stockholder or officer of an organization that has a relationship with the Company) will be considered Independent Directors, subject to additional qualifications prescribed under the listing standards of the Exchange or under applicable law. The Board may adopt and disclose categorical standards to assist it in determining director independence. In the event that a director becomes aware of any change in circumstances that may result in such director no longer being considered independent under the listing standards of the Exchange or under applicable law, the director shall promptly inform the Chairman of the Nominating and Corporate Governance Committee.

Directors Who Leave Their Employment or Change Their Primary Job Responsibilities

Directors that leave their employment with the Company or whose primary job responsibilities significantly change with the Company may be requested by the Board to resign, upon which request they will promptly tender their resignation from the Board. The Board does not believe that a director in such circumstances should necessarily leave the Board, but that the director's continued service should be re-evaluated. Accordingly, the Nominating and Corporate Governance Committee shall review the director's continuation on the Board in light of all the circumstances and recommend to the Board whether the Board should accept such proposed resignation or request that the director continue to serve on the Board.

Retirement Age

It is the general policy of the Company that a retirement age is not warranted. An individual director's re-nomination is dependent upon such director's performance evaluation, as well as a suitability review, each to be conducted by the Nominating and Corporate Governance Committee in connection with each director nomination recommendation.

Director Tenure

In connection with each director nomination recommendation, the Nominating and Corporate Governance Committee shall consider the issue of continuing director tenure and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas and a willingness to critically re-examine the status quo. The Nominating and Corporate Governance Committee shall consider each director's performance and suitability in connection with each director nomination recommendation.

IV. BOARD MEETINGS

Frequency of Meetings

There shall be at least four regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly.

Selection of Agenda Items for Board Meetings

The Chairman of the Board and the Lead Independent Director (if designated as set forth above), in consultation with the Chief Executive Officer (if different from the Chairman of the Board), shall annually prepare a "Master Agenda." This Master Agenda shall set forth a general agenda of items to be considered by the Board during the year. Thereafter, the Chairman of the Board and the Lead Independent Director (as applicable), in consultation with the Chief Executive Officer (if different from the Chairman of the Board), shall prepare the agenda for each meeting of the Board, including applicable items from the Master Agenda as well as items not contemplated during the preparation of the annual Master Agenda.

Each Board member shall be free to suggest inclusion of items on the agenda as well as free to raise at any Board meeting subjects that are not specifically on the agenda for that meeting.

Board Materials Distributed in Advance

Information and materials that are important to the Board's understanding of the agenda items and other topics to be considered at a Board meeting should, to the extent practicable, be distributed sufficiently in advance of the Board meeting to permit prior review by the directors. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the Board meeting.

Separate Sessions of Non-Management Directors

In general, the non-management directors of the Company shall meet in executive session without management following each regularly scheduled Board meeting. The Chairman of the Board, if an Independent Director, or, if the Chairman of the Board is not an Independent Director, then the Lead Independent Director, shall preside at such executive sessions, or, in the absence of such Chairman or Independent Director, as applicable, another Independent Director designated by the Chairman of the Board or the Lead Independent Director, as applicable, shall preside at such executive sessions.

In the event that the non-management directors include directors who are not Independent Directors under the Exchange listing standards, the Company should, at least once per year, schedule an executive session including only Independent Directors.

Any interested parties desiring to communicate with the Chairman of the Board or the Lead Independent Director, if so designated, and the other non-management directors regarding the Company may directly contact such directors by delivering such correspondence to the Company's Secretary at:

Medalist Diversified REIT, Inc.
11 S. 12th Street, Suite 401
Richmond, Virginia 23219

V. BOARD ACCESS

Strategic Direction of the Company

Normally it is the job of the management of a company to formulate, propose and implement strategic choices and the board of directors' role to approve strategic direction and evaluate strategic results. However, as a practical matter, the Board and management of the Company will be better able to carry out their respective strategic responsibilities if there is an ongoing dialogue among the Chief Executive Officer, other members of top management and the Board. To facilitate such discussions, members of senior management who are not directors may be invited from time to time to participate in Board meetings or other Board functions when appropriate.

Board Access to Management

Board members shall have access to the Company's management and, as necessary and appropriate, to independent advisors. Board members shall coordinate such access through the Chief Executive Officer or the Secretary of the Company and Board members will use judgment to assure that this access is not distracting to the business operations of the Company.

Attendance of Management Personnel at Board Meetings

The Board encourages the Chief Executive Officer to bring members of management to Board meetings from time to time to (i) provide management insight into items being discussed by the Board which involve the management of the Company, (ii) make presentations to the Board on matters which involve the management of the Company, and (iii) bring members of the management of the Company with significant potential into contact with the Board. Attendance of such management personnel at Board meetings is at the discretion of the Board. Should the Chief Executive Officer desire to add additional members of management as attendees on a regular basis, this should be suggested to the Board in advance for its concurrence.

