

**Second Supplement  
to the Amended and Restated Confidential Private Placement Memorandum of  
TreyNet Realty Capital REIT, Inc. dated March 10, 2017  
(June 26, 2017)**

This Second Supplement (this “Second Supplement”) dated June 26, 2017 modifies and supplements the Amended and Restated Confidential Private Placement Memorandum of TreyNet Realty Capital REIT, Inc. dated March 10, 2017 (the “Memorandum”) and the First Supplement to the Memorandum dated May 4, 2017 (“First Supplement”), and should be read only in conjunction with the Memorandum and the First Supplement. Capitalized terms not defined in this Second Supplement have the meanings set forth in the Memorandum.

**This Second Supplement only reflects changes to the Memorandum. You should read the Memorandum and the First Supplement in their entirety before investing in any Shares.**

**MINIMUM OFFERING AMOUNT**

The Company has received subscriptions for the Minimum Offering Amount of \$2,000,000.

**PAYMENT OF SUBSCRIPTION PRICE**

The escrow account was terminated following receipt of subscriptions for the Minimum Offering Amount. Prospective investors should deliver to the Company their fully executed Subscription Agreement and pay the full subscription price for the Shares to be purchased either by (i) wire transfer in immediately available funds to an account designated by the Company or (ii) mailing to the Company a check made payable to TreyNet Realty Capital REIT, Inc.

**THE PROJECTS**

**Acquisition of the Projects**

TreyNet REIT OP, LP, the Operating Partnership, entered into a Purchase and Sale Agreement dated February 20, 2017 (as amended, the “Purchase Agreement”) with The Broadway Group, LLC, an Alabama limited liability company, and Sevierville Investments, LLC, a Tennessee limited liability company (collectively, the “Seller”), to acquire 3 tracts of real property located at (i) 7080 Lantana Road, Crossville, Tennessee (the “Crossville Project”), (ii) 3578 Henderson Highway, Pisgah Forest, North Carolina (the “Pisgah Project”) and (iii) 10944 State Highway 68, Ten Mile, Tennessee (the “Ten Mile Project” and together with the Crossville Project and the Pisgah Project referred to collectively as, the “Projects”) for an aggregate purchase price of \$3,564,618.86. The Operating Partnership assigned the Purchase Agreement to TreyNet Investments I, LLC, a North Carolina limited liability company (“TreyNet Investments”), on May 1, 2017. TreyNet Investments acquired the Crossville Project on May 4, 2017.

On May 31, 2017, TreyNet Investments acquired the Pisgah Project for a purchase price of \$1,195,542.86. On June 26, 2017, TreyNet Investments acquired the Ten Mile Project for a purchase price of \$1,263,876.00. To facilitate the acquisition of the Pisgah Project and the Ten Mile Project, the Operating Partnership obtained a revolving loan from Capital Bank Corporation, a North Carolina banking corporation (the “Lender”) in the amount of \$5,000,000. See “Financing Terms.”

TreyNet Investments acquired the Pisgah Project and the Ten Mile Project “as is,” with limited representations and warranties from the Seller, including with respect to environmental matters, the existence of hazardous materials or matters affecting the condition, use and ownership of the Pisgah Project and the Ten Mile Project. The representations and warranties survive the closing for a period of 1 year from the acquisition date. See “Risk Factors – Real Estate Risks – Lack of Representations and Warranties” in the Memorandum for the risks relating to limited representations from the Seller.

The Pisgah Project and the Ten Mile Project are 100% leased and occupied by Dolgencorp, LLC, a Kentucky limited liability company (the “Dollar General Tenant”), under the same form of triple-net lease (each a “Lease” and collectively, the “Leases”) and operated as Dollar General stores. See “Lease Information.”

## **Pisgah Project**

**Description.** The Pisgah Project is located at 3578 Henderson Highway, Pisgah Forest, North Carolina. Construction of the improvements was completed in May 2017 as a build-to-suit development for the Dollar General Tenant. According to an ACSM/ALTA Survey prepared by King Engineering of Concord, Inc. dated May 5, 2017 (the “Pisgah Survey”), the Pisgah Project is situated on 5.30 acres and includes a 1-story building, consisting of approximately 9,100 square feet of space. The Pisgah Project contains 30 parking spaces, including 2 handicapped spaces.

**Appraised Value.** The Lender obtained an independent third-party appraisal from Bidencope & Associates (“Bidencope”) dated May 19, 2017 (the “Pisgah Appraisal”) according to which the “as-is” appraised market value of the Pisgah Project as of May 15, 2017 was \$1,230,000.

