

MEDALIST DIVERSIFIED REIT, INC. WHISTLEBLOWER POLICY

Medalist Diversified REIT, Inc. (the “Company”) requires all employees, officers and directors of the Company to report illegal or unethical behavior. The Company has adopted this Whistleblower Policy (“Policy”) to encourage any employee, officer or director of the Company who knows of any such violation (a “Reporting Person”), or what is reasonably believed to be a violation, to report to the Chairperson of the Audit Committee of the Company as set forth in Section V below possible (i) violations of law, including applicable securities laws, (ii) accounting irregularities, and (iii) other suspected wrongdoing, including their own, which in any way may affect the Company or the properties owned by the Company.

I. Purpose of the Policy.

The Company and Audit Committee have adopted this Policy in order to:

- discourage illegal or unethical activity and business conduct that may disrupt the business or operations of the Company, damage the Company’s reputation, harm its relationships with employees, stockholders, investment banks, real estate professionals, suppliers, tenants or the general public, or lead to material loss;
- promote a climate of accountability with respect to Company resources;
- facilitate compliance with laws, rules and regulations applicable to the Company and its directors, officers and employees; and
- ensure that no Reporting Person should feel at a disadvantage in raising legitimate concerns.

This Policy provides a means whereby Reporting Persons can safely raise, internally and at a high level, serious concerns and disclose information that the Reporting Person believes in Good Faith (as defined below) could cause a Violation (as defined below).

II. Generally.

The Sarbanes-Oxley Act of 2002 provides certain legal protections to employees who provide information in investigations, including, without limitation, internal investigations, into certain types of violations of the securities laws, rules and regulations, or who file proceedings relating to similar violations. Under these laws, the Company and its officers, employees and agents are prohibited from discharging, demoting, suspending, threatening, harassing, or in any

other manner discriminating against an employee in the terms and conditions of his or her employment (collectively, “Retaliation”) because of any lawful act done by such employee to provide information which such employee reasonably believes constitutes a violation of any rule or regulation of the U.S. Securities and Exchange Commission (the “SEC”) or any other provision of federal law relating to fraud against the stockholders of the Company.

Accordingly, any Reporting Person who, in Good Faith, makes a Disclosure (as defined below) pursuant to this Policy with respect to a Violation or potential Violation shall be protected from any Retaliation. For the purposes of this Policy, “Good Faith” means that the Reporting Person has a reasonably held belief that the Disclosure is true and has not been made for personal gain, for malicious or frivolous reasons, or for any ulterior motive.

A “Violation” includes the following:

- violations of laws, rules or regulations which in any way may affect the Company or the properties owned by the Company, including, without limitation, any rule or regulation of the SEC, federal laws related to fraud against the stockholders of the Company, and the laws, rules and regulations of any jurisdiction in which the Company operates;
- violations of the Company’s policies, including the Company’s “Code of Business Conduct and Ethics” or “Code of Ethics for Senior Executives or Financial Officers” or statutory or other requirements for good corporate governance;
- violations of the Company’s “Insider Trading Policy”;
- improper accounting entries, violations of internal accounting controls or improper auditing matters which in any way may affect the Company or the properties owned by the Company, including, without limitation, the following:
 - fraud or intentional error in the preparation, evaluation, review or audit of any financial statement, tax return or other financial report of the Company;
 - fraud or intentional error in the recording and maintaining of financial records of the Company;
 - deficiencies in or non-compliance with the Company’s internal accounting controls;
 - misrepresentation or false statements to or by an officer or an accountant regarding a matter contained in the financial records, financial statements, tax returns or other financial reports of the Company;

- deviation from full and fair reporting of the Company’s financial condition; or
- taking any action to coerce, manipulate, mislead or fraudulently influence the Company’s external auditor in any way that would render the Company’s financial statements materially misleading;
- any other matter which, in the Good Faith belief of any Reporting Person, could cause harm to the business or reputation of the Company;
- any attempt to conceal a Violation or potential Violation or to conceal evidence of a Violation or potential Violation; or
- Retaliation for any report, complaint, allegation or other disclosure made pursuant to this Policy (a “Disclosure”).

III. Reporting Persons Protected.

This Policy offers Reporting Persons who make any Disclosure with respect to matters that are, or could reasonably give rise to, Violations protection from Retaliation, provided that such Disclosure is made:

- in Good Faith;
- in the reasonable belief of the Reporting Person making the Disclosure that the conduct or matter covered by the Disclosure could give rise to or has resulted in a Violation; and
- pursuant to the procedure set forth in Section V below.

