

## RISK FACTORS

*The purchase of Units in a special purpose vehicle making an offering on the AcreTrader Platform, each a "Company", involves a substantial degree of risk. References to "we", "us," and "ours" throughout these Risk Factors should be considered a reference to the Company in each respective offering. In evaluating an investment in a Company, a prospective investor should carefully consider the Risk Factors described below, among other risk factors. The following discussion is not intended to be an all-inclusive description of all risks attendant to an investment in a Company and/or ownership of a Company's shares, membership interests or partnership interests, as applicable, (collectively, "Shares" or "Units"), but merely represents our attempt to point out certain known risk factors.*

*Various terms used herein but not otherwise defined are incorporated by reference from the Investment Agreement and/or the LLC Operating Agreement (or other governing document) for each offering. References to "Members", "Shareholders" and "investors" contained herein may be used interchangeably to refer to persons who invest in a Company offering.*

### **GENERAL RISKS**

***The Company's operations are subject to unpredictable economic, market, social, and political conditions which are outside the Company's control and which may negatively affect its results of operation.***

Like all commercial entities, the Company is subject to being affected, to some degree, by any volatility in economic, market, social, and political conditions, both domestic and international, and by governmental regulation. Conditions such as inflation, recession, unemployment, changes in interest rates, short-term money supply, terrorism, and various other factors beyond the Company's control may adversely affect the Company's ability to provide returns to investors.

***All investments are risky, and you should not invest unless you are able to sustain the risk of loss of your entire investment.***

All investments involve risk and may result in loss. None of the information contained on the AcreTrader Platform is a recommendation to invest in any securities. Please consult with your legal and financial advisors before investing, and do not invest unless you are able to sustain the risk of loss of your entire investment. Past performance is no guarantee of future results. Any historical returns, expected returns, or probability projections are forward looking statements and may not reflect actual future performance.

***These offering materials and our Risk Factors have not been independently reviewed by an underwriter or broker-dealer.***

These Risk Factors and the accompanying Disclosure Document for each Offering on the Platform were prepared entirely by an Affiliate of the Company without the assistance of an underwriter or a securities broker-dealer. Accordingly, there has been no independent review of the terms of this offer, the value of the Units, the Property or the viability of the Company on either a present or going forward basis.

***An investor's ownership of Company Units will not be freely transferable.***

The Units sold in this offering are not listed on any securities exchange and are not otherwise publicly traded. Any subsequent transfer of the Units will be subject to transfer restrictions under applicable federal and state securities laws. In addition, the Units sold in this offering will be subject to additional restrictions set forth in the Company's Operating Agreement (housed in the user's dashboard on the AcreTrader website).

***The Company's Property may be susceptible to economic slowdowns or recessions nationally and/or regionally which could have a negative impact on the value of the Property.***

The Property may be susceptible to economic slowdowns or recessions, either nationally or regionally, which could lead to losses in the value of your investment and decreases in revenues, net income, and the value of your assets. Further, an oversupply of farmland property could have a negative impact on the value of a Property and our ability to sell it for a profit, or at all, which could adversely impact your return on investment in that you could receive less cash than you invested.

***Investors may experience dilution with respect to their investment in the Company.***

Net book value per Unit of the Company is determined generally by dividing the net worth of the Company (book value of assets minus total liabilities) by the number of total Units outstanding. The initial net book value will be negligible if the Company has not yet closed on the Property at the time your investment is made. Investors in an Offering may experience immediate dilution by reason of the payment of expenses associated with this Offering. Additionally, the net book value per Unit could also decline if the Company experiences losses in the future.

***The Company can make no assurance that it will have cash available to make distributions to investors, nor can there be any assurance that distributions will increase in the future.***

No assurance can be made regarding the timing of any future distribution, or whether any distributions will be made. Except with respect to certain tax distributions, our Manager will have authority to authorize distributions, in its sole

discretion.

***The Company's activities will be subject to regulation under environmental, land use, securities, and tax laws, rules and regulations that may be changed without notice and a failure to comply with such laws, rules, and regulations could negatively impact our results of operation.***

The Company's activities will be subject to regulation under applicable laws, including, without limitation, environmental, land use, and tax laws and regulations. Any change in applicable laws or regulations, or any failure to adhere to such laws, may have a material adverse effect on the prospects of the Company. In addition, the Company's operations could be affected by legislative changes and by the policies of various regulatory agencies. The Company is vulnerable to such future legislation, regulation, and governmental policy which could adversely affect the real estate industry, farming industry, and investments as a whole.

***The Company may be subject to litigation which could require us to expend funds in our defense, thereby reducing cash available for distribution to investors.***

Litigation risks associated with torts, commercial litigation, employment, environmental, or consumer litigation, if settled or resolved against us, could negatively impact our results of operations or financial condition.

***Our operations and the value of the Property could be negatively impacted by dependence on a concentrated geographic area.***

The Company's activities will be limited to acquiring and holding the Property as an investment and are therefore concentrated in a specific geographic location. A stagnant or depressed economy in the area in which the Property is located could adversely affect the value of the Property and the Company's ability to provide a return to investors.

***The Company's projections are speculative in nature and may not be reliable.***

Given the speculative nature of an investment in the Company and the risks attendant to investment in real estate generally, we cannot provide any reliable projections with respect to proceeds from an anticipated sale of the Property or resulting returns to investors.

