

The process for acquiring farmland varies in certain ways from the process for acquiring other types of commercial real estate such as office buildings, shopping centers and apartments. The due diligence for farmland property acquisitions may include analysis of factors like soil attributes that are less relevant or possibly irrelevant in evaluating other types of real estate. Further, the process also varies depending on the crop type. For example, farmland for commodity row crops, which may be purchased from an auction and close in a very rapid amount of time, typically takes less time to acquire (typically 60-90 days) than permanent crop farmland, which is a more fragmented, less publicized market that may require a longer period of time to negotiate and close (typically 90-120 days). In acquiring the 18 properties in our portfolio, we have reviewed approximately 300 additional properties through the date of this prospectus that we elected not to pursue based on diligence, an inability to agree on acceptable terms, another bidder or other reasons, yielding an acquisition rate of approximately 6%. The historical duration from preliminary discussions through closed acquisition for our properties has varied from several weeks to almost one year, and we estimate the duration is most often within a range of 60 to 120 days.

#### *Recent Acquisitions*

As of June 30, 2015, we had executed a purchase and sale agreement with the seller of a California mature permanent crop farm for an agreed upon sale price of \$19.6 million. The farm consists of approximately 619 gross acres, with approximately 510 tillable acres planted with pistachios, and has two on-site wells, which are the farm's primary water source. This farm was an off-market property and was sourced by our Agricultural Sub-Adviser using its local presence and deep relationships. We acquired the property, Kingfisher Ranch, on August 21, 2015.

We had also executed a purchase and sale agreement with the seller of a California mature permanent crop farm for an agreed upon sale price of \$5.1 million. The farm consists of approximately 135 gross acres, with approximately 130 tillable acres planted with almonds, and has one on-site well as well as surface water allocated by the Merced Irrigation District, which is the farm's primary water source. This farm was an off-market property and was sourced by our Agricultural Sub-Adviser using its local presence and deep relationships. We acquired the property, Golden Eagle Ranch 2, on August 18, 2015. This farm has been aggregated with our existing Golden Eagle Ranch.

While we anticipate leasing the California pistachio farm back to the seller upon closing, we expect a competitive tenant environment to develop for both property types and believe there is a strong market in place for direct operations as well as associated services, including harvesting, processing (hulling, shelling and packaging), warehousing, marketing and shipping. We believe that increased production of pistachios and almonds and the quality of the crops will generate increased leasing demand for these farms. These non-binding letters of interest are subject to significant contingencies and conditions and no assurances can be provided as to whether or when definitive documentation for such acquisitions may be executed.

#### *Right of First Offer and Right of First Refusal*

The seller of our Blue Heron Farm owns approximately 264 acres of young pistachio trees and approximately 164 acres of young walnut trees in California for which we have obtained a right of first offer and right of first refusal and is valued at approximately \$21.0 million based on our internal estimates. We do not intend to purchase the property at this time and therefore do not consider this property as a probable acquisition. There can be no assurance that we will complete the acquisition of any property that we are currently evaluating, including the acquisition discussed above, or that the purchase prices of the acquisitions under evaluation will be in the amounts we currently anticipate.