RISK FACTORS

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

Various terms used herein but not otherwise defined are incorporated by reference from the investment or subscription agreement of the applicable Company (each, as amended, restated or otherwise modified from time to time, an "Investment Agreement") and/or the limited liability company or partnership agreement of such Company (or other governing document, in each case as amended, restated or otherwise modified from time to time, the "Operating Agreement"). References to "Members", "Shareholders" and "investors" contained herein may be used interchangeably to refer to persons who invest in the Company. References to "AcreTrader" are references to AcreTrader, Inc., references to "Manager" are references to Acretrader Management, LLC, another affiliate of AcreTrader and references to ATRE, LLC are to AcreTrader's wholly-owned real estate brokerage firm.

GENERAL RISKS

Alternative Investments are speculative, illiquid and involve a high degree of risk.

Alternative investments are considered speculative, illiquid, involve a high degree of risk, including the complete loss of principal and are not suitable for all investors. Farmland and timberland asset class investments are also subject to additional risks including volatility in commodity prices, weather events or disease that could damage crops or timber and many other operational factors. Private placements are illiquid investments and not intended for short-term investment. Investments are not listed on an exchange. There is no guarantee any investment will achieve its objectives. Distributions are not guaranteed.

Past performance does not guarantee future results.

Investment decisions should be made based on an investor's objectives and circumstances and in consultation with your financial or tax professional. The descriptions included on the Site are a summary of certain information and are not intended to be complete. Private investments are unregistered securities subject to certain limitations and restrictions. AcreTrader offerings are available to accredited investors who meet certain financial standards. Please review the private placement memorandum (PPM) for complete details on any offering. PPMs for our offerings are available on the Platform's current offerings webpage.

You will not be purchasing direct ownership in any farmland or timberland.

You will be purchasing ownership interest(s) in a newly formed entity that will acquire title to the farmland or timberland. You will not be acquiring an ownership interest directly in the land and will not own any acres of farmland or timberland.

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

Like all commercial entities, the Company is subject to being affected by any volatility in economic, market, social, and political conditions, both domestic and international, and by governmental regulation. Labor shortages, higher prices, disruptions to supply chains, the possible scarcity of agricultural and other goods, and economic uncertainty could combine to create a recession, which would adversely affect the Company's business and results of operations. Other conditions such as inflation, economic uncertainty, unemployment, changes in interest rates, imposition of new or increased tariffs, short-term money supply constraints, terrorism, global warming, 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 Platform should be construed as a recommendation to invest in any securities, including any interest in any Company. Please consult with your legal, financial and tax advisors before investing, and please 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 return is not indicative of future performance.

The offering materials and these Risk Factors have been prepared by the Manager and not been reviewed by an independent underwriter or broker-dealer.

These Risk Factors and the accompanying Disclosure Document, including the Private Placement Memorandum (PPM) for each offering on the Platform were prepared by the Manager, and have not been evaluated by any independent underwriter or broker-dealer.

An investor's ownership of Units may not be transferable.

The Units sold in this offering are not listed on any securities exchange and do not otherwise have a public market. 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 and/or the applicable Investment Agreement, which can be found on your dashboard on the Platform.

Legal and economic uncertainty may create increased cost of capital and other operating costs and may decrease the number of purchasers for the Company's Property in the future.

Since January 2025, the new Administration has announced many regulatory changes, increased tariffs, moved toward deregulation of certain industries and reversed policies implemented by the prior administration. These changes combined are creating legal and economic uncertainty which has historically increased operating costs and led to an environment where businesses are reluctant to invest. Less investment could mean the Company faces challenges both in raising equity to acquire the Property and also could serve to reduce the number of potential buyers for the Property,which may decrease the potential liquidity for the Company and the timeline for return of capital to investors.

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 Company's Property is susceptible to national and/or regional economic slowdowns or recessions which could lead to losses in the value of your investment and decreases in revenues and net income generated from, and the value of such investment. 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 in the Company.

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 (generally defined as the book value of the Company's assets minus the total liabilities of the Company) by the number of total outstanding Units of the Company. The initial net book value of your Units could be negligible, if the Company has not yet closed on the Property at the time your investment is made. Investors in an offering would, under this circumstance, experience immediate dilution by reason of the payment of expenses associated with the offering. Additionally, the net book value per Unit could 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 from the Company to its investors, or whether any such distributions will ever be made. Except with respect to certain tax distributions, the Manager will have sole discretion with respect to the timing and amount of such distributions.

The Company's activities will be subject to applicable 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 the results of the Company's operation.

The Company's activities will be subject to applicable laws, rules and regulations, including, without limitation, environmental, land use, import and export regulations, securities, and tax laws, rules and regulations. Any change in such applicable laws, rules or regulations, or any failure to adhere to such laws, rules and regulations could 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, rulemaking or changes in regulation and/or governmental policy, each of which could adversely affect the real estate industry, farming industry, and investments in the Company.

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 the Company or its officers, directors, shareholders, employees or other similar persons, could negatively impact the Company's 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 inherently 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 any cash distributions, a return or any profit to investors.

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.

The Federal Reserve increased interest rates in 2022 and 2023 in order to help curb inflation (and has indicated that it may make further increases in the future as needed), which has the potential to negatively impact farm operators because higher real interest rates (which is defined as nominal interest rates minus the inflation rate) result in higher borrowing costs for farmers and make it more difficult for farm operators to qualify for loans. Interest rates trended down somewhat in calendar year 2024, but are still experiencing some fluctuation. Higher interest rates also tend to decrease U.S. and world economic growth, thus decreasing the demand for agricultural commodities and 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/land income. If increases in real interest rates 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.

Increases in mortgage rates or unavailability of mortgage debt may make it difficult for the Company to finance or refinance its debt, which could have a material adverse effect on our financial condition, results of operations, growth prospects and our ability to make distributions to its investors.

If mortgage debt is unavailable to us at reasonable rates or at all, we may not be able to finance the purchase of additional Properties or refinance existing debt when it becomes due. We expect interest rates to fluctuate in future years. If interest rates are higher when we refinance our debt, our income and cash flow could be reduced, which would reduce cash available for distribution to our Shareholders and may hinder our ability to raise more capital by issuing more Shares or by borrowing more money.

The Company may not be able to raise sufficient capital or borrow money in sufficient amounts or on sufficiently favorable terms necessary to attain the optimal degree of leverage, which may have an adverse effect on its operations and ability to pay distributions.