***Changes to immigration policies at the federal level could negatively impact our tenant(s)' ability to harvest their crops and ability to pay rent.***

Changes to immigration laws in the United States could impact the Company's tenant(s) negatively by creating a shortage of laborers for harvesting crops. In the event this occurs, the Company's tenant(s) might experience losses in revenues as a result of an inability to harvest crops on time or at all. Such losses could adversely

impact the tenant(s)' ability to pay rent for the Property.

***If the U.S. Federal Reserve or other central banks embark on a substantial tightening of monetary policy in the future that causes real interest rates to rise, then it may cause land prices to decline if the rise in real interest rates is not accompanied by rises in the general levels of inflation. In such a case, the Company would also experience higher costs of financing in the event the Company needed to obtain debt to make any repairs or improvements. A stronger U.S. dollar could also negatively impact exports, which could negatively impact the Company's financial results.***

A substantial tightening of monetary policy by the U.S. Federal Reserve or other central banks would increase credit costs (through the resulting increase in interest rates) and decrease credit availability. This could hurt farm operators because higher real interest rates make it more difficult for farm operators to qualify for loans and increase their borrowing costs. Higher interest rates also tend to decrease U.S. and world economic growth, thus decreasing the demand for agricultural crops. Moreover, a stronger U.S. dollar could affect the level of agricultural exports from the U.S., potentially causing demand for exports to decline, which could negatively impact the Company's financial results. All of these consequences could reduce farm income. If increases in real interest rates (which are defined as nominal interest rates minus the inflation rate) or changes in the value of the U.S. dollar are not accompanied by higher levels of farm income and rents, this could lead to declines in agricultural land values and a reduction in the Company's profitability, either of which would have a material adverse effect on its operations, the value of the Property, and consequently, amounts it is able to distribute to Members. Furthermore, increases in interest rates would also increase the Company's costs of borrowing money, which would negatively impact its financial condition, and consequently, the amounts it is able to distribute to Members.

***Farms may experience negative financial impacts from worldwide pandemics, such as Covid-19, that may adversely affect the Company's results of operations and thus cash distributions from the farms it manages.***

The Company manages agricultural enterprises (farms) which have been deemed "essential" under state and federal Covid-19 response orders and guidelines. There is no assurance, however, that Covid-19 or any other prevalent disease will not in some way have a significant impact on Company operations and financial performance. Farms are often located in remote geographical areas that are less densely populated and therefore less likely to be impacted directly by the spread of Covid-19 and other pandemics. However, if an infection broke out in any of the farms we manage, quarantines, worker leave, and other necessary preventive measures could increase farming costs and reduce our tenants' workforce, hurting their farm operation and harvest activities. Temporary blocks on immigration could also reduce the laborers available to farmers for cultivation, especially on farms where harvest is performed manually. Price increases in input costs could result from supply chain disruption caused by Covid-19. Further, the marketing and distribution

systems and export controls on imports and exports for the produce grown on our farms could be disrupted, negatively impacting the ability of our tenants to sell the products they grow, causing the tenant to become financially distressed and thereby reducing net operating income on any given farm. This could result in tenants being unable to pay rent to us, resulting in less cash available for distribution to investors. These risks are not quantifiable or predictable, but their presence should be taken into account in making an investment decision. Investors should conduct their own due diligence concerning the potential for Covid-19 and other pandemic related events to impact the business of the Company.

***We may face specific risks associated with investments that are located outside the United States, which may cause our expected returns to not materialize, or may materially impair the value of an investment, which could materially and adversely affect the Company's financial condition and results of operations.***

From time to time the Platform may host offerings where the assets of either a U.S. based company or a special purpose vehicle are located in other countries and may focus on particular countries, regions, asset classes, and sectors to the exclusion of others at any time and from time to time. While AcreTrader, Inc. expects that the majority of the Platform's offerings will be in the U.S., the Platform may also host offerings that are located outside the U.S., some of which could be located in emerging markets. Risks may be more pronounced for a Company located or operating primarily in emerging markets, whose economies, markets, and legal systems may be less developed. To the extent we do so, the Company will be subject to numerous factors related to conducting business in non-U.S. countries, any of which could have a significant impact on its operations. Investing in investments that are located outside the U.S. involves certain considerations not usually associated with investing in the U.S., including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets, and general social, political, and economic instability; the relatively small size of the investments markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Company's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards, and consequently, less information is typically available concerning a Company that owns Property located outside of the U.S. than for a Company that owns property located in the U.S.. As a result, for such international investments, the Company may be unable to structure transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce our rights in such markets. For example, investments made outside of the U.S., are generally not subject to the jurisdiction of the SEC or the securities laws and regulations of the U.S.. Accordingly, the protections accorded to

us under such laws and regulations are unavailable for investments located outside of the U.S. and non-U.S. counterparties. Risks may be more pronounced for companies located or operating primarily in emerging markets, whose economies, markets, and legal systems may be less developed.

#### **RISKS RELATED TO THE COMPANY'S STATUS AS A START-UP**

##### ***We have a limited operating history on which you may judge our performance or our prospects.***

AcreTrader, Inc. has limited operating history on which to judge its performance. Our prospects must be considered in light of the risks, expenses, and difficulties frequently encountered by start-ups and with investments in real estate. You should consider our prospects in light of the risks, uncertainties, and other difficulties encountered by companies that are in an early stage of their development. We may fail to execute our business plan and business strategies effectively and cannot guarantee the achievement of these and other goals, and failing to do so could negatively affect our results of operations and your investment.

