

# IFC INVESTMENT MANAGEMENT, LLC

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## FORM ADV PART 2A – DISCLOSURE BROCHURE

March 28, 2024

This Brochure provides information about the qualifications and business practices of IFC Investment Management, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (252) 523-0800 or email [info@intlfarming.com](mailto:info@intlfarming.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

IFC Investment Management LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about IFC Investment Management LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

This Brochure contains no material changes from the Adviser's previous brochure dated March 29, 2023. The updates made to this Brochure were routine and unsubstantive and were made in connection with the Adviser's annual Form ADV amendment filing submitted on March 28, 2024.

We encourage you to carefully read this brochure for full details.

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## **Item 4 – Advisory Business**

### **4.A. Advisory Firm Description**

IFC Investment Management, LLC (the “Adviser”) is a Delaware limited liability company that was formed in 2010. The Adviser’s principal place of business is located in Raleigh, NC. The Firm also maintains an office in Kinston, NC, which is the Firm’s registered office and used solely for administrative functions. No investment advisory services are conducted in the Kinston office. The manager of the Adviser is Charlie McNairy. The Adviser is majority owned by International Farming Corporation 2, LLC. The principal owners of International Farming Corporation 2, LLC are John McNairy and Charlie McNairy. Mary Elizabeth McNairy and Charlie McNairy are the managing members of International Farming Corporation 2, LLC.

The Adviser is under common control and ownership with an affiliated federally registered investment adviser: IFC Core Investment Management LLC (“IFC Core”). The Adviser has elected to file as a related adviser of IFC Core on the basis noted in Item 2 of its Form ADV Part 1 and operates a consolidated compliance program along with IFC Core.

### **4.B. Types of Advisory Services**

As of the date of this Brochure, the Adviser provides investment advice to two (2) closed-end pooled investment vehicles ( “USFRT II” and “USFRT III”), each formed as a Delaware limited partnership (the “Funds” and each, a “Fund”), that hold their farmland investments through direct real estate interests (directly farmed or leased) and related investments, such as storage, processing, and marketing operations related to the crops and products grown, which have not been securitized. As of the date of this Brochure, the investment periods for all Funds managed by the Adviser have expired. The Adviser also manages co-investment vehicles, the terms of which may differ from those of the Funds as detailed in the applicable advisory or other operating agreements.

### **4.C. Client Investment Objectives/Restrictions**

The Funds’ investments are managed in accordance with the strategy, investment objectives, restrictions and guidelines of each Fund, including any restrictions in the limited partnership agreements of the Funds, and are not tailored to the individualized needs of any particular investor in a Fund (each an “Investor” or “Limited Partner”). Therefore, Investors should consider whether investing in a Fund meets their investment objectives and risk tolerance prior to investing. Information about the Funds can be found in their respective offering documents, which are available to certain qualified Investors. The Adviser’s investment advisory services to a Fund will be tailored to the needs of the applicable Fund. Each Fund’s limited partnership agreement places certain restrictions on the Fund’s General Partner (the “General Partners” and each, a “General Partner”) and the Adviser relating to the applicable Fund’s investments.

#### **4.D. Wrap-Fee Programs**

The Adviser does not participate in, nor is it a sponsor of, any wrap fee programs.

#### **4.E. Assets Under Management as of December 31, 2023:**

As of the date of this filing, the Adviser does not have any regulatory assets under management and does not provide investment advice with respect to securities, as the pooled investment vehicles under its management hold only direct real estate interests and related investments, which have not been securitized.

### **Item 5 – Fees and Compensation**

#### **Advisory Contracts and Fees**

##### **5.A. Adviser Compensation**

The Adviser's fees and other compensation for providing advisory services, including management fees and any carried interest payable to the Adviser or its affiliates, are detailed in each Fund's limited partnership agreement and private placement memoranda (collectively, the "Governing Documents").

##### **5.B. Direct Billing of Advisory Fees**

The Adviser typically receives compensation from the Funds calculated as a percentage of invested capital and on carried interest performance achieved with respect to each Fund. The management fees for the Funds are calculated and deducted from the Funds' accounts on a quarterly basis, in advance, as determined in accordance with the relevant Governing Documents. Carried interest payments, if applicable, are deducted from realizations or other proceeds from the management of assets held by the relevant Fund and are subject to the return of investors' contributed capital and a preferred return generally.

##### **5.C. Other Non-Advisory Fees**

Each Fund pays or reimburses the Adviser, the applicable General Partner, and certain of their affiliates for expenses incurred in the organization of such Fund and in the issuance of LP Interests in exchange for commitments (the "Organization Expenses"), up to a maximum of percentage of the sum of the commitments, as specified in the applicable Governing Documents. A Fund may specially allocate to the applicable General Partner any tax benefit claimed by such Fund arising from any unreimbursed Organization Expenses.