VI. BOARD COMPENSATION AND SELF-EVALUATION

Board Compensation

Directors shall not receive any stated salary for their services as directors but, by resolution of the Board, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Company and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they perform or engage in as directors, but nothing shall preclude any director from serving the Company in any other capacity and receiving compensation therefor. Notwithstanding the foregoing, a director who is also an officer of the Company shall not receive additional compensation for such service as a director.

The Company believes that compensation for non-employee directors should be competitive and should encourage increased ownership of the Company's stock through the payment of all or a portion of director compensation in Company stock, options to purchase Company stock or similar compensation. The Compensation Committee will periodically review the level and form of the Company's director compensation, including how such compensation relates to director compensation of companies of comparable size, industry and complexity. Such review will also include a review of both direct and indirect forms of compensation to the Company's directors, including any charitable contributions by the Company to organizations in which a director is affiliated and consulting or other similar arrangements between the Company and a director. Changes to director compensation will be proposed to the entire Board for consideration. The Board recognizes that excessive compensation could compromise a director's independence.

Director's fees (including any additional amounts paid to any chairperson or other members of committees of the Board) are the only compensation a member of the Audit Committee may receive from the Company; provided, however, that a member of the Audit Committee may also receive fixed amounts of compensation under a retirement plan (including deferred compensation) from the Company for prior service with the Company so long as such compensation is not contingent in any way on continued service.

Self-Evaluation by the Board

The Nominating and Corporate Governance Committee will coordinate an annual self-evaluation of the Board's performance as well as the performance of each committee of the Board, the results of which will be discussed with the full Board and each committee.

The evaluation should include a review of any areas in which the Board or management believes the Board can make a better contribution to the Company. The Nominating and Corporate Governance Committee will utilize the results of this self-evaluation process in assessing and determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees.

VII. OTHER BOARD TOPICS

Board Orientation and Continuing Education

The Company shall provide new directors with a director orientation program to familiarize such directors with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, code of business conduct and ethics, corporate governance guidelines, principal officers, internal auditors and independent auditors. Each director is expected to participate in continuing educational programs in order to maintain the necessary level of expertise to perform

his or her responsibilities as a director. The Company shall pay all reasonable expenses relating to continuing director education.

Board Interaction with Institutional Investors, Analysts, Press and Customers

The Board believes that management generally should speak for the Company. It is suggested that each director shall refer all inquiries from institutional investors, analysts, the press or customers to the Chief Executive Officer or his or her designee.

VIII. COMMITTEE MATTERS

Number and Names of Board Committees

The Company shall have three standing committees: Audit, Nominating and Corporate Governance, and Compensation. The purpose and responsibilities for each of these committees shall be outlined in committee charters adopted by the Board. The Board may want, from time to time, to form a new committee or disband a current committee depending on circumstances. In addition, the Board may determine to form *ad hoc* committees from time to time, and determine the composition and areas of competence of such committees.

Independence of Board Committees

Each of the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and Exchange requirements necessary for an assignment to any such committee; provided, that any such committee may be comprised of a majority of independent directors during its first year of existence in accordance with the “phase-in” rules of any applicable national securities exchange and the rules of the SEC.

Assignment and Rotation of Committee Members

The Nominating and Corporate Governance Committee shall be responsible, after consultation with the Chairman of the Board and the Lead Independent Director, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating and Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the Chairman and members to the committees on an annual basis.

The Nominating and Corporate Governance Committee shall annually review the Committee assignments and shall consider the rotation of the Chairman and members with a view toward balancing the benefits derived from continuity against the benefits derived from the diversity of experience and viewpoints of the various directors.

IX. EXECUTIVE DEVELOPMENT

Selection of the Chief Executive Officer

Upon retirement, resignation, death, or removal of the Company's Chief Executive Officer, the Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business

environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

Evaluation of Chief Executive Officer

The formal evaluation of the Chief Executive Officer shall be made in the context of the annual compensation review of the Compensation Committee, with input from the other Independent Directors, and should be communicated to the Chief Executive Officer by the Lead Independent Director and the Chairman of the Compensation Committee. The Chief Executive Officer may not be present during such evaluations, discussions or deliberations.

The evaluation shall be based on such criteria as the Compensation Committee, with input from the other Independent Directors, shall determine, including performance of the business and accomplishment of long-term strategic objectives.

Succession Planning

The Board, led by the Compensation Committee, shall plan for the succession to the position of the Chief Executive Officer. To assist the Board and the Compensation Committee, the Chief Executive Officer shall prepare and distribute to the Board an annual report on succession planning for all senior officers of the Company with an assessment of senior managers and their potential to succeed (i) the Chief Executive Officer in the event of an emergency or the retirement of the Chief Executive Officer and (ii) to other senior management positions. In addition, the Chief Executive Officer shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Company, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, when necessary.

Management Development

The Board, led by the Compensation Committee, shall determine that a satisfactory system is in effect for education, development, and orderly succession of senior and midlevel managers throughout the Company.