##### ***Our offering price(s) have not been independently established.***

Our Affiliates establish the offering prices on the Company's Property based upon market information available to us on similar properties in the same geographical regions as the Property, but they are not real property appraisers; accordingly, the offering price for any Property may not be indicative of the proceeds you would receive upon a liquidation of the Company, and may be less than what you would expect to receive.

##### ***We may be unable to pay distributions.***

We may be unable to pay, maintain, or increase distributions paid to Members over time. Because there are many factors that can affect the Company's profitability and cash flow and therefore the availability of annual cash distributions to our Members, we may not always be in a position to pay distributions to you, and any distributions we make may not increase over time.

##### ***Changes to the operating results of our Affiliates could negatively impact our results of operations.***

Adverse changes to results of operations and financial results achieved by our Affiliates may impair the Company's operating performance and a return on your investment. AcreTrader, Inc., our Affiliate, has funded its operations to date with proceeds from private investor financing. There can be no guarantee that AcreTrader, Inc. will be able to raise additional funds on a timely basis, on favorable terms, or at all to fund its operations, and it could be required to terminate or scale back its operations. Our Manager, AcreTrader Management, LLC is a subsidiary of AcreTrader, Inc. Our ability to pay distributions is dependent upon the results of

operations of our Manager and AcreTrader, Inc. Any adverse impact on the results of operations of either of them could hinder our Manager's ability to successfully manage our operations.

***The Company may not attain the financial results set forth in the financial forecast included in the Offering located on the AcreTrader Platform with respect to the Property.***

Any financial forecast included in the Offering located on the AcreTrader Platform with respect to the Property, to the best of the Manager's knowledge and belief, reflects its expected financial position, results of operations, and cash flows for the forecast period, reflecting expected conditions and the Manager's expected course of action as expressed in the assumptions to the forecast. The financial forecast has been prepared by the Company and has not been examined, compiled, or subjected to any agreed upon procedures by an independent certified public accountant. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, as they are dependent in large part upon factors over which the Company has no control. Certain statements contained in these offering materials are forward-looking statements that involve a number of risks and uncertainties. There are numerous factors that could cause actual results to differ materially from those which have been forecast.

#### **RISKS RELATED TO THE INVESTMENT PLATFORM**

***Failure of the AcreTrader Platform could damage our reputation and business.***

The offering related to the Company's Property is being conducted through the Platform, which is designed, owned, and operated by the Company's Affiliate, AcreTrader, Inc. The Platform consists of proprietary technology that our Affiliate has designed and hosts. Because the Platform is new and has a limited operating history, it may not perform as we anticipate, and we cannot guarantee its consistent operation to enable Members to access their accounts and/or information regarding each offering on a timely basis.

***Technology disruptions could interrupt our business.***

The Company's and its Affiliates' businesses, including AcreTrader's Platform, is primarily conducted through the use of computers and the internet, which gives rise to cybersecurity risks, including espionage, system disruption, theft, security breaches, and/or inadvertent releases of the Company's or its Members' confidential information and our intellectual property. Any security breaches could release private information belonging to our customers. While financial information of current and potential Members is protected using 256-bit encryption and is typically not stored in the AcreTrader Platform, and the Platform has planned redundancies in the event of a server failure where the site is hosted, possible breaches could result in delays or disruptions of Platform services, sensitive or confidential information being

obtained, or interference with our systems. The occurrence of any of these things could result in a disruption of our business, our and our Affiliates' reputation being injured resulting in a loss of current or potential new Members' trust in us, or potential liability exposure which could result in a material adverse impact on our results of operations or our financial condition.

***Development of internet commerce may affect the operation of our business and results of operations.***

As internet commerce continues to develop, local, state, and federal governments may adopt new rules and regulations affecting the cost and ability to conduct offerings for the Property online through the AcreTrader Platform. This could negatively affect our business because our activities could be limited by any new regulatory changes. It is possible that the cost to comply with any new rules and regulations could be significant and would increase our operating expenses which would reduce any excess cash available for distributions to our Members.

**GENERAL RISKS RELATED TO INVESTMENT IN REAL ESTATE**

***Economic and regulatory changes that impact the real estate market generally may decrease the value of Members' investments.***

Among the factors that could impact the Property and the value of an investment in the Company are:

- downturns in national, regional, and local economic conditions;
- changes in the supply of or the demand for similar or competing properties in the surrounding areas;
- changes in interest rates and the availability of permanent financing, which may render the sale of a property or loan difficult or unattractive;
- changes in banking, tax, real estate, environmental and zoning laws;
- periods of high interest rates and tight money supply;
- the relative illiquidity of real estate investments;
- acts of nature or other uninsured losses; and
- adverse changes in the federal, state, or local laws and regulations applicable to us, including those affecting immigration, zoning, fuel and energy consumption, water supply availability and environmental resources.

Any of the above factors, or a combination thereof, could result in a decrease in the value of the Property, which would have an adverse effect on the Company's ability to sell the Property or pay distributions to its Members and on the value of Members' investments.

***Costs imposed pursuant to governmental laws and regulations may reduce the Company's cash available for distributions.***

Real property and the development and use of real property are subject to federal, state, and local laws and regulations relating to protection of the environment and human health. The Company could be subject to liability in the form of fines, penalties or damages for noncompliance with these laws and regulations. These laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation, and disposal of solid and hazardous materials, the remediation of contamination associated with the release or disposal of solid and hazardous materials, the presence of toxic building materials, and other health and safety-related concerns. The presence of hazardous substances, or the failure to properly manage or remediate these substances, would reduce the value of the Property and likely hinder the Company's ability to sell the Property. Any material expenditures, fines, penalties, or damages the Company must pay will reduce the Company's ability to make distributions and may reduce the value of Members' investments.