USFRT II: This Fund pays or reimburses the Adviser, the General Partner, and certain of their affiliates for the compensation, expense reimbursement, and other direct costs (including rent, travel, and employee benefits) of personnel regularly engaged by or for such Funds to provide services in (i) investigating and negotiating the each Fund's potential acquisition of farmland investments (including but not limited to potential acquisitions in exchange for in kind LP Interests); (ii) acquiring farmland investments (including but not limited to acquisitions in exchange for in kind LP Interests); (iii) improving, maintaining, leasing and otherwise managing each Fund's farmland investments; and (iv) disposing of each Fund's farmland investments. Such Fund expenses, however, are generally subject to a cap which is set forth in the Fund's Governing Documents.

USFRT III: The applicable General Partner and/or the Adviser bears (i) any organizational expenses in excess of an amount set forth in the Governing Documents, (ii) all costs for the organization and maintenance of the Adviser and the General Partner, (iii) any costs of any employees of the General Partner or the Adviser other than costs of employees incurred in the day-to-day operational management of farmland investments and operations, (iv) any costs relating to communications to the Limited Partners, and (v) "Partnership Field Management Personnel Costs" which includes the compensation, expense reimbursement, and other direct costs (including rent, travel, and employee benefits) of personnel regularly engaged by or for a Fund to provide services in: (A) investigating and negotiating a Fund's potential acquisition of farmlands; (B) acquiring farmlands; (C) improving, maintaining, leasing and otherwise managing a Fund's farmlands; and (D) disposing of a Fund's farmlands. Partnership Field Management Personnel Costs do not include the fees and expenses for professional services provided by independent, licensed professionals, such as real estate brokers and agents, appraisers, engineers, lawyers, and accountants.

The Funds pay all other costs incurred in the Funds' operations and affairs, without limitation. These other costs include, but are not limited to: (i) amounts paid to acquire, improve, and maintain farmland investments, including crop assessment imagery and wind mapping data sets; (ii) Fund debt service; (iii) Ad valorem and any other fees or taxes associated with farmland investments; (iv) premiums to insure farmland investments and other assets against loss or damage, and to insure the Fund, the General Partner, the Adviser, the Advisory Committee (as defined in the Governing Documents), and their respective affiliates against liabilities arising from Fund operations and affairs; (v) financial, audit, and tax accounting services; (vi) legal services, including but not limited to legal services provided in acquiring, managing, and disposing of farmland investments and in pursuing or defending any claims; (vii) appraisal services; (viii) the costs of creating, maintaining, and disposing of any alternative investment vehicles; and (ix) costs of the Advisory Committee; and, if/as applicable: (x) fees for sales agents and brokers, engineers and consultants; (xi) compensation paid for day-to-day operational management of farmland investments and operations; (xii) expenses incurred in investigating and negotiating the Fund's potential acquisition of farmland investments, other than Partnership Field Management Personnel Costs; and (xiii) Management Fees.

The General Partners' affiliates may provide some of the goods and services required by the Funds, and their charges to the Funds for these goods and services will not exceed arm's length, competitive market rates. The General Partners generally are required to seek Advisory Committee determination that the pricing of goods or services provided by General Partner affiliates does not exceed market rates in advance of the provision of goods or services, as demonstrated by a market survey or other evidence reasonably satisfactory to the Advisory Committee provided by the General Partners.

Please see the Funds' offering documents, including the Funds' limited partnership agreements, for additional details and information related to expenses.

See also item 12 of this Brochure regarding brokerage.

#### **5.D. Advance Payment of Fees**

The Funds' management fees are calculated and paid in advance at the beginning of each calendar quarter, generally based on the invested capital of each Limited Partner in the Fund. Changes in the management fee base of a Limited Partner occurring during a calendar quarter will be taken into account on a daily proration basis in determining the management fee computed for such Limited Partner.

A Fund's carried interest payments are generally payable at specified intervals set forth in the respective Fund's Governing Documents, based on the aggregate returns realized by the Fund with respect to its farmland investments.

#### **5.E. Compensation for the Sale of Securities or Other Investment Products**

Neither the Advisor nor any of its supervised persons accepts compensation for the sale of securities or other investment products to the Funds.

***It is critical that Investors refer to the relevant Governing Documents for a complete understanding of fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the applicable Governing Documents.***

***Fee terms related to co-investment vehicles managed by the Adviser, which may differ in certain respects from those of the Funds, are detailed in the applicable advisory or other operating agreements.***

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

As described above and further detailed in the applicable Fund's Governing Documents, in addition to the Adviser receiving a management fee, the General Partner is also eligible to receive a carried interest payment following the Lookback Period.

The Funds managed by the Adviser are subject to a carried interest payment. While the General Partner believes that the carried interest payment provisions help align the interests of a Fund and the Adviser, the carried interest payment provisions may create an incentive to make more speculative investments for a Fund than would otherwise apply. In addition, because similarly managed Funds (including any Funds launched subsequent to the date of this Brochure) may operate under different fee structures, there is an incentive for the Adviser to favor a Fund that is subject to a carried interest payment. Notwithstanding these conflicts, the Adviser allocates investment opportunities among the Funds in a manner it believes to be as equitable as possible, considering each Fund's objectives, programs, limitations and capital available for investment. As of the date of this Brochure, the investment periods for all Funds managed by the Adviser have expired.