The Company's ability to raise additional equity capital may be limited due to market conditions and applicable U.S. Securities and Exchange Commission (the "SEC") regulations. The business and acquisition strategies of the Company depend in part on borrowing funds, so that the Company may make more investments than would otherwise be possible to maximize potential returns. However, the Company's ability to achieve its investment objectives will be affected by its ability to borrow money in sufficient amounts and on favorable terms, which may result in the Company becoming highly leveraged. We expect that the Company will borrow money that will be secured by its Property and that these financing arrangements will contain customary covenants such as those that limit the Company's ability, without the prior consent of the lender, to further mortgage the Property or to discontinue insurance coverage. In addition, any credit facility the Company might enter into is likely to contain certain customary restrictions, requirements and other limitations on its ability to incur indebtedness, and will specify debt ratios that it will be required to maintain. Accordingly, the Company may be unable to obtain the degree of leverage that we believe to be optimal, which may cause the Company to have less cash for distributions to Shareholders. The Company's use of leverage could also make it more vulnerable to a downturn in the farming business or the economy generally.

We cannot predict the impact future actions by regulators or government bodies, including the U.S. Federal Reserve, will have on real estate debt markets, the market value of our Shares or on our business, and any such actions may negatively impact us.

Regulators and U.S. government bodies have a major impact on our business. The U.S. Federal Reserve is a major participant in, and its actions significantly impact, the real estate debt markets. While the Federal Reserve is expected to continue to make gradual increases in the federal funds rate from time to time to combat inflation, there can be no assurance if and when such increases will be made. These increases in the federal funds rate and any future increases due to other key economic indicators, such as the unemployment rate or inflation, may cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms and the market value of our Shares. This may result in future acquisitions by us generating lower overall economic returns and increasing the costs associated with refinancing current debt, which could potentially reduce future cash flow available for distributions. It is difficult to predict future legislation, regulation, and executive actions, and we cannot predict or control the impact future actions by regulators or government bodies, such as the U.S. Federal Reserve, will have on our business.

The Company may face specific risks associated with investments that are located outside the United States, which may materially impair the value of an investment, which could materially and adversely affect the Company's financial condition and results of operations.

While AcreTrader expects that the majority of the Platform's offerings will be in the U.S., from time to time the Platform will also host offerings where the assets of either a U.S. domiciled

Company or a special purpose vehicle thereof (regardless of its domiciliation) 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. Such offerings will be subject to numerous factors related to conducting business in the applicable non-U.S. countries, any of which could have a significant impact on its operations. Investing in assets 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. may not be 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 Properties located primarily in emerging markets, whose economies, markets, and legal systems may be less developed.

Risks Related To The Company's Limited Operating History

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

The Company has limited operating history on which to judge its performance. Before investing in the Company, investors should consider the prospects of such investment in light of the risks, expenses, and difficulties frequently encountered by the Company's limited operating history and with investments in real estate. The Company could fail to execute its business plan and business strategies effectively and cannot guarantee the achievement of these and other goals, and failing to do so could negatively affect the results of operations of the Company and an investor's investment therein.

The value of the Property will not be independently established.

AcreTrader, an affiliate of the Company's Manager, is permitted to establish the values on the Company's Property based upon market information available to us on similar properties in the same geographical regions as the Property, but none of AcreTrader, the Manager or the Company are certified real property appraisers; accordingly, the valuation for the Property might not be indicative of the net proceeds investors in the Company would receive upon a liquidation of the Company, and may be less than what the investors in the Company would expect to receive.

The Company may be unable to pay distributions.

The Company 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 Members, the Company may not always be in a position to pay distributions to Members, and any distributions the Company makes may not increase over time.

RISKS RELATED TO THE INVESTMENT PLATFORM

Failure of the Platform could damage our reputation and business.

The offering of Units in the Company is being conducted through the Platform, which is designed, owned, and operated by AcreTrader Platform, LLC. The Platform consists of proprietary technology that AcreTrader has designed and hosts. The Platform may not perform as investors anticipate, and we cannot guarantee its consistent operation to enable Members to access their accounts and/or information regarding the offering on a timely basis.

Technology disruptions could interrupt our business.

The Company, AcreTrader, and their respective affiliates' businesses, including the Platform, are 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/or AcreTrader and its affiliates' intellectual property. Any security breaches could release private information belonging to current and potential Members and AcreTrader's customers. While financial information of current and potential Members is protected using 256-bit encryption 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 by unauthorized third parties, or interference with AcreTrader and its affiliates' systems. The occurrence of any of these things could result in a disruption of business and injure the reputations of the Company, AcreTrader and its affiliates. A disruption to the Company's business and harm to its reputation could result in a loss of current or potential new Members' trust in the Company and the Platform, or potential liability exposure which could result in a material adverse impact on the Company's results of operations or our financial condition.

A cybersecurity incident and other technology disruptions could result in a violation of law or negatively impact the Platform's or AcreTrader's reputation and relationships with the Company's tenants, any of which could have a material adverse effect on our results of operations and our financial condition.

Information and security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. We use computers in substantially all aspects of our business operations, and we also use mobile devices and other online activities to connect with our employees and tenants. Such uses give rise to cybersecurity risks, including security breach, espionage, system disruption, theft and inadvertent release of information. AcreTrader's business involves the storage and transmission of numerous classes of sensitive and/or confidential information and intellectual property, including tenants', suppliers' and employees' personally identifiable information and financial and strategic information about us.

If AcreTrader, the Platform or the Company fails to assess and identify cybersecurity risks associated with our operations, we may become increasingly vulnerable to such risks. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we and our suppliers may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us and our suppliers to entirely mitigate this risk. Further, in the future the Platform may be required to expend additional resources to continue to enhance information security measures and/or to investigate and remediate any information security vulnerabilities. AcreTrader and the Platform can provide no assurances that the measures we have implemented to prevent security breaches and cyber incidents will be effective in the event of a cyber-attack.

The theft, destruction, loss, misappropriation or release of sensitive and/or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third-parties on which the Platform and the Company rely, could result in business disruption, negative publicity, violation of privacy laws, loss of tenants, potential liability and competitive disadvantage, any of which could result in a material adverse effect on financial condition or results of the Company's operations.

Development of internet commerce may affect the operation of AcreTrader's 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 online through the Platform. This could negatively affect AcreTrader's 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 the Company's operating expenses which would reduce any excess cash available for distributions to 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 therefore 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;
- periods of high interest rates and tight money supply;
- the relative illiquidity of real estate investments;
- acts of nature or other uninsured losses; and
- changes in the federal, state, or local laws and regulations applicable to us, including those affecting banking, tax, real estate, securities, 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 is required to 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 prior to Closing.

We may have limited time to perform analysis on the Property prior to closing, 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 the Property. Such failures could negatively impact the market value of the Property and ultimately may result in the Company's 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 the Company's results of operations.

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

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

We may not be aware of all the environmental liabilities associated with the Property prior to its acquisition. While the Manager or its affiliates, on behalf of the Company, would typically inquire as to known environmental liabilities on the Property during its analysis process, some hazards may not be immediately evident.

Under various federal, state, and local environmental laws, rules, 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 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 a 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.