***We may have limited time to conduct analysis on the Property.***

We may have limited time to perform analysis on the Property, and we may also rely on third parties to conduct reviews on our behalf, which could result in our failure to identify risks or liabilities associated with each Property. Such failures could negatively impact the market value of the Property and ultimately may result in our inability to sell the Property for a profit, which could reduce or eliminate our ability to pay distributions following a liquidation event.

***Accounting changes could negatively affect our results of operations.***

New accounting pronouncements may negatively impact our financial condition and results of operations. Changes implemented by the Financial Accounting Standards Board ("FASB") and the Securities and Exchange Commission from time to time could have a material adverse impact on our results of operations and result in our being required to restate our results of operations for prior periods.

***The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury or other damage claims could have a materially adverse effect on the value of an investment in the Company.***

Under various federal, state, and local environmental laws, ordinances, and regulations, a current or previous real property owner or operator may be liable for the cost of removing or remediating hazardous or toxic substances on, under, or in such property. These costs could be substantial. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Environmental laws also may impose liens on property or restrictions on the manner in which property may be used or businesses may be operated, and these restrictions may require substantial expenditures or prevent us from entering into leases with prospective tenants that may be impacted

by such laws. Environmental laws provide for sanctions for noncompliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for the release of and exposure to hazardous substances. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances, and governments may seek recovery for natural resource damages. The costs of defending against claims of environmental liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury, property damage, or natural resource damage claims could reduce the value of Members' investments and amounts available for distribution to Members.

***The Property will be subject to property taxes that may increase in the future, which could adversely affect Members' investments.***

The Property will be subject to property taxes that may increase as property tax rates change and as the Property is assessed or reassessed by taxing authorities. As the owner of the Property, the Company is responsible for payment of the taxes to the government. Consequently, any tax increases may adversely affect Members' investments. While the Company intends to retain some funds held for future property tax payments, it can provide no assurance that the level of working capital retained by the Company will be sufficient to satisfy any increases in property taxes due in addition to other debts.

#### **RISKS ASSOCIATED WITH THE PROPERTY AND WITH REGARD TO FARMLAND PROPERTY**

Since the Company's business consists of acquiring and managing real property, including farmland, the Company is subject to the risks related to the ownership and management of the Property, which can adversely impact its business and financial condition. By its nature, the search for potentially profitable investments is highly speculative and is subject to great risks that even a combination of experience, market and business information, and careful study cannot always overcome.

***Farmland investment is dependent on the profitability of the Company's tenants' farming business, and a sustained economic downturn could have a material adverse effect on the amount of rental income the Company can collect and distribute to Members.***

The Company depends on our tenants to operate the Property owned by the Company in a manner that generates revenues sufficient to allow them to meet their obligations to the Company, including their obligations to pay rent and taxes, maintain certain insurance coverage, and maintain the land. The ability of the Company's tenants to fulfill their payment responsibilities under the Company's leases depends, in part, upon the overall profitability of their farming operations, which could be unfavorably impacted by, among other things, hostile weather conditions, pests, and negative or uncertain political, economic, commodity,

business, or regulatory conditions. In addition, many farms are dependent on a limited number of key individuals whose injury or death may affect the successful operation of the farm. The Company can provide no assurances that, if a tenant defaults on their obligations to us under a lease, we will be able to lease or re-lease that Property on economically favorable terms in a timely manner, or at all. In addition, the Company may experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment. As a result, any downturn in the profitability of the farming operations of the Company's tenants or a downturn in the farming industry as a whole could have a material adverse effect on our financial condition, results of operations, cash flow, and ability to make distributions to Members.

***We may retain third party managers who may not be effective.***

We may retain third party property managers who will be supervised by our Manager to oversee the day-to-day operations on the Property. Our success will depend on the performance of such property managers, and their failure to successfully perform their management duties could adversely impact the Property's results of operations and could reduce cash available for distributions to Members.

***The Company's Property is subject to negative weather conditions and seasonal variability, which may affect the Company's tenants' ability to pay rent and have an adverse effect on the Company's results of operations, financial condition, and ability to make distributions to Members.***

Farmlands are susceptible to negative weather conditions, including windstorms, freeze, tornadoes, floods, drought, and extreme temperature swings, which are common but difficult to predict. Seasonal factors, including supply and demand, may also have an effect on the value of the Property.

***Future climate changes could materially adversely impact the Company's operations and the value of its farm(s), and consequently the amounts it is able to distribute to Members.***

In addition to the general risks to the Company's operations posed by adverse weather conditions, the Company's operations and the value of its farms may be subject to risks associated with long-term effects of climate change. Some climatologists have predicted that the impacts of climate change could include increases in average temperatures, more extreme temperatures, changes in rainfall patterns, severe droughts, and increases in volatile weather over time. Such effects of climate change could make the Company's farms less suitable for farming or other alternative uses, which could materially adversely impact the Company's ability to generate revenues, its operations, the value of its farms, and consequently, the amounts it is able to distribute to Members.

***The Company may incur unexpected repair expenses to its physical assets which could reduce cash available for distribution.***

While the tenant farming the Company's land is responsible for maintaining his or her farming equipment, the Company may also own physical assets such as barns, fencing, storage sheds, wells, and irrigation equipment that could require routine maintenance or unexpected costly repairs from time to time. In the event that the Company does not have cash available to pay for these repairs, it may be required to borrow money from an Affiliate or a third party lender. The cost of making these repairs could reduce cash available for distribution in the calendar year the repairs are made, and future distributions would likely be reduced by any debt service the Company must make to its lender(s).

