

### *Total Operating Expenses*

Total operating expenses increased \$776,026, or 14.48%, from \$5,358,836 for the year ended December 31, 2013 to \$6,134,862 for the year ended December 31, 2014. Operating expenses increased in part due to increased depreciation of \$265,636. \$222,722 of this increase in depreciation is due to Blue Heron Ranch, which was acquired in November 2013. Management and performance fees-related party increased by \$467,514 due to (i) higher total assets for purposes of the management fees and (ii) increased performance fees due to the higher funds from operations and capital appreciation generated in 2014. Such costs are not expected to continue following the Internalization. Property operating expenses increased by \$267,926, attributable to an increase of \$191,767 in costs to support the revenue we collected for Grassy Island Groves on the portion of that property that is not being redeveloped, increased management fees correlated to increased revenues and increased real estate taxes. Same property operating expenses increased \$126,752, or 11.92%, from \$1,063,394 for the year ended December 31, 2013 to \$1,190,146 for the year ended December 31, 2014. This increase in same-property operating expenses was due to \$200,419 in increased crop costs (most of which relates to Grassy Island Groves as described above), offset by \$87,140 in less money spent on repairs and maintenance, the majority of which relates to Quail Run Vineyard, for which we spent \$67,101 on repairs and maintenance in 2013. Acquisition related expenses declined in 2014 compared to 2013, as only one small acquisition in 2014 was classified as a business combination for which the acquisition costs were expensed, as opposed to the majority of the properties acquired in 2013.

### *Total Other Expense*

Total other expense increased \$130,215, or 993.93%, from \$(13,101) for the year ended December 31, 2013 to \$117,114 for the year ended December 31, 2014. The increase in total other expense arises from interest paid on the original credit facility and the amortization of the deferred closing costs associated with our original revolving credit facility for the full year of 2014, less interest earned on cash balances as cash was used to acquire additional farms.

### *Permanent Crop Segment*

Our permanent crop segment operating revenues for the periods presented were impacted by acquisitions made during the year ended December 31, 2013. 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 Kimberly Vineyard, Golden Eagle Ranch and Quail Run Vineyard, permanent crop farms owned by us for the entirety of both periods presented. In the fourth quarter of 2013, we acquired Blue Heron Farm (for which the revenues we received in 2013 were not meaningful) and in the fourth quarter of 2014, we closed two acquisitions of permanent crop properties, Falcon Farms (for which we received no revenues in 2014) and a second tranche for the Kimberly Vineyards property (for which the revenues we received in 2014 were not meaningful).