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 the 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 existing condition of the land surrounding the Property could also negatively affect the value of the 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. 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 be significant which would negatively impact the Company's financial condition and results of operations and 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. Additionally, the Company may not qualify for any property tax reduction or abatement programs in the state where the Property is located. 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 in the Company. 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.

Investments are subject to casualty and condemnation.

Investments in real estate are subject to the risks of partial or total condemnation in accordance with applicable law or regulation and casualty, whether arising from destruction by fire, earthquake, flood, hurricane or otherwise. In either case, the Company's investments may be subject to one or more of the following liabilities: (i) lenders, if any, may require prepayments of outstanding loans with any proceeds arising from a casualty or condemnation recovery event (i.e., insurance coverage), (ii) insurance coverage may not be sufficient to cover renewal of an investment, (iii) renovations or developments with respect to an investment may be delayed and (iv) a seller may bear the risk of loss for such casualty or condemnation in connection with the disposition of an investment through the date of disposition.

Risk of eminent domain.

Municipalities and other government subdivisions may, in certain circumstances, seek to acquire certain assets of the Company through eminent domain proceedings. While the Company may seek to contest these proceedings, which may be costly and may divert the attention of the Manager from the operation of the Company, there can be no assurance that a municipality or other government subdivision will not succeed in acquiring assets of the Company. In such an event, there is a risk that the Company will not receive adequate compensation for the assets acquired, or that the Company will not be able to recover all charges associated with divesting these assets.

RISKS ASSOCIATED WITH THE PROPERTY AND WITH REGARD TO FARMLAND PROPERTY GENERALLY

As the Company's business objectives consist of acquiring and managing real property, including farmland and timberland, 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.

Land 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 potentially distribute to Members. Our investments will consist of Property that may be difficult to sell or re-lease upon tenant defaults or early lease terminations, either of which would adversely affect returns to investors.

The Company depends on its 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 also maintain the Property. 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 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, the Company will be able to lease or re-lease the Property on economically equivalent or 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. With this type of Property, if the current lease of the Property is terminated or not renewed, the Company may be required to renovate the Property (to the extent applicable) and/or to make rent concessions to lease the Property to another tenant or sell the Property. In addition, in the event the Company is forced to sell the Property, it may have difficulty finding qualified purchasers. These and other limitations may affect our ability to sell or re-lease the Property without adversely affecting returns to investors. If the Company sells the Property and provides any seller financing to purchasers, defaults by such purchasers would decrease the Company's cash flows and limit its ability to make distributions to its investors. 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.

Third-party property managers may not be effective.

The Manager, on behalf of the Company, may retain third-party property managers who will, under the supervision of the Manager, oversee the day-to-day operations of the Property by the tenants. The success of the Company will, accordingly, partially depend on the performance of such third-party property managers and any 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 of the Company.

The Property is subject to negative weather conditions, seasonal variability, crop disease and other contaminants, 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 any distributions to Members.

Farmland and timberland are susceptible to adverse weather conditions, including windstorms, freeze, tornadoes, floods, drought, and extreme temperature swings, which are common but difficult to predict. Seasonal factors, including supply and consumer demand, may also have an effect on the value of the Property and the value of crops grown by our tenants. Unfavorable growing conditions can reduce both crop yield and quality. In extreme cases, entire harvests may be lost in some geographic areas.

In addition, crops are vulnerable to disease and pests. Damages to tenants' crops may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. The costs to control these infestations vary depending on the severity of the damage and the extent of the plantings affected. These infestations can increase the costs and decrease the revenues of our tenants. Tenants may also incur losses from product recalls, fines or litigation due to other contaminants that may cause food borne illness. It is difficult to predict the occurrence or severity of such product recalls, fines or litigation as well as their impact upon our tenants.

All of these factors could cause the tenants to be unable to pay some or all of the rent to the Company which would negatively impact the Company's ability to make any cash distributions to Members.

Future climate changes could materially adversely impact the Company's operations and the value of its Property, 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 or other land may be subject to risks associated with long-term effects of climate change and global warming. This can include unusual and unpredictable storms, droughts and other weather-related events. 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 land 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 Property, and consequently, the amounts it is able to distribute to Members.

Further, in early 2025, the new Administration has moved to make cuts to the National Oceanic and Atmospheric Administration's budget and has decreased the number of employees at the National Weather Service. These actions could negatively impact availability of weather data, storm tracking and other information about storms and climate changes.

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 the tenant's own 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 a third-party lender or an affiliate of AcreTrader. The cost of making these repairs (including debt service that the Company is required to make to its lender(s)) could reduce cash available for distribution to Members of the Company, both in the calendar year the repairs are made, and for future distributions.

Agricultural technology enhancements, including genetic engineering, could adversely impact the Company's 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. Further development of synthetic lumber materials could decrease our ability to sell timber products at good prices or at all. As a result, the Company could experience a reduction in its returns, which are in part based on certain assumptions regarding increased global demand for crops or timber and declining availability of land, which in turn could have a materially adverse effect on the Company's operations and financial condition.

Changes to immigration policies at the federal level could negatively impact a tenant's ability to harvest its crops and ability to pay rent.

Changes to immigration laws in the United States could impact the Company's tenants negatively by creating a shortage of laborers for harvesting crops. In the event this occurs, the Company's tenants may experience losses in revenues as a result of an inability to harvest crops on time or at all. Such losses could adversely impact the tenants) ability to pay rent for the Property. The current Administration has taken action in 2025 to increase scrutiny and deportation of illegal immigrants in the United States. Undocumented immigrants presently make up approximately 40% of the American agricultural labor market. The deportation of significant numbers of these illegal immigrants could lead to acute labor shortages in the agricultural industry which may lead to delayed harvests, higher prices and scarcity of certain commodities.

If the Company's tenants fail to comply with applicable labor regulations, it could have an adverse effect on the Company's ability to make distributions to Members.

State, county and federal governments have implemented a number of regulations governing labor practices used in connection with farming operations. For example, these regulations seek to provide for minimum wages and minimum and maximum work hours, as well as to restrict the hiring of illegal immigrants. If the Company's tenant(is accused of violating, or is found to have violated such regulations, it could have a material adverse effect on the tenant's operating results, which could adversely affect its ability to make its rental payments to us and, in turn, our ability to make distributions to Shareholders.

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.

While agricultural enterprises (farms) were deemed "essential" under state and federal COVID-19 response orders and guidelines, there is no assurance, however, that COVID-19, future pandemics or any other prevalent disease will not in some way have a significant impact on the Company's operations and financial performance. The potential impact of future pandemics could be somewhat increased in light of the current Administration's anti-vaccine sentiment and the decreased funding of scientific research. 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 any pandemics. However, if an infection broke out in any of the farms owned by the Company, quarantines, worker leave, and other necessary preventive measures could increase farming costs and reduce the tenant's workforce, hurting 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 pandemics.