***Agricultural technology enhancements, including genetic engineering, could adversely impact the Company's anticipated returns, which in turn could have a materially adverse effect on its results of operations and financial condition.***

Future advances in seed technology, genetic engineering, irrigation improvements, and other agricultural technology enhancements may lead to higher crop production on existing farmland, which could put downward pressure on the demand for our tenants' crops. As a result, the Company could experience a reduction in its anticipated returns, which are in part based on certain assumptions regarding increased global demand for crops and declining availability of farmland, which in turn could have a materially adverse effect on the Company's operations and financial condition.

***The Company may not be able to collect balances due on leases from any tenants in financial distress or bankruptcy, which could adversely affect the Company's financial condition, results of operations, and cash flow.***

The Company's tenants, particularly those that may depend on debt and leverage, could be susceptible to defaults under their leases or bankruptcy in the event that their cash flows are insufficient to satisfy their financial obligations. The Company may be forced to enter into alternative arrangements or pursue litigation in order to collect payments from tenants who are unable to make their lease payments as they come due. The Company can provide no assurances that it will be able to collect the full amount due under a particular lease if it is forced to pursue alternative payment arrangements or litigation with any of its tenants. If a bankrupt tenant rejects a lease with the Company, any claim the Company might have for breach of the lease, excluding a claim against collateral securing the lease, would be treated as a general unsecured claim. In the event of a tenant's default under their lease or their rejection of the lease in bankruptcy proceedings, the Company may be unable to locate a replacement tenant in a timely manner or on comparable or better terms. As a result, the Company's financial condition, results of operations, and ability to make distributions to Members could be adversely affected.

***Illiquidity of farmland investments could significantly impede the Company's ability to respond to adverse changes in the performance of the Company's Property and harm the Company's financial condition.***

The investments made by the Company may be difficult to sell in a timely manner. As a result, the Company's ability to sell the Property in response to changing economic, financial, and investment conditions may be limited. Return of capital and realization of gains, if any, from an investment generally will occur upon disposition of the underlying property. The Company may be unable to realize its investment objectives by sale at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. Weakness in or lack of an established market for a Property, changes in the financial condition, changes in national or international economic conditions, and changes in laws, regulations, or fiscal policies of jurisdictions in which the Property is located, in each case may limit the Company's ability to dispose of a Property.

***Market prices for crops and/or livestock that the Company's tenants may produce on the Property may display periods of volatility, which may affect the Company's tenants' ability to pay rent and thereby have an adverse effect on the Company's results of operations and its ability to make distributions to Members.***

The value of a crop and livestock is affected by many factors that can differ on an annual basis. The unpredictability of weather extremes creates a significant risk of price volatility, which may either increase or decrease the value of the crops and/or livestock that the Company's tenants produce each year. Other material factors adding to the volatility of crop and/or livestock prices are changes in government regulations and policy, fluctuations in foreign trade and export markets, and eruptions of military conflicts or civil unrest. Although rental payments under the majority of the Company's leases typically are not based on the quality or profitability of the Company's tenants' harvests and production, any of these factors could adversely affect the tenants' ability to meet their obligations to the Company and the Company's ability to lease or re-lease the Property on favorable terms, or at all, which could have a material adverse effect on the value of Company investments, results of operations, and its ability to make distributions to Members.

***Acquiring farmland and farms related to farming during periods when such farms are experiencing substantial inflows of capital and intense competition may result in inflated purchase prices and increase the likelihood that the Company's farms will not appreciate in value and may, instead, decrease in value.***

The allocation of substantial amounts of capital for investment in farmland and farming related farms and significant competition for income-producing real estate may inflate the purchase prices for such assets. If the Company acquires farms in such an inflated environment, then it is possible that the value of its assets may not appreciate and may, instead, decrease in value, perhaps significantly, below the

amount the Company paid for such assets. In addition to macroeconomic and local economic factors, technical factors such as a decrease in the amount of capital allocated to the purchase of farmland and farming related farms and the number of investors participating in the sector, could cause the value of the Company's assets to decline.

***We may not be aware of the environmental liabilities of a Property.***

We may not be aware of all of the environmental liabilities associated with a Property prior to its acquisition. If the Property is found to contain hazardous or toxic substances, the value of an investment could decrease below the amount paid for such investment. The presence of hazardous chemicals on a Property could result in the Company being liable for clean up or remediation costs or personal injuries or property damages to third parties, even if we are not responsible for the presence of such hazardous substances. The costs associated with remediation could be significant which would negatively impact our financial condition and results of operations.

While the Company inquires as to known environmental liabilities on the Property during its analysis process, some hazards may not be immediately evident. The existing condition of the land surrounding our Property could also negatively affect the value of our Property and/or result in the Company expending funds to bring the Property into compliance. Further, future laws, rules, regulations, or local ordinances, or a stricter interpretation of existing laws, may require the Company to make unplanned expenditures to remain in compliance.

