

November 13, 2017

Dear Fellow Shareholders,

Zoned Properties has had another successful quarter highlighted by an increase in revenue of 21% to \$1.6 million for the nine-month period in 2017, compared to \$1.3 million for the comparable period in 2016, and our third consecutive quarter of net income. As we implement our business strategy to capture value and mitigate risk for shareholders, Zoned Properties continues to be recognized by the industry and invited to join a number of highly respected councils such as the Forbes Real Estate Council and the Vistage Executive Business Council of Scottsdale. I am extremely proud of our ongoing work to design and develop the Chino Valley Cultivation Facility and the Tempe Medical Marijuana Business Park. We have also finalized the foundation to begin providing Strategic Advisory Services to sophisticated operators across the country, creating a platform for Zoned Properties to take ownership interest in a new class of projects in the industry.

Third Quarter Results of Operations

The continued execution of our business strategy and portfolio development is driving strong and improving financial results for our company. Our portfolio of long-term leases with escalating rental payments remains the basis for growing and predictable revenue each quarter. For the third quarter 2017, revenue grew \$48,000 compared to the comparable period in 2016, an increase of 10%. Just as important, we generated third quarter 2017 net income of \$182,000 representing the third consecutive quarter of net income. Going forward, we expect the significant operating leverage in our business model and the long-term nature of our leases with escalating rental payments will be a powerful driver of continued, improving financial results.

Chino Valley Cultivation Facility

The Chino Valley Cultivation Facility has expanded at a rapid pace to become one of our highest revenue generating properties. The expansion has been significant, yet we are still in the early stages of what we believe will become a much larger development that could produce a significant increase in rental revenue when completed. The current operating facilities include only a small portion of the development plans approved by local officials.

After several years of honing best practices from a diversity of facilities across the continent, we finalized and unveiled the Company's long-term master plan for this 47.6-acre property located in Northern Arizona. By applying our years of industry-specific expertise, we worked directly with stakeholders and gathered input from local officials and licensed operators to codify our vision into a master plan that will contribute to setting the standard for property

development in the industry with real and lasting value for our shareholders. The plan expands the size of the current facility from 30,000 square feet of leased space to more than 300,000 square feet of leased space for our current tenant and includes approximately 25 acres of operational space in total, for which multiple tenants can use in the future to cultivate and process medical marijuana. With a long-term development deal approved by the local municipality, we have established a uniquely zoned property and are able to lease the development at premium rental rates compared to traditional commercial real estate. The master plan is a sophisticated and detailed roadmap that positions Zoned Properties to service the entire state of Arizona and includes corporate office space, sustainable housing for on-site workers and a large-scale solar power installation to support energy requirements. With this vision in place, we can now work to achieve the highest and best use for the property, significantly increasing the value of the asset.

Upon completion of the development, we believe the entire property has the potential to be leased to multiple tenants for more than \$7 million in annual rental revenue.

Tempe Medical Marijuana Business Park

During the second quarter of 2017, the primary tenant at our Tempe Medical Marijuana Business Park established their Corporate Headquarters at the property and will operate as our premier, anchor tenant. The newly renovated corporate suite includes 2,500 square feet of office and conference space and is conveniently located next to their existing business operations at the property. The property provides our tenant with the physical infrastructure it needs to expand its business as the medical marijuana landscape continues to grow and transform at a rapid pace. With plans to develop 25,000 square feet of cultivation operations and an additional 10,000 square feet for retail and storage use by a nutrient/hydroponic vendor, we expect the Tempe Medical Marijuana Business Park will drive significant increases in future monthly rental revenue.

Portfolio Performance

The five properties that the Company owns in its portfolio currently represents more than 100,000 square feet of rentable square footage across the state of Arizona. Through careful planning, research and working in partnership with tenants and local officials, we have leased more than 50,000 square feet and expect the total square footage leased to exceed 65,000 by the end of 2017, as represented by the long-term lease agreements in place with our tenants. This growth is expected to increase annual base rent payments by approximately 22% for 2018, driving a material increase in cash receipts that can be reinvested to further grow our business.

**Supplemental Information Regarding Current Portfolio of Rental Properties
at September 30, 2017**

	Tempe, AZ ^(a)	Gilbert, AZ	Green Valley, AZ	Chino Valley, AZ	Kingman, AZ	Total
Total Rentable Sq. Ft.	60,000	*	1,440	40,000	1,497	102,937
Sq. Ft. Rented (as of 9/30/17)	17,500	*	1,440	30,000	1,497	50,437
Vacant Rentable Sq. Ft.	42,500	*	0	10,000	0	52,500
Total # of Tenants	2	1	1	1	1	
Annual Base Rent (2017) ^(b)	\$310,075	\$15,000	\$127,259	\$695,000	\$160,745	\$1,308,079
Annual Base Rent (2018) ^(b)	\$482,600	\$15,000	\$133,619	\$796,250	\$168,782	\$1,596,251

(a) In addition to base rent received from our tenants, we lease 800 square feet of property containing a cell tower located on the property to a third party for \$1,450 per month, subject to 5-year extensions. Annual base rent from the cell tower lease is not included in this table.

(b) Annual base rent represents amount of cash payments due from tenants and differs from revenues to be recognized on our consolidated financial statements.

* We lease the entire undeveloped 34,717 square feet land parcel to a tenant.

Strategic Advisory Services

Our Strategic Advisory Services, which are ancillary to our core property development business, were born out of requests from municipalities and other property developers wanting to tap into our firsthand experiences navigating the intricate details of property development in the medical marijuana industry. As a service, we plan to advise directly with clients to assist them in the various stages of the property development life cycle. From the early stages of conceptualizing a client's development vision to master planning, detailed architectural design and construction management, we plan to support our clients with the intellectual capital to improve and accelerate their projects. These Strategic Advisory Services will fill a significant need in the market as property owners, developers and local municipalities look to instill objective oversight and avoid tactical missteps that can arise with new property development.

Acquisitions and Divestitures

We continue to explore opportunities to expand our business with properties that are a strategic fit for our existing portfolio and meet our pre-determined economic hurdles for acquisition. More specifically, we are critically seeking opportunities where the application of our development model can be applied to develop premier properties that can command premium rental rates over the long-term. Our proven track record of quality property development within the licensed medical marijuana industry puts us in a unique and highly-qualified position to be selective in serving a burgeoning group of operators looking to enter the market.

Our balance sheet remains strong with approximately \$791,000 in cash on hand at September 30, 2017. As you may recall, during the second quarter of 2017, we completed a series of financing transactions and sold a non-core property located in Tempe, Arizona that altered our capital structure and in effect extended debt maturities, lowered our quarterly debt service payments and provided additional liquidity. Our cash position, healthy balance sheet and strong and improving financial results provide us with the capacity and flexibility to pursue the purchase of additional properties at our discretion. While a purchase is not imminent, the evaluation of potential targets is continuous.

Looking Ahead

The next phase of our business strategy is focused on expansion. We are working to expand our developments in Arizona, driving higher rental revenue and leveraging our flagship assets. We are moving expeditiously to develop and deploy our Strategic Advisor Services division across the continent, taking advantage of our successful execution to date and our expertise in sustainable property development.

In the third quarter, we continued to deliver for our shareholders, our tenants and the communities in which we operate by serving with excellence, integrity, and delivering on our commitments. We have built a business model that is sustainable, through risk mitigation and diversification, all backed by a strong and improving balance sheet and profitability.

We appreciate your continued support,

Bryan McLaren
Chief Executive Officer