**Description of the Market.** The Pisgah Project is located in an unincorporated community in Transylvania County. According to the Pisgah Appraisal, the area surrounding the Pisgah Project consists of a stable and slowly growing rural district with limited retail/commercial development that is expected to experience some development in the future. The population within the 3-mile area surrounding the Pisgah Project was 6,212 in 2016 with a median household income of \$40,832. The Pisgah Appraisal states that Transylvania County (including Pisgah Forest) should maintain slow and steady growth in its population level and employment levels should remain stable for low to average income workers and continue to improve over the next 5 years. Further, according to the Pisgah Appraisal, a Dollar General store is a good retail use for the Pisgah Project as it is well located to serve the surrounding residential customer base which is currently underserved. Because Pisgah Forest is rural community with low to average income workers, there can be no assurance that TreyNet Investments will be able to secure a new tenant if the Dollar General Tenant prematurely terminates its Lease or sell the Pisgah Project for the price, on the terms or within the time frame it desires.

**Environmental Conditions.** Arc Environmental, Inc. (“Arc”) prepared a Phase I Environmental Site Assessment for the Pisgah Project dated May 24, 2017 (the “Pisgah Site Assessment”). According to the Pisgah Site Assessment, Arc did not identify any recognized environmental conditions (“RECs”) for the Pisgah Project. Arc identified one Leaking Underground Storage Tank (“LUST”) site within 0.5 miles of the Pisgah Project, however, Arc did not consider the LUST site a REC because the site is hydrologically down or cross-gradient from the Pisgah Project. See “Risk Factors – Real Estate Risks – Environmental Liability” in the Memorandum for potential risks relating to environmental conditions.

**Wind Zone.** The Federal Emergency Management Administration (“FEMA”) categorizes the area in which the Pisgah Project is located as Zone III, which means winds of up to 200 mph. See “Risk Factors – Real Estate Risks – Earthquakes, Hurricanes, Tornados, Wildfires and Floods” in the Memorandum for potential risks relating to high winds.

**Encumbrances.** The Pisgah Project is subject to: (i) a utility easement, (ii) encroachment of electric conduit boxes, an electric post, a retaining wall and a well onto US Highway 64 right of way, (iii) water rights of others and (iv) encroachment of a wood privacy fence and a wood rail fence on the eastern boundary of the Pisgah Project.

## **Ten Mile Project**

**Description.** The Ten Mile Project is located at 10944 State Highway 68, Ten Mile, Tennessee. Construction of the improvements was completed in May 2017 as a build-to-suit development for the Dollar General Tenant. According to an ALTA/NSPS Land Title Survey prepared by 4Site Inc. dated May 17, 2017 and revised on June 8, 2017 (the “Ten Mile Survey”), the Ten Mile Project is situated on 2.06 acres and includes a 1-story building, consisting of 9,306 square feet of space. The Ten Mile Project contains 30 parking spaces, including 2 handicapped spaces.

**Appraised Value.** The Lender obtained an independent third-party appraisal from Bidencope dated May 19, 2017 (the “Ten Mile Appraisal”) according to which the “as-is” appraised market value of the Ten Mile Project as of May 14, 2017 was \$1,300,000.

**Description of the Market.** The Ten Mile Project is located in the Town of Ten Mile in Meigs County. According to the Ten Mile Appraisal, the area surrounding the Ten Mile Project consists of a stable rural district with

limited retail/commercial development that is expected to experience some development in the future. The population within the 3-mile area surrounding the Ten Mile Project was 1,357 in 2016 with a median household income of \$38,196. The Ten Mile Appraisal states that Meigs County (including Ten Mile) should maintain slow and steady growth in its population level and employment levels should remain stable for low to average income workers and continue to improve over the next 5 years. Further, according to the Ten Mile Appraisal, a Dollar General store is a good retail use for the Ten Mile Project as it is well located to serve the surrounding residential customer base which is currently underserved. Because Ten Mile is rural community with low to average income workers, there can be no assurance that TreyNet Investments will be able to secure a new tenant if the Dollar General Tenant prematurely terminates its Lease or sell the Ten Mile Project for the price, on the terms or within the time frame it desires.

**Environmental Conditions.** Arc prepared a Phase I Environmental Site Assessment for the Ten Mile Project dated May 24, 2017 (the “Ten Mile Site Assessment”) for the Operating Partnership. According to the Ten Mile Site Assessment, Arc did not identify any RECs for the Ten Mile Project. See “Risk Factors – Real Estate Risks – Environmental Liability” in the Memorandum for potential risks relating to environmental conditions.

**Wind Zone.** FEMA categorizes the areas in which the Ten Mile Project is located as Zone IV, which means winds of up to 250 mph. See “Risk Factors – Real Estate Risks – Earthquakes, Hurricanes, Tornados, Wildfires and Floods” in the Memorandum for potential risks relating to high winds.

**Encumbrances.** The Ten Mile Project is subject to: (i) a Land and Land Use Restrictive Agreement and (ii) setbacks, easements and other matters as shown on a recorded corrected plat and the Ten Mile Survey.