***We may not have adequate insurance coverage or the correct insurance policies in place to insure the Company's risk of loss on a Property, which could negatively impact cash available for distributions to Members.***

Potential losses we incur may not be covered by the Company's or its tenants' insurance programs, or the Company may view it as not economically prudent or feasible to purchase insurance for certain types of losses. The Company will obtain commercial general liability and other coverages as are deemed appropriate for each Property in the sole discretion of the Manager. We believe that the coverage limits will be adequate to cover the relative risk of loss on the Property taking into account the cost of such coverage and standard industry practices. There are certain types of losses, for example from wars, riots, punitive damages, or acts of God that may not be insurable at all, or coverage may be too expensive to obtain. If we experience a loss that is uninsured or exceeds our policy limits, the Company could incur a loss in our results of operations and on the eventual sale of the Property. Further if any such losses are insured, then the Company may be required to pay a significant deductible on any claim for recovery of such loss prior to its insurer being obligated to reimburse it for the losses, or the amount of the loss may exceed the Company's coverage for the loss, which could have a material adverse effect on the Company's cash flow.

***Changes in government fiscal and monetary policies could affect the valuation of farmland and the profitability of farming operations, which could materially and adversely affect the value of Company investments and its distributions to Members.***

Government programs directly and indirectly affect the income potential of farm operators. These include marketing programs, finance rates, export policies, renewable fuel programs, insurance policies, and subsidy programs. Negative changes to or the elimination of programs, subsidies, and policies could harm crop and/or livestock prices and the profitability of farming, which could materially and adversely impact the value of the Company's farm investments and its ability to lease such Property on favorable terms, or at all, which would have a material adverse effect on the Company's operations and ability to make distributions to Members. In addition, government programs for conservation and alternative or renewable energy sources and the tax treatment of those items could materially and adversely impact the value of the Company's farm investments.

**RISKS RELATED TO OUR CORPORATE STRUCTURE**

***Investors will have limited participation in management.***

An investor's subscription is subject to the risks of the Company's investments and activities, and investors, as Members, are permitted to take part in decisions concerning the Company and its policies and operations only to a limited extent consistent with their voting rights as provided in the Company's Operating Agreement. The overall management and control over actions by and on behalf of the Company are vested in our Manager, which may amend or revise these policies without a vote of our Members.

***We will pay fees to our Affiliates for services rendered to the Company, which may reduce excess cash available for distributions to Members.***

Pursuant to our Operating Agreement, our Manager and/or our Affiliates may be paid fees as follows: (i) a reimbursement fee in connection with the acquisition of the Property in an amount not to exceed two and a half percent (2.5%) of the purchase price of the Property to reimburse the Manager and/or its Affiliates for the costs associated with underwriting the Property, including but not limited to survey costs, title insurance, attorney and professional fees, and closing costs; (ii) a fee upon disposition of the Property not to exceed five percent (5%) of the gross sale price of the Property (which will be split between buyer's agent (if any) and the Company's Affiliated brokerage); (iii) an annual asset management fee calculated in an amount equal to 75/100ths (0.75) of a percentage point times the greater of (x) the purchase price for the Property, or (y) the value of the Property contained in any appraisal of the Property as compensation to the Manager for the management, administrative, and financial services it provides to or for the benefit of the Company. Payment of these fees to the Manager and/or its Affiliates will reduce the amount of cash available for improvements, investments, and/or the payment of distributions to

Members. The seller of a Property may pay our Affiliate, AcrePro, LLC, a real estate commission or fee based upon the gross sale price of the Property upon closing; however, none of that fee will be sourced from investors. Additionally, in connection with a Property that is acquired at auction prior to an offering, the Company may also pay to AcreTrader, Inc. an acquisition fee equal to four percent (4.0%) of the full purchase price of the Property as set forth in the Disclosure Document, plus the cost of any renovations to the Property.

***The Company's Operating Agreement (or similar governing documents) limits access to information as well as the liability of its Manager or other officers and their Affiliates.***

Our Operating Agreement provides that we will agree to limit the liability of the Company's Manager or officers and their respective Affiliates and will indemnify and defend such parties against certain liabilities. These provisions may work against investors because they restrict the ability of an investor to bring claims for actions or failures to act that might constitute breaches of duty which could harm the Company's results of operation and thereby reduce investor returns. Further, the Company may limit investor access to its books and records, as well as documentation relating to the Property and its acquisition. Please read the provisions in the Operating Agreement and similar documentation carefully.

#### **RISKS RELATED TO CONFLICTS OF INTEREST**

***The interests of our Manager may conflict with those of the Members.***

Our Manager has substantial authority in determining all actions of the Company. The Manager and its Affiliates may invest in the Company. The Company and the Manager are Affiliates of the Platform and AcreTrader, Inc. Thus, the interests of the Manager may not coincide with the interests of the Company and its Members.

***Our Manager may manage more than one entity including the Company and therefore may not be solely focused on the Company's operations.***

Our Manager may manage more than one Property and therefore may not always be able to focus solely on the operations of the Company's Property. To the extent our Manager takes actions that are more favorable to entities other than us, these actions could have a negative impact on our financial performance and the value of the Property. Officers in our Manager are also officers in AcreTrader, Inc. and AcrePro, LLC. All of the agreements among these parties are not the result of arm's length negotiations, including those agreements relating to compensation and fees paid by the Company to the Manager and/or its Affiliates, so there can be no assurances that the Company is paying fees consistent with prevailing market rates or terms.

***Our Manager may borrow funds from our Affiliates.***

Our Manager has the ability to borrow funds on behalf of the Company from either third-party lenders or one of our Affiliates to fund the Company's operations, complete a Company offering, and/or fund improvements to the Property. In some cases a Company may borrow money from an Affiliate to purchase a Property at auction prior to the time an offering is made. In the event a loan is entered into between the Company and one of our Affiliates, interest may be paid to such Affiliate lender and the applicable interest rate may not be equal to market rates for a similar loan with a disinterested third party.