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 the Company, resulting in less cash available for distribution to Members. 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 pandemic related events to impact the business of the Company.

Pandemics and emergence of new COVID-19 variants and measures intended to prevent their spread could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Since being first reported in December 2019, COVID-19 has spread globally, including to every state in the United States. The pandemic has led governments and other authorities around the world, including federal, state and local authorities in the United States, to impose measures intended to control its spread, including restrictions on freedom of movement and business operations such as travel bans, border closings, business closures, quarantines and shelter-in-place orders. The Company's Property and AcreTrader and its affiliates' headquarters may be located in areas that have been or could in the future be subject to shelter-in-place orders and restrictions on the types of businesses that may continue to operate.

Pandemics and the emergence of new COVID-19 variants and measures to prevent their spread could materially and adversely affect our business in a number of ways. Our rental revenue and operating results depend significantly on the ability of our tenants to meet their rent and other obligations to us. While in general our tenants' business have not been materially affected, certain sectors of the agricultural industry have seen a decreased demand for their products as a result of the economic disruptions caused by any widespread pandemic. Such decreases in demands may further exacerbate, and demand may never recover to its prior levels. For example, drastic reductions in the hospitality, entertainment and travel business volumes have significantly impacted the demand for certain agricultural products, such as lemons and blueberries. Lower oil demands tied to a reduction in vehicle miles driven have a direct impact on the demand for ethanol and therefore corn, a crop that may be grown on the Property. Disruptions in the global supply chain have impacted our tenants' ability to price and sell in a timely manner certain specialty crops, such as tree nuts and fruit, to which we are exposed through participating rent. If the impacts of any pandemic continues for an extended period of time, we expect that certain tenants may experience greater financial distress, which could result in late payments, requests for rental relief, business closures, rent concessions or other accommodations, as applicable. In some cases, we may have to restructure tenants' long-term rent obligations and may not be able to do so on terms that are as favorable to us as those currently in place. Additionally, we have negotiated variable rents with certain tenants, which directly exposes our rental revenue to the risk of a negative impact on our tenants' operations as a result of a pandemic.

New pandemics are likely to cause severe economic, market and other disruptions worldwide. We may be impacted by stock market volatility and illiquid market conditions, global economic uncertainty, and the perceived prospect for capital appreciation in real estate. We cannot assure you that conditions in the bank lending, capital and other financial markets will not continue to deteriorate as a result of the pandemic, or that our access to capital and other sources of funding will not become constrained, which could adversely affect the availability and terms of future borrowings, renewals or refinancings.

The extent of a pandemic's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, the emergence of other variants in the future, the timing and effectiveness of vaccines and other treatments, possible resurgences in cases, and the duration and effectiveness of government measures to mitigate the pandemic, all of which are uncertain and difficult to predict. Due to the speed with which the situation is developing, we are not able at this time to estimate the effect of these factors on our business, but the adverse impact on our business, results of operations, financial condition and cash flows could be material.

We do not continuously monitor and evaluate tenant credit quality and the Company's financial performance may be subject to risks associated with its tenant's financial condition and liquidity position.

The Company could enter into a lease that does not require the full payment of rent in cash in advance of the planting season, which subjects the Company to credit risk exposure to its farm-operator tenants and the risks associated with farming operations, such as weather, commodity price fluctuations and other factors. The Company will also be exposed to these risks with respect to leases for which the rent is based on a percentage of a tenant's farming revenues and leases with terms greater than one year. Because the Manager does not, on behalf of any Company, monitor and evaluate the tenant's debt structure or loan terms, credit risk exposure related to farm-operator tenants on an ongoing basis, the Company will be subject to the risk that its tenants, particularly those that may depend on debt and leverage to finance their operations, could be susceptible to bankruptcy in the event that their cash flows are insufficient to satisfy their financial obligations, including meeting their obligations to the Company under their leases. The Company and the Manager may not become aware of a tenant's financial distress until the tenant fails to make payments to the Company when due, which may significantly reduce the amount of time the Company has to evict the tenant and re-lease the farmland to a new tenant before the start of the spring planting season, and in the event of a tenant bankruptcy, the Company may not be able to terminate the lease. If the Company is unable to re-lease the farmland on a timely basis, it could have a material adverse effect on its revenue.

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 land 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 Company intends to invest in agricultural Property. These types of properties are relatively illiquid compared to other types of real estate and financial assets. This illiquidity could limit our ability to quickly dispose of the Property in response to changes in national or international economic, financial, investment, or other conditions, and changes in laws, regulations, or fiscal policies of jurisdictions in which the Property is located. Weakness in or lack of an established market for the Property may also limit the Company's ability to dispose of the Property. 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.

Market prices for crops 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 crops, including timber, 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 that the Company's tenants produce each year. Other material factors adding to the volatility of crop prices are changes in government regulations and policy, fluctuations in tariffs, 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 the Company's investments, results of operations, and its ability to make distributions to Members.

If the Property does not have access to adequate water supplies, it could harm the Company's ability to lease the Property for farming, thereby adversely affecting the Company's ability to generate returns.

To lease the Property as farmland, the Property will need to have access to sufficient water at affordable prices to make it suitable for farming. Additionally, the ability of any farmland tenants to be able to make their rental payments is also dependent upon sufficient access to water. Although we expect to cause the Company to acquire Property with sufficient water access, should the need arise for additional wells from which to obtain water, the Company would be required to obtain permits prior to drilling such wells. Permits for drilling water wells are required by state and county regulations, and such permits may be difficult to obtain due to the limited supply of water in areas where the Company expects to acquire property, such as the farming regions of California. Similarly, the Property may be subject to governmental regulations relating to the quality and disposition of rainwater runoff or other water to be used for irrigation. In such a case, the Company could incur costs necessary to retain this water. If the Company is unable to obtain or maintain sufficient water supply for the Property, the Company's ability to lease the Property for farming would be seriously impaired, which would have a material adverse impact on the value of the Company's investment and results of operations. Additionally, if the Company invests in farmland that depends upon rainwater rather than local water access, the tenants on that farmland may be susceptible to extended droughts, and any failure on the part of the tenants to procure adequate drought insurance would impact the ability of the tenants to make rental payments, which would have a material adverse impact on the Company's ability to generate returns on the Property.

The impacts of trade disputes could adversely affect the profitability of a tenant's farming operations, which could have a material adverse effect on the results of the Company's operations, financial condition, ability to make distributions to Shareholders and the value of the Property.