### LEASE INFORMATION

The Pisgah Project and the Ten Mile Project are 100% leased and occupied by the Dollar General Tenant under the same form of triple-net Lease. The Leases are guaranteed by the Dollar General Tenant’s parent company, Dollar General Corporation (“DGC”). The Dollar General Tenant operates a Dollar General store at each of the Pisgah Project and the Ten Mile Project, which provides affordable retail products such as food, snacks, health and beauty aids, cleaning supplies, family apparel, housewares and seasonable items. The financial success of each Project, and the ability of each Project to produce current income in the form of rental income, is dependent upon the performance of the Dollar General Tenant. See “Risk Factors –Real Estate Risks – Single-Tenant Leases” and “Risk Factors –Real Estate Risks – Special Use Single-Tenant Properties” in the Memorandum for potential risks relating to single tenant leases.

#### Lease Term

Except for Project-specific details, each Lease contains identical terms and conditions. The Leases generally contain standard terms and conditions for retail leases. Each Lease is for an initial term of 15 years. The Dollar General Tenant is entitled to extend the term of each Lease for 5 successive periods of 5 years each.

#### Pisgah Project – Lease Term and Rent

The Lease for the Pisgah Project commenced on May 1, 2017 and the expiration date of the initial Lease term is April 30, 2032. The Dollar General Tenant will pay fixed base rent, in advance on the first day of the month, based on the following schedule:

Lease Years	Monthly Rent	Annual Rent
Initial Term Years 1 – 15	\$ 6,974.00	\$ 83,688.00
Renewal Term Years 16 – 20	\$ 7,672.00	\$ 92,064.00
Renewal Term Years 21 – 25	\$ 8,439.00	\$ 101,268.00
Renewal Term Years 26 – 30	\$ 9,283.00	\$ 111,396.00
Renewal Term Years 31 – 35	\$ 10,211.00	\$ 122,532.00
Renewal Term Years 36 – 40	\$ 11,232.00	\$ 134,784.00

## Ten Mile Project – Lease Term and Rent

The Lease for the Ten Mile Project commenced on May 28, 2017 and the expiration date of the initial Lease term is May 31, 2032. The Dollar General Tenant will pay fixed base rent, in advance on the first day of the month, based on the following schedule:

Lease Years	Monthly Rent	Annual Rent
Initial Term Years 1 – 15	\$ 7,372.61	\$ 88,471.32
Renewal Term Years 16 – 20	\$ 8,109.87	\$ 97,318.44
Renewal Term Years 21 – 25	\$ 8,920.85	\$ 107,050.20
Renewal Term Years 26 – 30	\$ 9,812.94	\$ 117,755.28
Renewal Term Years 31 – 35	\$ 10,794.23	\$ 129,530.76
Renewal Term Years 36 – 40	\$ 11,873.66	\$ 142,483.92

## Noncompetition Restrictions

Each Lease contains a provision that prohibits TreyNet Investments from developing or constructing, or allowing to be developed or constructed, any property now or hereafter owned by TreyNet Investments or an affiliate of TreyNet Investments, or developed or constructed by TreyNet Investments or an affiliate of TreyNet Investments for a third party, within a 1-mile radius of the boundaries of each Project for the purpose of conducting business as, or for use as, a Family Dollar Store, Bill's Dollar Store, Fred's, Dollar Tree, Ninety-Nine Cents Only, Deals, Dollar Express, Big Lots, Walgreens, CVS, Rite Aid or any Wal-Mart branded retail store concept (including but not limited to Wal-Mart, Super Wal-Mart, Wal-Mart Neighborhood Market and Wal-Mart Express). If there is a violation of such restriction, the Dollar General Tenant is entitled to (i) terminate the applicable Lease upon 90 days' notice from the date such breach occurs and (ii) pursue any and all other remedies available to the Dollar General Tenant. If the Dollar General Tenant elects not to terminate the applicable Lease, yet, such violation continues, the Dollar General Tenant is entitled to reduce the monthly base rent and other charges by 50% until such violation is cured. If TreyNet Investments violates the noncompetition restriction contained in the Leases, the financial performance of the applicable Project could be adversely affected which could materially reduce the cash available for distributions to the stockholders.

## Restrictions Relating to Easements

Pursuant to the Leases, TreyNet Investments may not make any changes or enter into any reciprocal easement or similar agreement, or grant access to any off-site entrances, access ways or delivery lanes benefiting any Project, without first obtaining the Dollar General Tenant's prior written consent and without first entering into an easement agreement with covenants and restrictions or a similar agreement for ingress, egress, parking or restrictive covenants benefitting such Project with the owner or occupant of the adjacent property. In such instance, the Dollar General Tenant will be a third party beneficiary of all of the terms and provisions of any such easement agreement.