Because the Fund will pay the compensation, expense reimbursement and related overhead of personnel providing certain services relating to the management of farmland investments, subject to certain limitations, the Adviser has an incentive to have its or its affiliates' personnel perform such services rather than utilizing a third party.

## **Item 7 – Types of Clients**

The Adviser provides investment advice only to the Funds. There are no requirements for the Funds to open an account with the Adviser.

The minimum initial investment amounts from an Investor are \$5,000,000 for USFRT II and \$100,000,000 for USFRT III. The minimum investment amount is subject to the discretion of the General Partner to accept investments in lesser amounts. Each Investor is required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth under the federal securities laws and, for USFRT III, a "qualified purchaser" within the meaning set forth under the Investment Company Act of 1940, as amended (the "Investment Company Act").

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### **8.A. Methods of Analysis and Investment Strategies**

The Funds' investment objective is to achieve distributable cash income and long-term capital appreciation through investments in a diversified portfolio of primarily U.S. farmland and related investments. The strategies by which the Funds execute these investments include (i) farmland to be leased to farming operators through an active management approach, (ii) businesses producing crops, whether on a Fund's farmland or farmland owned by others, and (iii) businesses for processing, storage, or other handling of crops which are produced by a Fund. This will include crops produced on any of a Fund's farmland investments, and/or that are

produced on any farmland located within 50 miles of any of a Fund's farmlands to aggregate for economies of scale. A Fund's farm properties may be leased to farmers or farmed by the Fund.

***For more information on a Fund's strategy, please refer to such Fund's Governing Documents.***

## **8.B. Material Risks Related to Assets of a Fund**

**General Economic and Market Conditions:** An investment in a Fund is subject to risks inherent in real estate investments generally as well as risks inherent in farming and in agricultural businesses.

Volatility in the markets may weaken business and consumer confidence, may reduce the availability of potential investment opportunities at favorable prices, and may restrict the ability of a Fund to dispose of its investments at favorable prices.

There is a significant possibility that tariffs may be levied by one or more other countries on U.S. agricultural products in response to or in anticipation of U.S. tariffs on such countries' products. As a result, the price to consumers or others of such U.S. agricultural products may increase and no longer be competitive with the price of such products from non-U.S. sources, which in turn may decrease demand for U.S. agricultural products. A decrease in demand for U.S. agricultural products may result in lower valuations and reduced rents for U.S. farmland and could negatively impact the Funds.

**Agricultural Real Estate and Businesses Risks:** Farmland investments are subject to various risks, including (i) adverse changes in national or international economic conditions, (ii) adverse local market conditions, (iii) adverse natural conditions such as storms, floods, drought, windstorms, hail, temperature extremes, frosts, soil erosion, infestations, hurricanes, tornados, and blights, (iv) financial condition of tenants, (v) ability of tenants to operate in a profitable manner, (vi) marketability of any particular kind of crop that may be influenced by changing consumer preferences, (vii) import and export restrictions or tariffs, (viii) governmental subsidy or production programs, (ix) availability of excess supply of property relative to demand, (x) changes in availability of debt financing, (xi) changes in interest rates, (xii) real estate tax rates and other operating expenses, (xiii) environmental laws and regulations, (xiv) governmental regulation of and risks associated with genetically-engineered crops and the use of fertilizers, herbicides and other chemicals used in commercial agriculture, (xv) zoning laws and other governmental rules and fiscal policies, (xvi) energy prices, (xvii) risks due to dependence on cash flow, (xviii) acts of God, (xix) uninsurable losses and (xx) other factors which are beyond the control of the Fund. Many states have laws that restrict the ownership of agricultural land by entities. In addition, many states restrict the ability of non-United States persons or aliens from directly or indirectly owning, leasing or operating agricultural land or interests in agricultural land; a Fund may admit non-United States persons or aliens, or entities owned or

managed by such persons, as Limited Partners. A Fund's ability to acquire, lease, and sell farmland investments in certain jurisdictions will be restricted by these various laws.

**Certain Leasehold Income Risks:** The value of a Fund's farmland may depend on the credit and financial stability of the farm operators who lease properties from such Fund. A Fund's financial performance would be adversely affected if such farm operators were to become unable to meet their obligations under their leases. Upon the expiration of any lease, there can be no assurance that the lease will be renewed or the farm operator replaced. The terms of subsequent leases may be less favorable to a Fund than prior leases. In the event of default by a farm operator, delays or limitations in enforcing a Fund's rights as lessor may be experienced, and significant costs may be incurred in protecting a Fund's investment. Furthermore, farm operators may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such farm operator's lease and thereby adversely affect the financial performance of a Fund.

Certain expenditures, including property taxes, maintenance costs, insurance costs, and other expenditures including debt service on any mortgage, must be made throughout the period of ownership of the farmland regardless of whether the farmland is producing any income.