The increased intensity and scope of trade disputes between the U.S. and its primary agricultural trade partners have increased the volatility of the market prices of certain crops that our tenants grow on the Property and have strengthened the relative competitiveness of other countries producing the same crops. After phases of heightened trade tensions, U.S. agricultural exports may not recover to prior levels. In addition, it is not clear whether current or newly enacted trade policies will be effective at promoting agricultural exports. There can be no assurances as to the impact of any change in trade policy on market prices of crops. A reduction in crop prices could adversely affect the profitability of our tenants and negatively impact their ability to make rental payments as they come due. If we are unable to recover the rental payments, our results of operations, financial condition and ability to make distributions to Members could be materially and adversely affected. If we are required to remove a tenant, we may not be able to re-lease the Property to a new tenant at current rental rates or at all. Furthermore, prolonged trade disputes that lead to a continuation of depressed crop prices could materially and adversely affect the underlying value of the Property.

There is risk associated with economic disruptions caused by the imposition of new and increased tariffs which could result in decreased pricing for and exports of agricultural products from the United States, thus negatively impacting the Company's tenant's ability to pay rent and the Company's ability to make distributions to Shareholders.

Since January 2025, the new Administration has imposed additional tariffs on many products and commodities in an effort to protect the United States economy. However, several countries such as Canada, Mexico and China to which the US exports a significant amount of agricultural products, have announced plans to retaliate against these US tariffs by imposing tariffs on the import of US products including agricultural products. This could cause our Farm tenants to suffer an inability to sell their crops at current market prices or at all, which would negatively impact their ability to pay rent and the Company's ability to make any distributions of net available cash to Shareholders. Tariffs can also cause damage to international relationships, which may lead to other, unpredictable, negative impacts on the Company. These factors could materially and adversely affect the Company's business, financial condition, and results of operations.

The imposition of tariffs or other trade barriers by the U.S. on agricultural goods and services imported from foreign countries could lead to the following potential adverse impacts to the Company's tenants farming the Property, each of which could affect their ability to pay rent:

- *Increased Input Costs*: Tariffs may significantly increase the cost of imported agricultural inputs, such as fertilizers, pesticides, machinery, and raw materials, thereby impacting production expenses and profit margins.
- *Disruption of Supply Chains*: Trade tariffs could disrupt established supply chains, leading to delays in sourcing necessary materials, shortages of critical components such as equipment parts, and increased logistical costs to the agricultural industry.
- *Reduced Market Access*: Retaliatory tariffs imposed by other countries in response to U.S. trade policies could limit access to key export markets, impacting sales volumes and revenue.
- *Price Volatility*: Trade tensions and tariff implementations can create uncertainty in agricultural commodity markets, leading to increased price volatility and making it difficult to accurately forecast costs and revenues and ability to pay rent.

As stated above, an increase in tariffs and export regulations could lead to certain adverse impacts on farmers, including but not limited to, increased output costs, decreases in exports of agricultural products, disruption to supply chains, reduced market access for farmers and increased price volatility of agricultural commodities. While no investment outcome can be guaranteed, nor can the impact of any tariffs or export regulations on the Company ever be accurately predicted, in the Platform's experience these increased tariffs and export regulations have not historically led to significant, sustained decreases in the long-term value of agricultural land.

Acquiring farmland during periods when 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 and may, instead, decrease in value.

The allocation of substantial amounts of capital for investment in farmland 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 have adequate insurance coverage or the correct insurance policies in place to insure the Company's risk of loss on its 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 is expected to obtain commercial general liability and other coverages as are deemed in the sole discretion of the Manager to be adequate to cover the relative risk of loss on the Property, taking into account the cost of such coverage and standard industry practices. However, there are certain types of losses, for example from wars, riots, floods, punitive damages, or acts of God that may not be insurable at all, or coverage may be too expensive to obtain. If the Company experiences a loss that is uninsured or exceeds our insurance policy limits, the Company could incur a loss in our results of operations and on the eventual sale of the Property. Further, even if any such losses are insured, 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, tariffs, 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.

Investments in farmland used for permanent/specialty crops have a different risk profile than farmland used for annual row crops.

The Company could acquire farmland used for permanent crops, as opposed to annual row crops. Permanent crops have plant structures (such as trees, vines or bushes) that produce yearly crops without being replanted. Examples include blueberries, oranges, apples, almonds and grapes. Permanent crops require more time and capital to plant and bear fruit and are more expensive to replace. If a farmer loses a permanent/specialty crop to drought, flooding, fire or disease, there generally would be significant time and capital needed to return the land to production because a tree or vine may take years to grow before bearing fruit.

Permanent crop plantings also reduce a farmer's ability to adapt to changing market conditions by changing crops. If demand for one type of permanent crop decreases, the permanent crop farmer cannot easily convert the farm to another type of crop because permanent crop farmland is dedicated to one crop during the lifespan of the trees or vines and therefore cannot easily be rotated to adapt to changing environmental or market conditions.

The presence of endangered or threatened species on or near the Property could restrict the activities of the Company's tenants, which could in turn have a material adverse impact on the value of our assets and results of operations.

Federal, state and local laws and regulations intended to protect threatened or endangered species could restrict certain activities on the Property. The size of any area subject to restriction would vary depending on the protected species at issue, the time of year and other factors, and there can be no assurance that such federal, state and local laws will not become more restrictive over time. If portions of the Company's Property are deemed to be part of or bordering habitats for such endangered or threatened species that could be disturbed by the agricultural activities of the Company's tenants, it could impair the ability of the land to be used for farming, which in turn could have a material adverse impact on the value of the Company's assets and its results of operations.

The Company may be required to permit the owners of the mineral rights to its Property to enter and occupy parts of the Property for the purposes of drilling and operating oil or gas wells, which could adversely impact the rental value of the Property.

Although the Company will own the surface rights to the Property it acquires, other persons or entities may own the rights to any minerals, such as oil and natural gas, that may be located under the surfaces of the Property. We expect that in such cases, the Company will be required under agreements with any such mineral rights owners, to permit third parties to enter the Property for the purpose of drilling and operating oil or gas wells on the premises. The Company could also be required to set aside a reasonable portion of the surface area of the Property to accommodate these oil and gas operations. The devotion of a portion of the Property to these oil and gas operations would reduce the amount of the surface available for farming or farm-related uses, which could adversely impact the rents that we receive from leasing the Property.

The Company may enter into long term leases with wind, solar or carbon sequestration developers that would enable such developers to construct energy generation or storage facilities on the Property as a way to potentially generate supplemental income to the Company. These projects might not be successful and the Company could be required to pay for the removal of these facilities at its own expense.

The Company could enter into leases that would permit a developer of wind or solar generation facilities and/or carbon sequestration facilities on some or all of its Property. In the event such a development was not successful, the Company would not receive supplemental income and could ultimately be required to pay for the removal of such facilities to restore the Property to a farm ready condition. This would negatively impact the Company's ability to make cash distributions to Members and could diminish the value of the Property thereby reducing returns to investors at the time the Property is sold. While the Company expects to negotiate terms for protection against any environmental liabilities and obtain security bonds for decommissioning these facilities, such protections may not be sufficient.