***Units may be purchased by Affiliates or other parties with a financial interest in the Offering.***

Units may be purchased by Affiliates of the Company, or by other persons who may receive fees or other compensation or gain related to an Offering. Such purchases may be made during the Offering, and will be counted in determining whether the required Minimum Subscription Amount has been met for the closing of an Offering. Investors should therefore not expect that the sale of sufficient Units to reach any specified minimum, or in excess of that minimum, indicates that such sales have been made to investors who have no financial or other interest in an Offering, or who otherwise are exercising independent investment discretion.

***The sale of the specified minimum, while necessary to the business operations of the Company, is not designed as a protection to investors or to indicate that their investment decision is shared solely by other unaffiliated investors.***

Because there may be purchases of Units, substantial or otherwise, by Affiliates of the Company or other persons who may receive fees or other compensation or gain dependent upon the success of the Offering, no individual reliance on the sale of the specified minimum as an indication of the merits of this Offering. Each investor must make his, her or its own investment decision as to the merits of this Offering.

**RISKS RELATED TO SPONSORED OFFERINGS**

From time to time, AcreTrader, Inc. ("AcreTrader") encounters offerings from unrelated third parties that it believes are of a quality and type that might be of interest to potential investors on AcreTrader's website (the "Platform"). In such cases, if AcreTrader's review of the third party sponsor ("Sponsor") and the analysis materials for their offering meet certain AcreTrader criteria, it may agree to host such offering on the Platform (each such offering is a "Sponsored Offering") for a platform listing fee that will be paid by the Sponsor to AcreTrader. In that case, the following risk factors may apply.

***AcreTrader has relied upon the Sponsor's analysis efforts.***

While AcreTrader has conducted a thorough review of each Sponsor and each Sponsored Offering, it has relied upon the Sponsor's analysis efforts to some extent. Information pertaining to Sponsored Offerings that is featured on the AcreTrader

Platform has been provided by the Sponsor of that particular Sponsored Offering and is subject to change. Neither AcreTrader, nor any of its officers, directors, agents or employees makes any warranty, express or implied, of any kind relating to the adequacy, accuracy, or completeness of any information contained in a Sponsored Offering.

***AcreTrader or its Affiliates may not be the farm manager on a Sponsored Offering.***

In most cases our Affiliate, Acretrader Management, LLC, will not be the farm manager on a Sponsored Offering, and we may not have any influence or control over the decisions the Sponsor, or the farm manager retained by the Sponsor, may make with respect to farming operations or financial decisions relating to the Property. The interests of the Sponsor and/or its farm manager may not coincide with the interests of the Company and its Members.

***SPONSORED OFFERING DISCLAIMER:***

***AcreTrader does not endorse any Sponsored Offering, nor does it make any investment recommendations for any Sponsored Offerings. Investors should rely on their own diligence efforts and consult with their personal advisers before investing in a Sponsored Offering.***

AcreTrader does not endorse any Sponsored Offering that appears on the Platform, nor does AcreTrader make any recommendations regarding the Sponsored Offering or the appropriateness of any particular Sponsored Offering for any investor. You should be aware that AcreTrader, Inc. is not a registered broker-dealer, nor is it a registered investment advisor. All securities listed in a Sponsored Offering are being offered, and all information included in relation to a Sponsored Offering is being provided, by the Sponsor. You should be aware that any decision to invest in a Sponsored Offering does not create a contract between the investor and AcreTrader, but is a direct legal contract between the investor and the Sponsor.

**RISKS RELATED TO THE ACRETRADER SECONDARY MARKET**

***The Company's Units, if available for trading on the AcreTrader Secondary Market, may not be marketable, and liquidity is not guaranteed.***

In the event the Company's shares are available for purchase and sale on the AcreTrader Secondary Market, there is no guarantee of a purchase or sale. Shares available for purchase through the AcreTrader Secondary Market are shares of a privately held company, and the shares of the Company do not trade on any national securities exchange. There is no guarantee that the shares of the Company will ever be traded on any national securities exchange. Investments offered on the AcreTrader Platform are illiquid, and there is no guarantee that you will be able to sell

your shares and exit your investment through the AcreTrader Secondary Market, nor are there any guarantees of a price at which an exit (if any) will be achieved.

***There is no guarantee that the AcreTrader Secondary Market will continue to operate, nor that the Company's shares will be available for purchase and sale.***

The AcreTrader Secondary Market is NOT a stock exchange or a public securities exchange. This means that there is no guarantee of liquidity, nor is there a guarantee that the AcreTrader Secondary Market will continue to operate or remain available to investors.

***An active trading market may not develop for the Company's Units.***

An active trading market for the Company's shares on the AcreTrader Secondary Market may not develop or be sustained, which could make it difficult for you to sell your Units at any price. Even if an active market does develop on the AcreTrader Secondary Market, there is no assurance that you will be able to sell your Units at a price acceptable to you or at all.

#### **FEDERAL INCOME TAX RISKS**

***The Company has not obtained any rulings from the Internal Revenue Service regarding its tax status or any other issue that may impact our results of operation.***

The Company has not requested, and does not intend to request or receive, private letter rulings from the Service concerning any tax issue relating to an investment in the Company. In the absence of such rulings, the Service could challenge the Company's federal income tax treatment of any tax matter contained on the Company's information returns. Such challenges could lead to the adjustment of tax items of both the Company and of the Members.

