

From: Matt Haab <MDHaab@verospartners.com>
Sent: Monday, October 7, 2013 2:00 PM
To: Matt Haab <MDHaab@verospartners.com>
Cc: Wealth Management Group <wmgroup@verospartners.com>; Jeff Risinger (jeff@farmgrowcap.com); tobin@farmgrowcap.com
Subject: Veros Farm Loan Holding LLC - Update
Attach: Lending Group Update 10-7.pdf

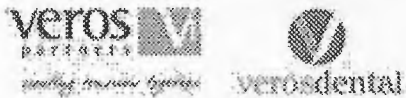
To the Veros Farm Loan Holding LLC Lending Group:

Please see the attached file for an update on the final loan fundings, the 2013 growing season and repayment plans for 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 anytime.

Sincerely yours,

Matthew D. Haab, CFP™, CPA



How can I help you create Your Tomorrow Plan?

5935 South Emerson Avenue, Suite 100
Indianapolis, IN 46237

o: 317.781.9300 x780
f: 317.781.9301

mdhaab@verospartners.com

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To the Veros Farm Loan Holding LLC Lending Group:

Wanted to provide another interim update on the various operating loan fundings to the various farming organizations (the Farms) that have been completed as well as the final potential fundings being evaluated for the 2013 crop year.

Summary of 2013 Operating Loan Fundings

Amount Funded Since Last Update	\$3,196,253
Amount Previously Funded	<u>8,245,447</u>
Total 2013 Fundings	\$11,441,700
Principal Already Repaid	<u>(1,800,000)</u>
Total Net 2013 Fundings	<u>\$9,641,700</u>

Summary of Operating Loan Fundings Completed Since Last Update – \$3,196,253 Total

Boyer Farms – Funded \$1,000,000

- Full year 2013 operating loan
- First position on 2013 crops and first assignment right in crop revenue insurance
- First mortgage position a few acres of residential real estate

RJW Williams Farms – Additional \$620,000 for total funding of \$3,320,000 for 2013

- Full year 2013 operating loan
- First position on 2013 crops and first assignment right in crop revenue insurance in partnership with First Farmers Bank & Trust

Crossroads Family Farms - Additional \$1,576,253 for total funding of \$3,311,700 for 2013

- Full year 2013 operating loan
- First position on 2013 crops and first assignment right in crop revenue insurance. In addition, have first mortgage position in 435 tillable acres that are currently debt free with an estimated value in excess of \$3,000,000.

Summary of Operating Loan Fundings Previously Completed – \$8,245,447 Gross; \$6,445,447 Net

RJW Williams Farms - \$2,700,000

- Full year 2013 operating loan
- First position on 2013 crops and first assignment right in crop revenue insurance in partnership with First Farmers Bank & Trust

D&S Farms - \$1,800,000 – Repaid in full on 4/8/13 along with \$64,159 of interest

- Short-term loan until 2013 conventional bank financing is secured, expected to be repaid in full by April 30th
- First position on 2013 crops and first assignment right in crop revenue insurance in partnership with First Farmers Bank & Trust

Kirbach Farms - \$375,000

- Full year 2013 operating loan
- Second position on 2013 crops and second assignment right in crop revenue insurance in partnership with Jersey State Bank

Rosentreter Farms - \$635,000

- Full year 2013 operating loan
- First position on 2013 crops and first assignment right in crop revenue insurance

Bassen Farms - \$1,000,000

- Full year 2013 operating loan

- First position on 2013 crops and first assignment right in crop revenue insurance
- Crossroads Family Farms - \$1,735,447
- Full year 2013 operating loan
 - First position on 2013 crops and first assignment right in crop revenue insurance. In addition, will have first or second mortgage position in 435 tillable acres that are currently debt free with an estimated value in excess of \$3,000,000.

Security Collateral Summary

The security collateral protecting the investor's principal investment for all operating loans summarized above is consistent with the planned structure of these loans. The principal amount of each loan is fully secured by the minimum crop revenue insurance proceeds to be received by the Farms in 2013 whether in first or second position. Some of the loans summarized above have additional security collateral in place due to either being in first position or due to other assets such as farmland acres that are also protecting the loaned amount.

Summary of Investor Fundings

We completed total funding of \$9,664,000 from investors for 2013.

Update on the Farms 2013 Crops & Harvest

Many of the Farms have recently begun their 2013 harvest. This year's growing season and grain markets experienced an exact opposite scenario of last year. Last year during the 2012 crop cycle we had the drought that occurred through the growing season decreasing yields but driving grain prices up 20% to 25%. This year most grain farmers have experienced ideal growing conditions which has increased expected yields. This has led to prices declining 15% to 20% in wheat and corn although, due to other factors, soybeans have stayed relatively flat in price. In 2012, the combined impact of the higher grain prices realized combined with the higher fall grain prices used in the crop revenue insurance minimum revenue calculation caused almost all of the farms we providing financing for to exceed their pro forma revenue budgets. This year the Farms are mostly in-line with their budgeted pro formas as increased yield expectations (10% to 15% higher on average), along with grain they sold earlier in the year at higher prices through forward contracts, will mostly offset the impact of the lower prices to be realized on this year's corn crop. Also, there has not been any negative surprises in the significant cost areas of fertilizers, chemicals, seed and energy so expenses are mostly in-line as well. Unlike last year, we expect little to be received by the Farms through their crop revenue insurance policies this year. Even though there were higher spring prices, the minimum revenue calculation (85% of higher price times average yield) will generally be exceeded by the Farms higher than average yields. In summary, all of the Farms should be in good shape to repay their 2013 operating loans as planned.

Repayment of Loans

We expect to start receiving significant loan repayments towards the end of this month and early November. These repayments will primarily come from grain that is sold directly from the fields or after being stored and dried briefly and then sold. Other repayments will continue to occur through March based on how each Farm has staggered their forward selling contracts to secure higher selling prices. Typically, a farm only has a certain amount of storage available so a portion of their crop is sold as it is harvested. Once we start receiving significant repayments, we will send a communication to the Lending Group to determine how each individual investor wants to be repaid. Each investor can determine, what amount, if any, of their invested principal they want to commit to the anticipated 2014 Farm Loan Fund. Any principal amount committed to next year's fund cannot be repaid until after January 1, 2014; while any principal not committed to next year's fund can start being repaid as early as

October 15, 2013. At this time, based on expected repayment schedules, we do not anticipate any repayments being made to the Lending Group until sometime after November 1, 2013.

Repayment Options

The repayment provisions in your loan allow for repayments to being as early as October 15 (Early Call) although any principal committed to next year's farm operating loan fund cannot be repaid until after January 1 (Regular Call). See the 4th paragraph on page 2 of the PPM for more details on these repayment provisions. To further explain this option and to discuss our current outlook for 2014 demand for these farm operating loans, we are going to schedule a couple investor meetings for the end of October/early November. These meetings will include other members of our team that works on these including the primary attorney. We will have a question and answer section at the end of these meetings and there will be a call-in number for anyone who can't attend in person. Look for us to send out a meeting agenda and the date and times for these meetings sometime over the next week or two.

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 anytime.

Sincerely yours,

Matthew D. Haab, CFPTM, CPA



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Indianapolis, IN 46237

o: 317.781.9300 x780
f: 317.781.9301

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