The preferred form of lease agreement with farm operators is "flex-rent" leases providing for a baseline rent and participation by a Fund in increased gross revenue above a predetermined threshold. However, there is no assurance that a Fund will be successful in negotiating such "flex rent" leases. Failure to negotiate such "flex rent" leases could prevent a Fund from participating in increased farming revenues of its operators and could materially adversely affect the income of a Fund.

To the extent a Fund has such "flex rent" leases, such Fund's income will be dependent in part on crop yields and other factors that are beyond the control of the Fund, such as weather, crop diseases, governmental policy (including tariffs), and economic factors affecting demand for crops.

**Agriculture Industry Cyclicalities:** The value of and revenues from farmland investments will be largely dependent on the performance of the agricultural industry, which has historically been a cyclical business. To the extent that the agricultural sector declines or experiences a downturn, the Funds' operations and financial performance could be materially adversely affected.

**Commodity Prices and International Trade:** The business of the Funds is dependent on the health of the agricultural industry, which in turn is dependent on the price of grain and other agricultural commodities. The price of grain and other agricultural commodities is influenced by a variety of unpredictable factors that are beyond the control of the Funds, including weather, government (United States, state, and other) farm programs and policies, changes in global demand, international trade policies (including tariffs), global political conditions and other economic factors.

**Farm Legislation:** The U.S. farm bill is the primary agricultural and food policy tool of the U.S. government. This comprehensive omnibus bill is generally passed every several years by the United States Congress, and it affects both agriculture and all other affairs under the purview of the United States Department of Agriculture. Farm bills can be highly controversial and can impact international trade, environmental preservation, food safety, and the well-being of the agricultural sector of the United States economy in rural communities. The agricultural subsidy programs provided by the farm bills are often subject to intense debate. The Funds and the farmers leasing the Funds' farmlands may receive agricultural subsidies and may be negatively impacted by adverse changes in agricultural subsidies.

**Illiquidity of Farmland Investments:** Like other real property investments and investments in privately held businesses, farmland investments are illiquid. Such illiquidity may tend to limit the Funds' ability to vary its portfolio promptly in response to changing economic or investment conditions or to liquidate farmland investments to fund purchases of LP Interests or upon any dissolution of a Fund. The illiquidity of a farmland investment may increase when a Fund acquires a farmland investment with co-investors and/or when a Fund acquires a farmland investment as part of the acquisition of a portfolio of related agricultural assets by such Fund and other parties. If a Fund is required to liquidate farmland investments, the proceeds to the Fund might be significantly less than the value of such property reflected in such Fund's financial statements.

**Accuracy of Public Information:** The General Partners and the Adviser select farmland investments for the Funds partially on the basis of information and data filed by and with various government agencies. Although the General Partners and Adviser may seek independent corroboration, the General Partners and the Adviser are not in a position to confirm completeness, genuineness or accuracy of such information and data, and, in some cases, complete and accurate information is not available.

**Potential Environmental Liability:** Under various United States federal, state and local laws, ordinances and regulations, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property. Such enactments often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances, such as environmental problems caused by a past owner. The cost of any required remediation and the owner's liability therefor is generally not limited and could exceed the value of the property and/or the aggregate assets of the owner. The presence of such substances, or the failure to properly remediate such substances, would likely adversely affect the owner's ability to sell the real estate or to borrow using such property as collateral. In addition, remediated property may attract a more limited number of potential purchasers because of the property's history of contamination and potentially affect the owner's ability to sell the property. Further, a transfer of property does not relieve from liability a person who owned the property at a time when hazardous or toxic substances were disposed on, or released from, or present on, such property. Noncompliance with environmental regulations may allow a governmental authority to order the owner / operator to

cease operations at the property or to incur substantial costs and expenses to bring the property into compliance through the implementation of burdensome remediation or prophylactic measures. The occurrence of any one or more of the foregoing with respect to any of the Funds' farmlands could materially adversely affect the Funds.

*Potential Tort Liability:* Parties suffering injuries or other damages caused by any crop grown or other activities on the Funds' farmlands may seek to hold the Funds liable for the damages. Any such damages could be substantial in amount and could include punitive and/or consequential or similar damages, in addition to any direct damages. In addition, any incident giving rise to any such damages could injure the reputation, value and viability of the Funds' investments.

*Competition:* The Funds' business of identifying and acquiring attractive farmland investments is competitive and involves a high degree of uncertainty. Competition generally may reduce the number of suitable farmland investment acquisition opportunities available to the Funds and increase the bargaining power of sellers or other parties with whom the Funds deal. The Funds may face increasing competition for farmland investment acquisition opportunities from such existing and new real estate and/or business investors with similar investment objectives. Accordingly, there can be no assurance that the Funds will be able to identify and acquire farmland investment acquisition opportunities in the future or that it will be able to invest fully its committed capital.

*Possible Lack of Diversification:* While each Fund's investment limitations impact how much of the Fund's committed capital that can be invested in a single farmland investment and the Funds expect to acquire farmland investments in multiple geographic regions and across multiple crop types, it is possible that a Fund's farmland investments may not be sufficiently diversified. Poor performance by a few of a Fund's farmland investments could materially adversely affect the total returns to such Fund.