Specific Risks Related To Investment In Timberlands

Lack of diversification of the geographic location of the Company's timberland could result in increased risk to the Company.

The timberlands owned by the Company may be located in a single or limited geographic area or region, such as the southeast United States. This could expose the Company to more rapid changes in timberland values than if the Company's projects were more diversified geographically. This means the Company will not have the risk protection that diversification could provide.

The timber business is large and competitive and the Company's failure to effectively execute on its business plans could negatively impact its results of operations.

The timber business is large and competitive. Competitive factors may include timber and timber products prices, species and grade, proximity to wood consuming facilities, ability to meet delivery requirements, availability of synthetics and other wood substitutes and supply and demand in the Company's market areas. Additionally, timber is subject to increasing competition from a variety of non-wood and engineered wood products. The Company could be competing with a number of large, well-financed regional and international forest products companies experienced in all aspects of forestry, as well as the manufacturing and marketing of wood products. In many instances, these competitors may have more experience in the geographic regions where the Company will invest. Further, the Company could experience increasing competition from currently underutilized sources of supply and species of wood.

Timberland pricing can be cyclical and there can be no assurance that the market value of timber will continue to remain at present levels.

Prices for standing timber have been, and in the future can be expected to be, subject to sharp, cyclical fluctuations. Accordingly, there can be no assurance the market value of timber will in the future be equal to or higher than the value currently prevailing, nor can there be any assurance that the historical long-term profitability of timberlands can be maintained. Further, the Company's purchase price for the projects is based on certain assumptions related to timberland and timber values. There can be no assurance that the assumptions made in valuing the projects will be correct.

The Company may experience competition when identifying and purchasing timberlands as an investment prospect.

Investing in timberlands is a highly competitive enterprise. Identifying attractive timberland investments is difficult and involves a high degree of uncertainty. There can be no assurance that the Company will be able to acquire timberlands at prices that will satisfy its rate of return objectives or at all.

The Company may enter into long-term supply contracts to deliver timber even when pricing is depressed which could negatively impact the Company's results of operations and ability to make distributions.

The Company's marketing strategy on any given project could include the negotiation of long-term supply agreements guaranteeing certain customers a stable flow of timber at market prices. Such agreements could require that logs be harvested even when prices are depressed and, in certain circumstances, cause the Company to miss certain spot market opportunities which could have an adverse impact on the Company's short-term returns.

Environmental considerations that may impact the Company's business could negatively affect its operations and therefore its ability to make cash distributions.

The timber and forest products industry is subject to extensive environmental regulation in the United States as well as internationally. These regulations could become stricter in the future, and if applicable to the Company's operations, could result in increased operating costs, reduced operational flexibility and requiring additional expenditures to ensure compliance, all of which could negatively affect the Company's results of operation. Additionally, in accordance with industry practice, the Company may not conduct comprehensive environmental reviews of the properties it purchases. It is possible that even if the Company does conduct environmental reviews of its projects that it will not uncover all potential environmental problems which could subject the Company to significant unexpected liabilities.

Harvesting timber may be subject to limitations that could adversely affect the Company's results of operations.

The Company's assets may include timberland. Weather conditions, timber growth cycles, property access limitations, availability of contract loggers and haulers, and regulatory requirements associated with the protection of wildlife and water resources may restrict the Company's ability to harvest its timberlands. Other factors that may restrict the Company's timber harvest include damage to its standing timber by fire, hurricane, earthquake, insect infestation, drought, disease, ice storms, windstorms, flooding and other weather conditions and natural disasters. Changes in global climate conditions could intensify one or more of these factors. Although damage from such causes usually is localized and affects only a limited percentage of standing timber, there can be no assurance that any damage affecting the Company's timberlands will in fact be so limited. As is common in the forest products industry, the Company does not maintain insurance coverage for damage to its timberlands. Furthermore, the Company may choose to invest in timberlands that are intermingled with sections of federal land managed by the U.S.D.A. Forest Service or other private owners. In many cases, access might be achieved only through a road or roads built across adjacent federal or private land. In order to access these intermingled timberlands, the Company would need to obtain either temporary or permanent access rights to these lands from time to time. The Company's revenue, net income, and cash flow from its operations will be dependent on the continued ability to harvest timber on its timberlands at adequate levels and in a timely manner. Therefore, if the Company were to be restricted from harvesting on a significant portion of its timberlands for a prolonged period of time, or if material damage to a significant portion of its standing timber were to occur, then the Company could suffer an adverse impact to its results of operations.

The estimates of the timber growth rates on the Property on which we rely may be inaccurate, which would impair our ability to realize expected revenues from the Property.

We rely upon estimates of the timber growth rates and yield when acquiring and managing timberlands. These estimates are central to forecasting our anticipated timber revenues and expected cash flows. Growth rates and yield estimates are developed by forest statisticians using measurements of trees in research plots on the Property. The growth equations predict the rate of height and diameter growth of trees so that foresters can estimate the volume of timber that may be present in the tree stand at a given age. Tree growth varies by soil type, geographic area, and climate. Inappropriate application of growth equations in forest management planning may lead to inaccurate estimates of future volumes. If these estimates are inaccurate, our ability to manage our timberlands on the Property in a profitable manner will be diminished, which may cause our results of operations to be adversely affected.

Timberlands are subject to additional risk as a result of fire, weather and pest damage.

Timber is subject to a number of natural hazards, including damage by fire, insects, diseases and/or soil infertility. Severe weather conditions such as flooding, strong winds, hail, tornados, hurricanes and other natural disasters may also reduce the productivity of timberlands and may interfere with the processing and delivery of forest products. Disease and pest control methods are not always successful and, in addition to posing difficult environmental compliance issues, can be very expensive to implement. Insurance against such environmental losses may not be available, or may not be obtainable at a reasonable cost, and, as is customary in the timber industry, the Company may decide not to insure against these major risks due to cost or other considerations.

Changes to timber import and export regulations and tariffs may negatively impact the Company's ability to market and sell its timber.

There is a possibility that changes to the laws and tariffs regarding the import or export of raw logs could be taxed, subject to volume limitations, or otherwise discouraged or prohibited by governmental authorities in the United States or elsewhere. For example, legislation was unsuccessfully introduced in the U.S. House of Representatives in 1994 to prohibit the export of logs originating on private lands. While this legislation did not pass, there can be no assurance that similar legislation will not be introduced in future sessions of Congress. Any prohibition on the import or export of logs could have a negative effect on the Company's results of operation and anticipated rates of return. Import restrictions in other countries may result in decreased pricing of raw logs or an inability for the Company to sell its timber.

Carbon credits should not be relied upon as a source of supplemental timberland revenue.

