

approximately 2.7% of farms equating to 10% of the land, both of which we believe indicate there is significant opportunity to increase such ownership.

### **Competitive Strengths**

We believe the following characteristics differentiate us from our competitors:

- *National, Diversified and Growing Portfolio of Farms.* Our portfolio is comprised of 18 farms with approximately 16,136 gross acres with more than 21 crop varieties (approximately 40 if sub-varieties are counted), some of which are planted in rotation, in Alabama, Arkansas, California, Florida, Georgia and Illinois. We believe our U.S. focus allows for better comparable geographic and crop type diversification and fewer comparable legal, political and infrastructure risks than other global regions. We believe that we have greater cash flow stability and more acquisition opportunities as a result of our diversification: (i) through numerous crop varieties; (ii) across USDA Regions as well as high-quality sub-regions and microclimates; (iii) through negotiated lease structures (e.g., fixed or participating) of differing durations; (iv) through varied farm tenants and tenant types (e.g., family operation or corporate entity); and (v) by property plans (e.g., development, mature or alternate higher and better use including so-called "Path of Progress" farming potential).
- *High-Quality Farms.* Our portfolio is comprised of high-quality farms in select U.S. agricultural markets that we believe are characterized by generally superior quality of soils suitable for the applicable crop type, adequate water availability (ground and/or surface water or water availability within growing region) and are located in prime growing regions with demand for the applicable type of farmland. We conduct extensive due diligence on all farms prior to completing an acquisition. Characteristics analyzed include: (i) soil quality (mineral content, chemistry, water retention and drainage) and suitability for crop type; (ii) water supply in terms of quantity, availability, purity, quality and regional climate; (iii) and whether the property is located in a prime geographic growing region in terms of weather variability, access to markets and infrastructure. We are solely focused on cropland investments, and we do not own, nor do we intend to acquire, livestock, poultry or dairy properties.
- *Focus on Permanent Crops.* We believe that focusing our portfolio on mature permanent and to a lesser extent on specialty/vegetable crop types, which are less commoditized than corn, wheat, rice, cotton or soybeans, provides a more meaningful opportunity to potentially generate higher risk adjusted returns than if we concentrated our portfolio solely on farms suitable only for commodity row crop types. Currently, all of our mature permanent crop farms have participating leases allowing for potentially higher returns than those generally generated by fixed leases. For example, our Golden Eagle Ranch property, which operates under a participating lease, generated income returns of 12.4% through the second quarter of 2015, 13.3% in 2014 and 10.7% in 2013. Further, mature permanent and specialty/vegetable crop farms tend to be situated in more fragmented, less efficient markets, which are characteristics we seek to use to derive returns for our stockholders. The annualized total return for permanent crop farmland over the five year period ended on June 30, 2015 was 20.2%, based on NCREIF data.
- *Identifiable Pool of Reputable and Qualified Tenants.* We believe the areas where we own and intend to acquire farms are characterized by competitive tenant and/or farm operator environments, with multiple experienced tenants or farm operators seeking to expand the scale of their operations by leasing additional cropland. Accordingly, our mature cropland is leased and farmed each year, with leases often having multi-year durations. While the mature permanent cropland tenant base is still developing, we expect a competitive tenant environment to expand as we believe there already is a strong market in place for direct farm operations as