*Minority/Non-Controlling Investments:* A Fund may acquire non-controlling interests in farmlands or related assets. In such situations, the Fund's lack of control may limit the Fund's ability to determine how the assets are leased and operated and may make the Fund's interest less marketable for sale.

A Fund may acquire farmland investments as part of the acquisition of a portfolio of related agricultural assets by the Fund and other parties which may or may not be affiliated with the Adviser. This may make these farmland investments less marketable for sale except in conjunction with the other portfolio assets.

*Risks upon Disposition of Investments:* In connection with the disposition of an investment by a Fund, such Fund may be required to make representations about such investment. A Fund may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be incorrect, inaccurate or misleading. These arrangements may result in actual or contingent liabilities for such Fund.

*Availability of Farmland Investments:* The Funds' investment strategy is based, in part, upon the premise that farmland and related assets will become available for purchase by the Funds at prices that the General Partners or Adviser considers favorable. Further, the Funds' acquisition of particular farmland investments may rely upon the continuation of existing market conditions (including, for example, supply and demand characteristics) or upon a recovery or improvement in market conditions over the projected holding period for the farmland investment. No assurance can be given that farmland investments can be acquired or disposed of at favorable prices or that the market for such investments will either remain stable or, as applicable, recover or improve, since this will depend upon events and factors outside the control of the Funds.

*Acquisition and Development Risks:* Acquisitions entail risks that investments may not perform in accordance with expectations and that anticipated costs of improvements necessary to bring an acquired property up to the performance standard intended for that property may exceed budgeted amounts. The Funds may not be successful in identifying suitable properties or other assets that meet its investment criteria or in consummating acquisitions or investments on satisfactory terms.

*Valuations:* Unlike exchange listed and other readily tradable securities, real estate assets such as farmlands generally cannot be marked to an established market. Instead, an appraisal or other valuation is only an estimate of value and not a precise measure of realizable value. Real estate valuations are subject to numerous assumptions and limitations. Ultimate realization of the value of a farmland investment depends to a great extent on economic and other conditions beyond the control of the Funds. Further, appraised or otherwise determined values do not necessarily represent the price at which a farmland investment would sell. Valuations of farmland investments should be considered only as estimates of value and not measures of realizable value with respect to such properties. As a result, if a Fund were to liquidate a particular farmland investment, the realized value may be more or less than the carrying value of such farmland investment reflected on such Fund's financial statements. Broker charges and other selling expenses may also contribute to the net realized value being less than the carrying value.

As a result of the foregoing, determination of the gross fair market values of the Funds' farmland investments (and any other investments) and each Fund's net asset value includes subjective analysis, and there can be no assurance that determinations or valuations will prove to be accurate. In making such determinations, certain events assumed to occur may in fact not occur and other events assumed not to occur, may in fact occur. These events, as well as other changes affecting valuations may materially impact the gross fair market values of the Funds' farmland investments (and any other investments) and each Fund's net asset value. In acquiring farmland investments (and any other investments), the General Partners and the Adviser may rely on valuations to determine the price paid for such investment; if these valuations end up not being correct this may negatively impact the Funds' return on such investments. The purchase price paid by a Fund for an investment may be in excess of an

independent consultant's valuation of such investment on the date of purchase or thereafter. As a result, the gross fair market values of the Funds' farmland investments (and any other investments) and a Fund's net asset value may not be accurate on any given day. Further, any sale by a Fund of an investment may not be at a price equivalent to the most recent estimated value of such investment. If the gross fair market values of the Funds' farmland investments (and any other investments) as determined by the General Partners are lower than their actual value, then those Limited Partners whose LP Interests are purchased by a Fund based in part on such gross fair market values will be underpaid and Limited Partners who retain their LP Interests would be adversely affected if more LP Interests are issued at such low price than are purchased by a Fund at such low price. On the other hand, if the gross fair market values of the Funds' farmland investments (and any other investments) as determined by the General Partners are higher than their actual value, then those Limited Partners whose LP Interests are purchased by a Fund based in part on such gross fair market values will be overpaid and Investors who purchase LP Interests at such price will pay more than fair value for such LP Interests. In addition, if the gross fair market values of the Funds' farmland investments (and any other investments) as determined by the General Partners are higher than their true value, then the Adviser may receive more in management fees and/or carried interest than it would have if the gross fair market values of the Funds' farmland investments (and any other investments) as determined by the General Partners were equal to or lower than their actual value, and management fees and carried interest payments paid to the Adviser and applicable General Partner will not be subject to refund for this reason.

#### **8.C. Material Risks Related to the Structure and Operation of the Fund**

*Reliance on Key Executives:* The "Key Executives" are as defined in the Funds' limited partnership agreements. The success of the Fund will be highly dependent on the financial and managerial expertise of the Key Executives and their expertise in the relevant real estate and agricultural business markets. Death, illness, disability, change in career or new employment of such personnel could adversely affect results of the Funds. The Key Executives are required to devote time necessary for the prudent management of the Funds' business and affairs by the General Partners and the Adviser, which will vary over time as the Funds' requirements vary. Key Executives are permitted to engage in outside activities of varying time commitments.

