

ARTICLE II  
INVESTMENT POLICY

SECTION 2.1. *Statement of Investment Policy.* The Trustees intend initially to invest the Trust Property in entire or participating interests in Real Property and Mortgage Loans and in government securities, bank certificates of deposit, savings and loan associations and deposits in members of the Federal Home Loan Bank System. Thereafter, it shall be the policy of the Trustees to invest the major portion of the Trust Property in Mortgage Loans (including, without limitation, Mortgage Loans made in connection with land purchase-leaseback transactions and net lease financings). The Trustees presently intend to invest a lesser portion of the Trust Property in ownership or other interests in Real Property, or in Persons involved in owning, operating, leasing, developing, financing or dealing in Real Property (which investments will ordinarily be made in connection with properties having income-producing characteristics and which may, but need not be, related to the making of Mortgage Loans by the Trust), and to make commitments to make investments consistent with the foregoing policies.

Subject to the investment restrictions contained in Section 2.3, the Trustees may alter any or all of the above-described investment policies if in their judgment such change would be in the best interests of the Trust. Subject to any such alteration in the investment policies of the Trust, the Trustees shall endeavor to invest the Trust's assets in accordance with the investment policies set forth in this Article II, but the failure so to invest its assets shall not affect the validity of any investment made or action taken by the Trustees.

The general purpose of the Trust is to seek real estate investment trust income as defined in the REIT Provisions of the Internal Revenue Code. The Trustees intend at all times to make investments in such a manner as to comply with the requirements of the REIT Provisions of the Internal Revenue Code with respect to the composition of the Trust's investments and the derivation of its income; provided, however, that no Trustee, officer, employee or agent of the Trust shall be liable for any act or omission resulting in the loss of tax benefits under the Internal Revenue Code, except for that arising from his own bad faith, willful misconduct, gross negligence or reckless disregard of his duties or for his failure to act in good faith in the reasonable belief that his action was in the best interests of the Trust.

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