***The Company's status as a partnership may not be recognized.***

We intend that the Company will be classified as a partnership for federal income tax purposes, rather than an association or a publicly traded partnership that would be taxable as a corporation. For federal income tax purposes, a partnership is generally not a taxable entity. Instead, a partnership is generally a conduit through which all items of partnership income, gain, loss, deduction, and credit are passed through to its Members and are taken into account by the members on their individual income tax returns. In addition, cash distributions from a partnership to its members generally are not taxable to the members, except to the extent the amount of the distribution exceeds such member's adjusted tax basis in his, her or its interest in the partnership.

***Taxable income allocated to Members may exceed cash distributions made to Members.***

Each Member will be taxed on such Member's distributive share of the taxable income of the Company, regardless of the actual cash distributions received from the Company. Each Member, therefore, may be subject to income tax liability in excess of cash actually distributed to the Member by the Company, in which event each such Member would be required to pay such tax liability from other funds.

In the event the Members' capital accounts are negative at any time, items of Company income (including gross income) will be specially allocated to eliminate such Members' negative capital account balances as quickly as possible. Members should be aware that such special allocations may result in the allocation of taxable income to the Members at a time when the Company does not have sufficient cash to distribute to the Members to cover any income tax liability resulting from such special allocations. In addition, to the extent that the Company does not have sufficient taxable income or gain necessary to eliminate any negative capital account balance existing upon liquidation of the Company, the Members may be required to recognize taxable income in an amount equal to the final negative balance in the Member's capital account.

***The Company's allocation of income and loss may not be respected by regulatory authorities which may cause its Members to experience upward or downward adjustments in items of income, gains, losses, and/or deductions for any given tax year.***

The Operating Agreement provides for allocations of income or loss from Company operations and other Company activities. Whether such allocations will be respected for federal income tax purposes is determined, in large part, by section 704(b) of the Code and the Treasury Regulations promulgated thereunder. Generally, an allocation will be respected if the allocation either has substantial economic effect or is in accordance with a Member's interest in the Company. The Company believes that the Operating Agreement's allocations of income and loss have substantial economic effect and otherwise comply with section 704(b) of the Code and the Treasury Regulations promulgated thereunder. However, if such allocations are not respected, the Members' respective Units of income, gains, losses, deductions, and credits from the Company could be subject to upward or downward adjustment in one or more taxable years, if such audit adjustments are sustained in subsequent administrative and/or judicial proceedings.

***An audit of the Company's information return may result in an audit of a Member's own tax return.***

If the Company's information return on Form 1065 is audited by the Service, such audit may result in adjustments or proposed adjustments. Any adjustment of the partnership information return of the Company would normally result in adjustments or proposed adjustments of a Member's own return. Any audit of a

Member's return could result in adjustments of non-partnership as well as partnership income and losses. Additionally, an audit of the Company could trigger an audit of your individual tax return which could require you to spend money to defend such an audit.

***You may be unable to sell your Unit(s) in the Company as there may be no market for it/them, and in the event of a sale of your Units, the taxes you owe may exceed the cash you receive in connection with the sale.***

In the event you are able to sell your Unit(s) in the Company, the cash you receive may not be sufficient to pay any tax liabilities you owe in connection with such sale, and to the extent of such excess, the payment of such taxes will be out-of-pocket expenses to you. If you have held the Unit(s) for less than a year at the time of sale, any gain you receive will be taxed as ordinary income. If you have held the Unit(s) for more than a year at the time of sale, you will be taxed at the long-term capital gains rate in place at the time of such sale.

***Sale of the Property by the Company could create tax liabilities for a Member that exceed the cash he or she receives as a result of the sale.***

Upon a sale or other disposition of the Property, there is a risk that a Member's tax liabilities allocated to him or her as a result of the disposition could exceed the cash received by such Member from the Company as a result of the disposition, and, to the extent of such excess, the payment of such taxes would be an out-of-pocket expense for the Member.

***Investment in the Company may be impacted by future legislation which could adversely impact the benefits of such an investment.***

The federal income tax laws are subject to change at any time, including retroactive changes, which may adversely affect the benefits of an investment in the Company. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Company, in which event the benefits derived from this investment may be adversely affected. There can be no assurance that changes to the tax law or interpretations thereof will not occur that may adversely affect the federal income tax consequences of a Member's investment in the Company.

### **STATE INCOME TAX RISKS**

**NEITHER THE MANAGER NOR THE COMPANY HAS MADE ANY INVESTIGATION OR INQUIRY AS TO THE STATE OR LOCAL INCOME TAX RISKS OR CONSEQUENCES WITH RESPECT TO AN INVESTMENT IN, OR OWNERSHIP OF, THE UNITS. THE STATE AND LOCAL INCOME TAX CONSEQUENCES TO A PROSPECTIVE INVESTOR MAY VARY DEPENDING ON THE RESIDENCY AND DOMICILE OF SUCH INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT HIS, HER, OR ITS OWN TAX ADVISOR REGARDING THE STATE AND LOCAL TAX CONSEQUENCES TO THE INVESTOR OF AN INVESTMENT IN THE COMPANY UNITS.**

***The foregoing is a summary of certain tax risks relating to an investment in the Company. This summary should not be interpreted as a representation that the matters referred to herein are the only tax risks involved in this investment, or that the magnitude of each risk is necessarily equal. Neither the Company, the Manager, nor anyone on their behalf is providing any advice or counsel to any prospective investor regarding the tax-related risks of an investment in the Company. Prospective investors are strongly urged to consult their own tax advisors as to all tax consequences of an investment in the Company.***

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