*Uncertainty of Distributions:* Distributions of proceeds from the Funds' disposition of farmland investments are in the discretion of the General Partners, subject to solvency restrictions imposed by law and any restrictions to which the General Partners may agree on the Funds' behalf with lenders or other third parties and to certain Carried interest distributions to a General Partner as described in the Governing Documents.

It is uncertain when profits, if any, will be realized by the Funds which would result in distributions to the Limited Partners. The expense of operating a Fund could exceed its income for an indefinite period which could require that the difference be paid from such Fund's capital.

If distributions in accordance with the distribution priorities, as detailed in the Governing Documents, would not otherwise result in the Limited Partners and the General Partners receiving amounts at least equal to the income taxes imposed on them with respect to the applicable Fund's taxable income as determined by the respective General Partner making certain assumptions, any amounts available for distribution will first be used to make tax distributions which will be credited against amounts otherwise distributable pursuant to the distribution priorities. However, there is no assurance that there will be amounts available for distribution from which to make tax distributions or that tax distributions will equal or exceed the income taxes imposed on Limited Partners as a result of their investment in a Fund.

*Delay in Acquiring Farmland Investments:* As proceeds of the LP Interests become available, the Funds intend to work promptly toward acquiring farmland investments to satisfy its investment goals. However, a Fund's exact timing of acquisition of farmland investments cannot be predicted with certainty. Delays in acquiring farmland investments could result in delays in the generation of income from such farmland investments and negatively impact performance.

*Debt Leverage:* The General Partner may cause the Funds to borrow amounts subject to leverage limitations described in the Governing Documents. Inability of a Fund to timely pay any of its indebtedness may result in the foreclosure or other sale of the Fund's farmland investments at unfavorable times, prices, and/or terms.

*Absence of Regulatory Oversight:* Limited Partners will not be accorded the protections of the Investment Company Act.

*Liability of Limited Partners:* The Funds have been organized as Delaware limited partnerships. Under Delaware law, a Limited Partner will not be personally liable for the obligations of a Fund unless the Limited Partner participates in the control of the Fund's business (or guarantees such obligations). However, in the event that a Fund is otherwise unable to meet its obligations, each Limited Partner may, under the limited partnership agreement and Delaware law, be obligated to repay amounts previously received by such Limited Partner.

*Variations in Terms:* The Funds have entered into separate written agreements with certain Limited Partners that alter or supplement the terms of the applicable Fund's limited partnership agreement only with respect to, and for the benefit of, such Limited Partners ("side letters"). The Funds' limited partnership agreements do not require the Funds to disclose the terms of such separate written agreements to Investors prior to their subscribing for LP Interests. As a result of the foregoing, such Investors have purchased LP Interests with more favorable terms than the terms received by other Investors. The Adviser is permitted to continue this practice going forward and is likely to enter into additional side letters in the future.

*Potential Conflicts of Interest:* The Funds may engage in farmland investment transactions with the General Partners, the Adviser, or Key Executives, or their respective affiliates that present potential conflicts of interest for the General Partners, the Adviser, or the Key Executives,

subject to complying with any restrictions applicable thereto as described in Governing Documents. The presence of such potential conflicts of interest may cause a Fund to incur expense to comply with such restrictions and/or to take other actions as the respective General Partner may determine to address such conflicts. Despite compliance with such restrictions and the taking of such other actions (if any), there is a risk that such conflict of interests may result in such transactions being materially less favorable to a Fund than if such transactions had been with persons not affiliated with a General Partner, the Adviser, or Key Executives.

If a General Partner proposes to sell a farmland investment to a Limited Partner or an affiliate of a Limited Partner at a price below the then value of the farmland investment as determined for purposes of the applicable Fund's financial statement accounting, the General Partner is required to provide an appraisal of the farmland investment showing a value that is not more than the proposed sale price to support the proposed sales price unless the Advisory Committee waives obtaining an appraisal. Except with Advisory Committee approval, in connection with a Fund's sale of a Farmland Investment the General Partner will not permit an affiliate of the General Partner to agree to provide management services to the purchaser with respect to the farmland investment. General Partner affiliates are able to lend a Fund money only on an unsecured, short term basis, with interest not to exceed prime, and interest to cease after 180 days. Such loans only may be made for the purpose of covering short-falls in commitment calls arising from a Limited Partner failing to pay a commitment call. The General Partners generally are required to seek Advisory Committee determination that the pricing of goods or services provided by General Partner affiliates does not exceed market rates in advance of the provision of goods or services as described in the Governing Documents.

Entities affiliated with the Adviser may provide services and goods to the Funds other than those to be provided by the Adviser as provided in Item 5.C. Other Non-Advisory Fees (e.g., personnel of the Adviser or its affiliates providing services in the implementation of actions relating to the improvement, sustainable maintenance, leasing or other management of the Fund's farmland investments). There can be no assurance that any such entities affiliated with the Adviser will be successful or will have a positive impact on the Funds' business operations, finances or performance.