Carbon markets in the U.S. are still developing and are not available in every state. Changes, additions and adjustments to the regulatory framework should be expected at both the state and federal levels. The terms of carbon offset projects are not standardized and may not be cost effective. The market for carbon offsets is volatile and subject to significant price movement. The expense of quantifying the amount of carbon being offset by the change in behavior required by the promise of carbon payments is a significant, recurring expense. To the extent the Company is considering obtaining supplemental income by marketing carbon credits generated in relation to the Property, there is no guarantee that offsets will be purchased or that the purchasers are financially capable. National and local politics directly impact the emphasis, or lack thereof, on carbon offset initiatives. Carbon offsets are at best a potential ancillary source of revenue and should be recognized as such when considering the overall value proposition of this investment.

Tax risks of investing in timberland may vary.

The tax consequences of a direct investment in timberland property may vary from investor to investor. Accordingly, each prospective investor is urged to consult his/her/its respective tax advisors with respect to the specific tax consequences of investing in the timberland asset class.

Risks Related To Our Corporate Structure

Investors will have limited participation in management.

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

The Manager's personnel will not devote the entirety of their time to the Company.

There is nothing that restricts the Manager or its personnel from conducting, for their own account or on behalf of others (including, for the avoidance of doubt, any existing or future companies, separately managed accounts or other similar investment vehicles managed by the Manager or any of its affiliates), business activities of the type conducted by the Company. The investment professionals and other employees of the Manager will not be spending all of their time, or a major portion of their time, in connection with any specific Company. At all relevant times, they will be actively engaged in other projects. All of these activities unrelated to the Company could negatively impact the amount of time spent by these persons and entities on behalf of the Company, which would adversely affect the performance of the Company.

The Company will pay fees to affiliates of AcreTrader for services rendered to the Company, which may reduce excess cash available for distributions to Members.

Pursuant to the Operating Agreement of the Company, the Company may pay some or all of the following fees to affiliates of AcreTrader.

(a) An annual asset management fee from the Company equal to three-quarters of one percent (0.75%) of the greater of (i) the aggregate equity raised by the Company in the offering; or (ii) the gross, unencumbered fair market value of the Property. For periods shorter than a full calendar year (*e.g.*, for the year of purchase or sale), such fee shall be pro-rated;

(b) The Company shall pay to the Manager or its affiliates an amount not to exceed two and one-half percent (2.50%) of the sum of (i) the full purchase price of the Property as set forth in the Disclosure Document for the Property on the Portal, (ii) plus the cost of any renovations to the Property, for the purpose of reimbursing the Manager or its affiliates for the costs associated with underwriting the acquisition of the Property and any costs incurred by the Manager or its affiliates in connection with the same, including, without limitation, the costs associated with surveys, title insurance, attorney and professional fees, and closing costs;

(c) The Company may pay a real estate commission to a real estate brokerage of the Manager's choosing, which could include an affiliate of the Manager, in connection with the purchase of the Property in an amount of up to five percent (5%) of the gross purchase price of the Property, as specifically set forth in the PPM. From this real estate commission, the Manager may pay any third-party real estate brokers entitled to a commission;

(d) The Company may pay land diligence fees to Acretrader Management, LLC, for provision of pre-acquisition due diligence services for the Property in the amount set forth in the PPM and/or the offering page;

(e) The Company will pay reasonable fees to the Manager and/or its designated affiliates for accounting and related administrative services in maintaining the books and records of the Company;

(f) The Company will pay to the Manager a flat fee for legal expenses associated with the acquisition of the Property and/or the preparation of the PPM and other offering materials, as specifically set forth in the PPM and/or the Disclosure Document. The Manager may also pay third-party legal counsel from this flat fee, as applicable, in the Manager's sole and absolute discretion; and

(g) Upon the sale or other disposition of the Property, the Company shall pay to the Manager or an affiliate a disposition fee of up to five percent (5.00%) of the gross sale price of the Property. The Company may also pay a real estate commission to any third-party real estate brokers entitled to a commission.

Payment of these fees by the Company 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**.**

Distributions made to the Company's investors may be subject to return obligations as set forth in the Operating Agreement and/or pursuant to applicable law.

As a Member of the Company, an investor may be required to return distributions made to such investor by the Company under certain circumstances, including, without limitation, to meet indemnity obligations of the Company under its Operating Agreement, if any. In certain circumstances, applicable law may require a Member of the Company to return previously received distributions and Members may be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the Company's insolvency.

Each Member will bear its portion of Company expenses.

Each Member of the Company will bear its portion of the operating and other expenses of the Company, which shall not extend beyond the amount invested by said Member in the Company. The amount of these expenses could be substantial and will reduce the actual returns realized by the Members on their investment in the Company (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Company in investments). Company expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the ultimate amount of Company expenses could exceed expectations. From time to time, the Manager will be required to decide whether costs and expenses are to be borne by the Company, on the one hand, or the Manager or its affiliates, on the other, and/or whether certain costs and expenses should be allocated between or among one Company, on the one hand, and other Companies or other investment vehicles managed by the Manager or its affiliates, on the other. The Manager will make such judgments notwithstanding its interest in the outcome and reserves the right to make corrective allocations should, based on periodic reviews, it determines that such corrections are necessary or advisable.

The Operating Agreement limits liability of the Manager, its affiliates and their personnel.

The Operating Agreement limits the liability of the Manager and its affiliates, the members, managers, officers, employees and agents of the Manager and its affiliates, and the officers, employees and agents of the Company 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 (absent unlawful, fraudulent, or willful misconduct) which could harm the Company's results of operation and thereby reduce investor returns.

Limited access to information.

The Members' rights to information regarding the Company, the Manager, AcreTrader, and their respective affiliates, generally will be specified, and in many cases strictly limited, by the Operating Agreement. In particular, it is anticipated that the Manager and its affiliates will obtain certain types of material information from or relating to the Company's investments that will not be disclosed to Members, including because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of the Manager's control. Decisions by the Manager or its affiliates to withhold information may have adverse consequences for the investors in a variety of circumstances. For example, a Member that seeks to transfer its interest in the Company may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a Member to monitor the Manager, the Company, and their respective performance. The Members should also know that they will generally bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the Company succeeds in asserting confidentiality for requested documents and other materials, and the Manager and their affiliates reserve the right to withhold certain information from investors subject to such laws for reasons relating to the Manager's and its affiliates' public reputation, business strategy or other reasons.

RISKS RELATED TO CONFLICTS OF INTEREST

The interests of the Manager and its affiliates may conflict with those of the Members.

The Manager has substantial authority in determining all actions of the Company. However, the Manager and its affiliates are permitted to take into account their own interest, which may not coincide with the interests of the Company and its Members.

The Manager manages entities and therefore may not be solely focused on the Company's operations.

