

of \$98,104 relating to our acquisitions made in the fourth quarter of 2014 (the second and larger tranche of Kimberly Vineyard and Falcon Farms), and \$34,665 relating to our existing Golden Eagle Ranch property. Management and performance fees-related party increased by \$865,409 due to higher total assets for purposes of the management fees and increased performance fees due to the higher funds from operations and capital appreciation generated in 2015. Such costs are not expected to continue following the Internalization. Property operating expenses increased by \$106,475 during the six months ended June 30, 2015. Of the \$106,475 increase in property operating expenses, \$150,928 related to our acquisitions made in the fourth quarter of 2014 (\$45,735 in management fees, \$92,166 in real estate taxes, \$9,644 in repairs and maintenance, and \$3,382 in insurance) and \$34,382 related to increased management fees commensurate with the increased revenues from our same-property portfolio. This was partially offset by property operating costs incurred in 2014 relating to the Hawk Creek Ranch and Pintail Vineyards properties from which we were entitled to participating revenues related to leases assumed at the time the properties were purchased. As a result, our development properties incurred management fees and real estate taxes associated with this revenue in 2014, which ceased once the leases expired. These expenses are currently being capitalized, as these two properties are under development.

Total Other Expense

Total other expense increased \$171,463, or 416.89%, from \$41,129 for the six months ended June 30, 2014 to \$212,592 for the six months ended June 30, 2015. The increase in total other expense arises from interest paid on the original credit facility, which was drawn down in the fourth quarter of 2014, and the increased deferred financing costs incurred in establishing the additional credit facility in the first quarter of 2015.

Permanent Crop Segment

Our permanent crop segment operating revenues for the periods presented were impacted by acquisitions made during the last quarter of 2014. To highlight the effect of changes due to acquisitions, we have separately discussed the components of operating revenues and property-specific operating expenses for our same-property portfolio, which includes the first tranche for Kimberly Vineyard, Golden Eagle Ranch, Quail Run Vineyard and Blue Heron Farm, permanent crop farms owned by us for the entirety of both periods presented. In the fourth quarter of 2014, we closed two acquisitions of permanent crop properties, Falcon Farms and a second and larger tranche for the Kimberly Vineyard property.

	For the Six Months Ended June 30,		\$ Change	% Change
	2015	2014		
OPERATING REVENUES:				
Fixed rent	\$1,109,005	\$ 228,561	\$ 880,444	385.21%
<i>Same-property portfolio</i>	843,575	228,561	615,014	269.08%
Participating rent	2,331,486	1,927,909	403,577	20.93%
<i>Same-property portfolio</i>	2,331,486	1,927,909	403,577	20.93%
Recovery of expenses	178,203	99,630	78,573	78.86%
<i>Same-property portfolio</i>	118,952	99,630	19,322	19.39%
Other income	20,000	—	20,000	—
Total operating revenues	3,638,694	2,256,100	1,382,594	61.28%
<i>Same-property portfolio</i>	3,294,013	2,256,100	1,037,913	46.00%
OPERATING EXPENSES:				
Depreciation	730,570	582,276	148,294	25.47%
<i>Same-property portfolio</i>	632,466	582,276	50,190	8.62%
Property operating expenses	418,924	228,360	190,564	83.45%
<i>Same-property portfolio</i>	267,996	228,360	39,636	17.36%
Acquisition-related expenses	—	220	(220)	(100.00)%
Professional fees	1,931	5,952	(4,021)	(67.56)%
Total operating expenses	1,151,425	816,808	334,617	40.97%
OPERATING INCOME	\$2,487,269	\$1,439,292	\$1,047,977	72.81%