Except with respect to the referral of investment opportunities to the Funds during certain times as required by the Governing Documents, the General Partners, the Adviser, the Key Executives, and their respective affiliates may provide investment management or other services to other collective investment vehicles or separate accounts that pursue the same or a substantially similar investment strategy as the Funds, may refer investment opportunities to any person, and may otherwise conduct activities that are potentially competitive with the Funds and thus present potential conflicts of interest for such parties.

The Adviser is entitled to certain compensation and expense reimbursement as described in the Governing Documents. While the General Partners believe that such arrangements generally align the interests of the Funds and the Adviser, there is a risk that such

compensation and expense reimbursement arrangements may create potential conflicts of interest between the Funds, on the one hand, and the General Partners, the Adviser, and Key Executives, on the other hand, by providing incentives for such parties to exercise their authority or perform their duties with respect to the Funds in a manner that is materially less favorable to the Funds as such exercise would be in the absence of such incentives. For example (but without limitation), the carried interest payments may provide an incentive to the Adviser and its affiliates, the General Partners, to make more speculative investments or other decisions than would otherwise apply.

For tax or other reasons, actions or omissions made by or with respect to a Fund may have different impacts on Limited Partners, with an action having a favorable impact on some Limited Partners while having a less favorable or adverse impact on other Limited Partners. The General Partners, the Adviser, and the Key Executives are permitted, but not required, to take such differing impacts into consideration in their determination of what is in the best interests of the Funds as a whole in making management decisions or other actions with respect to the Funds, and will not have any liability with respect thereto as a result of any such difference in impact.

With respect to all the potential conflicts of interest described above or otherwise arising, under the Governing Documents, neither the General Partners, the Adviser, the Key Executives, nor their affiliates will have any liability to the Funds or any Limited Partner except for actions or omissions that constitute gross negligence, fraud, or willful misconduct, as provided in the Governing Documents.

The General Partners may, but are not required to, except as provided above and set forth in the Governing Documents, consult with the Advisory Committee regarding any conflict of interest involving the General Partners, the Adviser, the Key Executives, any Limited Partner, or any of their respective affiliates. The Advisory Committee's determination with respect to any conflict of interest submitted by a General Partner to the advisory committee for resolution shall be binding on all the partners of the applicable Fund. There is a risk that any such determination could be materially less favorable to a Fund than a determination made by a court, arbitrator, or other third party.

Because the Fund will pay the compensation (including employee benefits), expense reimbursement (including premium travel), and related overhead (including office and administrative expenses) of personnel of the Adviser or its affiliates providing certain services relating to the management of farmland investments, subject to certain limitations, the Adviser has an incentive to have its or its affiliates' personnel perform such services rather than utilizing a third party. There can be no assurance that the charges, rates and other terms to the Funds for such services provided by the personnel of the Adviser or its affiliates will not exceed arm's length, competitive market charges, rates and terms. In addition, there can be no assurance that any such personnel will be successful or will have a positive impact on the Funds' business operations, finances or performance.

It is possible that the Adviser or its (or its affiliates) personnel, because of its/their financial, personal or other business interest, have an incentive to recommend the use of personnel of the Adviser or its affiliates or of entities affiliated with the Adviser to provide services and goods to the Funds even if another person is more qualified to provide the applicable services or goods and/or can provide such services or goods at a lower cost.

## **Item 9 – Disciplinary Information**

The Adviser has no material legal or disciplinary events involving the Adviser or any of its management persons to disclose.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### **10.A. Registered Representatives**

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### **10.B. Other Registrations**

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### **10.C. Material Relationships or Arrangements**

Affiliates of the Adviser, International Farming Corporation GP2, LLC and International Farming Corporation GP3, LLC, each serve as the General Partner to the applicable Fund. Affiliates of the Adviser will provide property management and related services to the Funds.

As indicated in Item 4.A., the Adviser is under common control and ownership with an affiliated federally registered investment adviser: IFC Core Investment Management LLC (“IFC Core”). IFC Core serves as investment manager to a real estate fund (the “Core Fund”) that was launched subsequent to the commencement of the Funds’ operations. As of the date of this Brochure, the Funds are closed to new investors, but the Core Fund’s investment offering is ongoing.

The Adviser also shares management personnel with its affiliates, including IFC Core, and situations may arise in which the activities of shared management may disadvantage the Funds. The Adviser may, in the future, provide investment advisory and management services to other funds and accounts. Such other funds and accounts may be subject to different fees and expenses.