The Manager manages numerous investment vehicles making offerings on the Platform and therefore may not always be able to focus solely on the operations of the Company and its Property. To the extent the Manager takes actions that are more favorable to one Company or other investment vehicle than the Company that the investors invest in, such actions could have a negative impact on the financial performance of the investors' investments and the value of the Property. The investors should be aware that officers of the Manager are also officers in AcreTrader Platform, LLC, AcreTrader, Acretrader Management and ATRE, LLC, and their respective affiliates. 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.

The Company may borrow funds from affiliates of the Manager.

The Manager has the ability to borrow funds on behalf of the Company from either third-party lenders or one of the Manager's affiliates to fund the Company's operations, complete the Company's offering of its interests and/or fund improvements to the Company's Property. In some cases, the Company may borrow money from an affiliate of the Manager to purchase a Property at an auction prior to the time an offering is made. In the event a loan is entered into between the Company and one of the Manager's affiliates, interest may be paid to such affiliated 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 Company's offering.

Units of the Company may be purchased by affiliates of the Manager, or by other persons who may directly or indirectly receive fees or other compensation or gain related to the offering of Units of the Company. Such purchases may be made during the offering, and will be counted in determining whether the required Minimum Subscription Amount of the offering has been met for the closing of the 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 subscription requirement 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 Manager or other persons who may receive fees or other compensation or gain dependent upon the success of the offering, investors should not rely on the sale of the specified minimum subscription requirement as an indication of the merits of the offering. Each investor must make his, her or its own investment decision as to the merits of the offering.

Members may have conflicting interests.

Members of the same Company are expected from time to time to have conflicting investment, tax, and other interests with respect to their investments in such Company, including conflicts relating to the structuring of investment acquisitions and dispositions. As a consequence, potential conflicts of interest will arise in connection with decisions made by the Manager regarding an investment that may be more beneficial to one Member than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Manager generally will consider the investment and tax objectives of the applicable Company and its Members as a whole, not the investment, tax, or other objectives of any Member individually.

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, a private letter rulings from the U.S. Department of Treasury Internal Revenue Service (the "Service") concerning any tax issue relating to an investment in the Company or the operations of the Company. In the absence of such a ruling, the Service could challenge the Company's federal income tax treatment of any tax matter contained on the Company's information returns. Such a challenge could lead to the adjustment of tax items of either or 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. However, no assurance can be provided that the Company will in fact be treated as a partnership for federal income tax purposes, rather than an association or a publicly traded partnership that would be taxable as a corporation, that the Service will not challenge the Company's status as a partnership for federal income tax purposes, or that any such challenge would not be successful. If the Service successfully challenged the treatment of the Company as a partnership for U.S. federal income tax purposes, the Company would be subject to U.S. federal income tax on its taxable income at regular corporate income tax rates, thereby materially reducing the amount of any cash available for distribution to the Members. In addition, capital gains and losses and other income and deductions of the Company would not be passed through to the Members, and the Members would be treated as shareholders for U.S. federal income tax purposes. In such case, all distributions by the Company to the investors would be treated as dividends, return of capital or capital gain. The treatment of an entity as a partnership for U.S. federal income tax purposes may not be determinative of its treatment for certain state, local or non-U.S. tax purposes.

Tax exempt investors may incur "unrelated business taxable income ("UBTI").

The Company will seek to minimize the amount of UBTI that is realized by any tax-exempt investors, to the extent reasonably practicable and consistent with its goal of maximizing the pre-tax returns of all Members, but it is possible that a significant portion of the Company's income will be treated as UBTI.

Unrelated Business Income Tax

Tax-exempt organizations generally are subject to federal income tax on their UBTI. Generally, a tax-exempt entity that realizes UBTI is taxed on such income at the regular trust or, in the case of certain entities, corporate federal income tax rates. Where a tax-exempt entity owns an interest in an entity taxed as a partnership, the activities of the partnership are attributed to it for purposes of determining whether the tax-exempt entity's distributive share of partnership income is UBTI.

UBTI is defined generally as any gross income derived by a tax-exempt entity from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business.

However, Section 512(b) of the Code provides that interest, dividends, certain rents from real property, gain from the sale of property that is not held for sale to customers in the ordinary course of business, and certain other types of income generally are not treated as UBTI. Nevertheless, Section 514 of the Code provides that UBTI includes a percentage of any gross income not otherwise treated as UBTI (less the same percentage of applicable deductions) that is derived from any property that is subject to "acquisition indebtedness." Acquisition indebtedness includes the amount of any mortgage or lien to which property is subject at the time of its acquisition and debt incurred after the acquisition or improvement of any property if the debt would not have been incurred but for such acquisition or improvement and the incurrence of the debt was reasonably foreseeable at the time of the acquisition or improvement. Section 514(c)(9) of the Code excludes from the definition of "acquisition indebtedness" any indebtedness incurred in acquiring or improving real property that is owned by employee trusts qualified under Section 401 of the Code and certain educational institutions (collectively, "Qualified Organizations") if six enumerated conditions are met. Those conditions include (subject to certain exceptions) that the purchase price for the real property be fixed at the time of acquisition, that the real property not be financed by the seller (or its affiliates), that no part of the real property be leased to the seller (or its affiliates), and that, where the investment is held through a partnership with partners that are not Qualified Organizations, the partnership's tax allocations satisfy certain requirements.

The amount of UBTI that is realized by tax-exempt Members will depend on the nature of the Company's future operations. It is possible that the Company will be treated as a "dealer" with respect to all or part of the assets in which it invests, which would cause all the gain from the disposition of such assets to be UBTI. Furthermore, because of the Company's investment strategy of using leverage to finance its investments, it is likely that a substantial portion of the income of the Company will be UBTI under the acquisition indebtedness rules, subject to the possible application of the Section 514(c)(9) exception with respect to real estate assets for Members that are Qualified Organizations. In that regard, it should be noted that the Company's tax allocations generally should satisfy the requirements of Section 514(c)(9) of the Code (although certain uncertainties would arise if the Company elects to have multiple closings) and that the Company will attempt to comply with the other requirements of Section 514(c)(9) of the Code with respect to any real estate assets that it acquires to the extent reasonably practicable and consistent with its objective of maximizing the pre-tax rate of return of its investors. However, it is possible that the Company will take actions (such as acquiring a property that will be leased back to the seller) that would make the Section 514(c)(9) exception not applicable. Accordingly, while the Company will seek to minimize the amount of UBTI that is realized by tax-exempt Members to the extent reasonably practicable and consistent with its objective of maximizing the pre-tax returns of the Members as a whole, it is possible that a significant portion of the income and gain earned by the Company will constitute UBTI, even for Members that are Qualified Organizations.

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. However, 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 U.S. Internal Revenue Code of 1986, as amended (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, she or it 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, her or it 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 U.S. Internal Revenue Code of 1986, as amended (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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