No Disclosure that satisfies these conditions shall result in Retaliation or threat of Retaliation against the Reporting Person by the Company or any officer, employee, contractor, subcontractor or agent of the Company. Any acts of Retaliation against a Reporting Person shall be treated as a serious violation of Company policy and could result in discharge.

Reporting Persons who file reports or provide information which they know to be false or without reasonable belief in the truth and accuracy of such information will not be protected by this Policy and such Reporting Persons may be subject to disciplinary action, including, without limitation, termination of their employment.

IV. Confidentiality of Disclosure.

The Company will use its best efforts to treat all Disclosures by Reporting Persons as confidential and privileged to the fullest extent permitted by law so long as maintaining such confidentiality and privilege is compatible with a fair investigation. The Company will exercise particular care to keep confidential the identity of any Reporting Person making a Disclosure under this Policy until a formal investigation is undertaken. Thereafter, the identity of the Reporting Person making the Disclosure may be kept confidential, if requested, unless (a) such confidentiality is incompatible with a fair investigation, (b) there is an overriding reason for identifying or otherwise disclosing the identity of the Reporting Person, or (c) such disclosure is required by law. In any such instance, the Reporting Person making the Disclosure will be so informed in advance of his or her being identified with the Disclosure. Where disciplinary proceedings are invoked against any individual following a Disclosure under this Policy, the Company will normally require the name of the Reporting Person making the Disclosure to be disclosed to the person subject to such proceedings. In addition, the Reporting Person making the Disclosure confidentially should be informed that his or her identity will be disclosed if, after the investigation, it is reasonably determined that the Disclosure was made maliciously or recklessly.

While the Company encourages Reporting Persons to identify themselves in connection with any Disclosure they make, any Reporting Person may make an anonymous Disclosure by completing a Complaint Form in the form attached as Exhibit A to this Policy (the “Complaint Form”) (except for the personal information contained in Section 2) and submitting it anonymously to Chairperson of the Audit Committee of the Company. In responding to an anonymous Disclosure, the Chairperson will pay due regard to fairness to any individual named in the Disclosure, the seriousness of the issue raised, the credibility of the information or allegations in the Disclosure and the prospects of an effective investigation and discovery of evidence.

Investigations will be conducted as quickly as possible, taking into account the nature and complexity of the Disclosure and the issues raised therein.

V. Procedures.

Any Disclosure made by a Reporting Person under this Policy must be submitted directly to Chairperson of the Audit Committee of the Company. Submissions should be addressed as follows:

Personal and Confidential Communication/Reporting Person Submission

Only Recipient May Open

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

When submitting a Disclosure, Reporting Persons are asked to provide as much detailed information as possible. Providing details, rather than general, information, will greatly assist the Company in effectively investigating Disclosures. This is particularly important where a Reporting Person submits a Disclosure on an anonymous basis because the Company will be unable to contact the Reporting Person with requests for additional information or clarification.

The Complaint Form attached hereto as Exhibit A is recommended for use in documenting matters covered by each Disclosure. Disclosures received anonymously or with instructions from the Reporting Person to keep the Disclosure confidential shall be handled as provided in Section IV.

A Reporting Person (unless such Reporting Person has chosen to remain anonymous) should expect a response to any Disclosure no later than two weeks after the receipt of such Disclosure by the Audit Committee, unless the Reporting Person believes in Good Faith that conditions warrant a quicker reply, in which case the Reporting Person shall detail those conditions as part of his or her initial Disclosure and suggest expedited treatment.

The Audit Committee shall then make a preliminary investigation of the facts alleged in such Disclosure and may, in its discretion, request in writing to the compliance officer designated by the Audit Committee to administer this Policy (the “Compliance Officer”) to investigate further and report to the Audit Committee within a period of time specified by the Chairman of the Audit Committee. The Compliance Officer may appoint another person to undertake the preliminary investigation, provided that the findings and conclusions of the person so appointed shall be reported to, and endorsed by, the Compliance Officer before the report is made to the Audit Committee.

If, on preliminary examination, the matter raised or alleged in any Disclosure is judged to be without substance or merit, the matter shall be dismissed, the Reporting Person informed of the decision and the reasons for such dismissal and all papers relating to the allegation and investigation will be removed from the record. The Audit Committee may retain counsel to confirm such conclusion prior to communication to the Reporting Person of the decision and the reasons for such dismissal.