## Description of Dollar General Corporation

The Dollar General Tenant is a wholly-owned subsidiary of DGC, the guarantor under the Leases. Founded in 1939 as J.L. Turner and Son, DGC is among the largest discount retailers in the United States by number of stores, with 13,601 stores located in 44 states as of May 5, 2017, with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. DGC offers a broad selection of merchandise at everyday low prices through convenient small-box locations, including consumables, seasonal items, home products and apparel, including high quality national brands from leading manufacturers, as well as DGC's own value and comparable quality private brand selections with prices at substantial discounts to national brands. As of March 3, 2017, DGC employed approximately 121,000 full-time and part-time employees.

DGC reported revenues for fiscal year 2016 of \$21.9 billion, fiscal year 2015 of \$20.3 billion and for the 3 months ended May 5, 2017 of \$5.61 billion. DGC stock is traded on NYSE under the ticker symbol DG. As of June 23, 2017, DGC's stock closed at \$69.75 per share. This description of DGC is based on, and qualified in its entirety by information available from third-party sources including DGC's annual and quarterly reports. The DGC reports filed with the SEC are available on the SEC's website at [www.sec.gov](http://www.sec.gov). The Company did not independently verify this

information and cannot assure investors of its accuracy and completeness. The SEC EDGAR filing code for DG is CIK #0000029534.

## **FINANCING TERMS**

To facilitate the acquisition of the Pisgah Project and the Ten Mile Project and to establish a revolving line of credit for future property acquisitions, on May 31, 2017, the Operating Partnership obtained a revolving loan from the Lender in the amount of \$5,000,000 (the "Loan"). The Lender advanced \$1,771,687.24 under the Loan for the acquisition of the Pisgah Project and Ten Mile Project, which such amount is secured by all of the Projects.

### **Advances**

Under the terms of the Loan, the Operating Partnership may request that the Lender make an advance to be used for the acquisition of certain credit tenant properties to be acquired by the Operating Partnership or a related special purpose entity. The Lender is not obligated to advance more than 50% of the lesser of the Lender approved purchase price or the MAI certified "as is" appraised value of the proposed property to be acquired.

### **Loan Term and Payments**

The Loan will have a one year term with a maturity date of May 31, 2018 (the "Maturity Date") and will be interest only during the entire Loan term. Interest payments will begin on July 7, 2017 and continue on the same calendar day of each consecutive month until the Maturity Date. Principal on the Loan will be due and payable on the Maturity Date. The Loan may be paid in whole or in part at any time without payment of any prepayment premium or penalty.

### **Interest Rate**

During the Loan term, interest will accrue at a variable rate equal to the One Month LIBOR (as published by the Wall Street Journal) plus 2.50%. The initial interest rate is 3.545%. The Lender reserves the right to make loans on based on other rates.

### **Fees**

The Operating Partnership paid the Lender an origination fee in the amount of \$15,750. During the Loan term, the Operating Partnership will be required to pay the Lender, quarterly in arrears, an unused line fee equal to 0.25% per annum on the average daily unused amount of the Loan for each such quarter.

### **Covenants**

The Operating Partnership may not do any the following without the prior written consent of the Lender, any of which could result in the Company's failure to maintain its REIT status in any given year which would adversely affect its net earnings available for investment or distributions to stockholders and the value of the Shares:

- incur or assume any indebtedness from other lenders, which may limit the Operating Partnership's ability to acquire additional properties;
- change its capital structure or amend the Operating Partnership Agreement or its other organizational documents;
- sell, transfer, liquidate or otherwise dispose of all or any part of the collateral securing the Loan;
- sell, transfer or dispose of any of its partnership interests;
- issue any additional partnership interests or any other form of ownership interests, or redeem any partnership interests;
- declare or make any distributions to its partners during an event of default under the Loan or if payment of such distributions would result in an event of default; or

- make any payments of any kind to its partners, managers or officers (including, without limitation, debt repayments, payments for goods or services or otherwise, but excluding ordinary salary payments to any of the foregoing employed by the Operating Partnership) during an event of default under the Loan or if such payments would result in an event of default.

### **Events of Default**

The Loan contains standard events of default typically included in a revolving line of credit loan. See “Risk Factors – Financing Risks – Events of Default” in the Memorandum for potential risks relating to events of default under a loan.

### **Recourse Loan**

The Loan is recourse to the Operating Partnership and each of TreyNet Investments and TreyNet Realty Capital REIT, Inc., the general partner of the Operating Partnership, entered into an unconditional guaranty agreement to guarantee all obligations of the Operating Partnership under the Loan documents. See “Risk Factors – Financing Risks – Recourse Liability” in the Memorandum for potential risks relating to recourse loans.