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Sent: Thursday, May 1, 2014 5:11 PM
To: Matt Haab <MDHaab@verospartners.com>
Cc: Wealth Management Group <wmgroup@verospartners.com>
Subject: Veros Farm Loan Holding - Repayment Update
Attach: Lending Group Update 5-1.pdf

To the Veros Farm Loan Holding LLC Lending Group:

Please see the attached file for an update on the repayments to be made to the Lending Group related to this year's loan.

We look forward to working together with you related to this private loan investment and helping ensure this investment meets its stated objectives. If you have any questions regarding anything related to your investment please do not hesitate to contact us at any time.

Sincerely yours,

Matthew D. Haab, CFP™, CPA



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To the Veros Farm Loan Holding LLC Lending Group (the Lending Group):

The following provides an update on the repayment of the operating loans provided to the various farming organizations (the Farms).

Summary of 2013 Operating Loan Amounts Due

As of April 30th the following loaned amounts remain outstanding from the various farming organizations that were provided funding during the 2013 crop year:

RJW Williams Farm	\$1,549,532.91
Kirbach Farms	59,664.64
Rosentreter Farms	0
D&S Farms	0
Bassen Farms	433,439.17
Boyer Farms	281,284.76
Crossroads Family Farms	860,000.00
True Blue Farms	<u>703,638.36</u>
Total Amounts Due	<u>3,887,559.84</u>

Since our last update of these balances as of the end of February, a substantial amount of \$6,341,983.85 has been repaid by the Farms on their respective outstanding loan amounts. All of the above amounts had a March 31st due date and are continuing to accrue interest on their outstanding principal balance until fully repaid. There are two significant repayments that we are expecting to receive shortly and those are as follows:

- RJW Williams: Should be receiving a crop revenue insurance check for over \$1 million at any time.
- Crossroads Family Farms: Working with new lender for 2014 operating funds and expect that loan to close next week which will provide us the full remaining amount due.

Timing of Repayments to the Lending Group

Based on those amounts, we currently plan to make the first repayment to the Lending Group once those are received, but no later than May 15th regardless of whether these amounts have been received or not. The following summarizes the other repayments to be received from the Farms:

- RJW Williams: Remaining amounts after crop insurance payment will be funded from sales of remaining 2013 crop – primarily soybeans. Full repayment should be received by end of May as these sales are completed.
- Kirbach Farms: Working with a new lender for 2014 and expect to receive full repayment by next week.
- Boyer Farms: Have 2013 crops remaining to be sold that will cover his remaining amount due that includes mostly grass seed, corn and straw. The grass seed market has been slow due to poor spring weather in the Midwest.
- True Blue Farms: Expect full repayment to be received later this month once their 2014 operating loan is finalized.

We will continue to be in close communication with each of the Farms to coordinate their full repayment of their loaned amounts. The amounts above combined with the current value held by Veros Farm Loan Holding of approximately \$7,500,000 will provide the funding to fully repay the Lending Group. Based on the expected timing of these repayments from the Farms we would anticipate having a second and final repayment to the Lending Group completed around the end of May.

Primary Reasons for Delay in Repayments from the Farms

As previously summarized, the timing of repayments this year has been slower than normal due to several primary factors:

- The combination of a wet harvest season and declining grain prices throughout the crop year caused many of the Farms to hold their stored grain longer as they waited for some nominal price increases. Also, some of the Farms contracted their grain to be sold in a later month to increase their realized price per bushel.
- Many local grain elevators are near capacity in their grain holdings, so they have reduced the days they are open to accept grain shipments which has made it more difficult for the Farms to sell their remaining 2013 crops in a timely manner.

Repayment Options

Repayments will be allocated appropriately to each individual investor on a prorata basis based on their specific funding date and amount. Each investor will receive 10% annualized interest on their funded amount as detailed in the original Offering Memorandum. We will handle the processing of the repayments and they will be made via electronic transfers to each investor's indicated account. If you did not provide us with the account that you want to receive your repayments then we will be reaching out to you to get that information. We will also email an individual repayment schedule to each of you for each repayment that is made on your loan until your loan is paid in full. For our wealth management clients, we will have this repayment made to your appropriate investment account under our management and will confirm its deposit within that respective account.

We have enjoyed working together with you on this private loan investment and helping ensure this investment meets its stated objectives. We look forward to completing the full repayments of this loan over the next month. If you have any questions regarding anything related to your investment please do not hesitate to contact us at anytime.

Sincerely yours,

Matthew D. Haab, CFP™, CPA



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