If it is judged that the allegation(s) or issue(s) in the Disclosure have merit, the matter shall be dealt with in accordance with this Policy, the Company's normal disciplinary procedures and/or as otherwise may be deemed appropriate according to the nature of the case. The conclusion of any investigation will be communicated to the person or persons against whom the Disclosure is made and to the Reporting Person.

Subject to the preceding paragraph, if any Disclosure relates to the alleged conduct of a director or officer of the Company, the Disclosure shall be referred to the Chairman of the Audit Committee for investigation by the Audit Committee. In the event the Disclosure relates to the alleged conduct of the Chairman of the Audit Committee, the Disclosure shall be referred to another member of the Audit Committee and the Chairman of the Audit Committee shall be excluded from any discussion of or investigation into the facts and allegations contained in such Disclosure. It is highly recommended that counsel be retained to investigate the facts and allegations contained in such Disclosure, as well as in all cases where a Disclosure contains allegations of any improper accounting entry, violations of internal accounting controls or improper auditing matters, whether or not the allegation implicates an officer or director of the Company.

If a Reporting Person makes a Disclosure in Good Faith pursuant to this Policy and any facts alleged are not confirmed by subsequent investigation, no action will be taken against the Reporting Person as a Reporting Person. In making a Disclosure, all Reporting Persons should exercise due care to ensure the accuracy of the information disclosed. Reporting Persons making a Disclosure that is determined to be without substance or merit and to have been made for personal gain or for malicious or frivolous reasons will not be protected by this Policy.

The file for each Disclosure shall be retained by the Company following the date of conclusion of the investigation in accordance with the Company's normal document retention policies.

VI. Annual Review and Reporting.

The Compliance Officer shall each make a quarterly report to the Audit Committee of (i) the number of Disclosures received, (ii) the number of investigations commenced in response to Disclosures, (iii) the number of wrongdoings discovered, and (iv) all disciplinary actions taken in response to matters discovered through Disclosures. This Policy will be reviewed annually by the Audit Committee after consultation with the Compliance Officer, taking into account the effectiveness of this Policy in promoting proper Disclosures, but with a view towards minimizing the opportunities to cause improper investigations.

VII. Modification.

The Audit Committee shall have the right to modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to (i) maintain compliance with (A) state and federal laws, rules and/or regulations, and/or (B) any applicable listing standards or rules of the Nasdaq Capital Market or any other national securities exchange or interdealer automated quotation system on which the Company's securities are listed, as such rules and regulations may be amended from time to time, and/or (ii) accommodate organizational changes within the Company.

VIII. Cooperation by Affiliates of the Company

This Policy is designed to cover Disclosures directly or indirectly affecting the Company as a public company. Since the Company does not currently have any employees and its day-to-day operations and asset and property management functions are performed by employees of its affiliates pursuant to executed agreements, this Policy shall be formally adopted by each affiliate of the Company with which the Company has a contractual relationship, and each such affiliate shall fully cooperate with the Company in enforcing the provisions of this Policy.

EXHIBIT A
COMPLAINT FORM

1. Recipient: _____

2. *(Note: The information relating to the Reporting Person in this Section 2 should not be completed if the Disclosure is to be submitted anonymously)*

Reporting Person Name: _____ Tel: _____

Supervisor: _____ E-mail: _____

3. Department of Reporting Person: _____

4. Type of Violation: Legal Accounting/Auditing Retaliation

5. Date Reporting Person first became aware of Violation: _____

6. Violation is: Ongoing Completed Unsure

7. Department suspected of Violation: _____

8. Individual(s) suspected of Violation: _____

9. Describe the relevant facts of the Violation: _____

10. Describe how the Reporting Person became aware of the Violation: _____

11. Describe the steps taken by the Reporting Person prior to contacting the Recipient: _____

12. Who, if anyone, may be harmed or adversely affected by the Violation? _____

13. If the Violation is legal, estimate the amount of potential loss to the Company as a result of the Violation:

\$ _____

14. If the Violation relates to accounting/auditing matters, estimate the amount of the misreporting and indicate the affected category (or categories) of misreporting:

\$ _____

Category:

Assets

Liabilities

Expenses

Revenue

Valuation

Equity

15. Provide any suggestions for remedying the Violation: _____