## **10.D. Recommendations of Other Investment Advisers**

The Adviser does not recommend or select other investment advisers for its clients.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **11.A. Code of Ethics Document**

The Adviser has adopted policies and procedures to address potential conflicts of interest. The Adviser has adopted a Code of Ethics (the “Code”), which: (1) describes the Adviser’s responsibilities to clients; (2) requires that the Adviser’s supervised persons act in the best interests of clients to the exclusion of contrary interests; (3) act in good faith and in an ethical manner; (4) avoid or mitigate conflicts of interest with clients to the extent reasonably possible; and (5) identify and manage conflicts of interest to the extent that they arise. Initially, upon hire, and on an annual basis thereafter, the Adviser requires that all supervised persons certify to their receipt, review, understanding and compliance with the provisions of the Adviser’s Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Adviser’s access persons. The Code prohibits personal securities transactions of issuers who have been placed on the Adviser’s restricted list, and requires written pre-approval for all limited offerings, initial-public offerings, and private placements. The Code requires access persons to report information about personal securities transactions and provide a summary of securities holdings initially upon hire and on an annual basis thereafter. The Code also addresses outside activities of supervised persons, conflicts of interest, policies and procedures concerning the prevention of insider trading, the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. The Adviser will provide a complete copy of the Code to any client or prospective client upon request sent to [investorrelations@intlframing.com](mailto:investorrelations@intlframing.com).

### **11.B. Recommendations of Securities and Material Financial Interests**

Affiliates of the Adviser serve as general partners to the Funds managed by the Adviser. IFC Core, an affiliate of the Adviser, subsequently launched the Core Fund, which has a separate general partner that is an affiliate of the Adviser. The general partner of the Core Fund (and/or affiliates of such general partner) have made investments in the Core Fund.

### **11.C. Personal Trading**

The Adviser does not expect to invest in any investments held by the Funds. Affiliates of the Adviser are invested and may further invest in the Funds.

The Adviser has adopted the Code to ensure that personal investing activities by the Adviser's supervised persons are consistent with the Adviser's obligations to the Funds. In order to avoid potential conflicts that could be created by personal trading by the Adviser's supervised persons, all employees are required to pre-clear with the Chief Compliance Officer or his/her designee any personal securities transaction in specified securities, including all limited offerings, initial-public offerings, and private placements. All employees are required to submit quarterly personal securities transactions for reportable securities transactions and annual holdings reports for review.

#### **11.D. Timing of Personal Trading**

The Adviser does not expect to invest in any investments held by the Funds.

The Adviser has adopted the Code to ensure that personal investing activities by the Adviser's supervised persons are consistent with the Adviser's obligations to its clients. In order to avoid potential conflicts that could be created by personal trading by the Adviser's supervised persons, all employees are required to pre-clear with the Chief Compliance Officer or his/her designee any personal securities transaction in specified securities, including all limited offerings, initial-public offerings, and private placements. All employees are required to submit quarterly personal securities transactions for reportable securities transactions and annual holdings reports for review.

### **Item 12 – Brokerage Practices**

#### **12.A Selection of Broker/Dealers**

The Funds do not purchase or sell securities through a broker or exchange. However, if a Fund were to make an investment that required the use of a broker, such broker would be selected by the Adviser considering the best interests of the applicable Fund as a whole.

The Fund from time to time engages real estate brokers to assist with the purchase or sale of farmland or other real estate and real estate related assets.

#### **Research and Other Soft Dollar Benefits**

The Adviser does not participate in any soft dollar arrangements in connection with the Funds' transactions.

#### **Brokerage for Client Referrals**

The Adviser does not maintain any client referral arrangements with brokers in connection with the Funds' transactions.

#### Client-Directed Brokerage Transactions

The Adviser does not expect the Funds to use a broker to execute securities transactions. If a Fund were to make an investment that required the use of a broker, the Adviser would select the broker.

### **12.B. Aggregation of Orders**

As described herein, as of the date of this Brochure, the investment periods for all Funds managed by the Adviser have expired.

## **Item 13 – Review of Accounts**

### **13.A. Frequency and Nature of Review**

The Adviser's investment advice is monitored and reviewed on a regular basis by the Adviser's management team and ultimately by the Funds' investment committee. The investment committee meets periodically to review prospective investments, potential dispositions, material events regarding existing investments and to assess real estate market activities.

### **13.B. Factors That May Trigger An Account Review Outside of Regular Review**

Generally, the Funds' farmland investments are reviewed as needed to monitor consistency with the Funds' investment objectives and restrictions, or in response to changing market conditions or investment expectations.

### **13.C. Content and Frequency of Reports**

Each Investor receives the following written reports:

- Within 45 days following each of the first three quarters of each fiscal year, a quarterly financial report of the applicable Fund; and
- Within 90 days after the end of each fiscal year, annual audited financial statements of the applicable Fund, together with the auditor's report thereon and the respective General Partner's summary of Fund operations for the year.

The financial statements may be issued in preliminary draft form if they cannot be provided in final form by the date required due to a delay in the provision of information by, or other action of, third parties.

The Funds use commercially reasonable efforts to provide each Investor within 90 days after the end of each applicable Fund's taxable year the information needed for the Investor to complete its federal, state and local tax returns (annual K-1 as of December 31<sup>st</sup>).

#### **Item 14 – Client Referrals and Other Compensation**

The Adviser does not receive any economic benefits from persons other than the Funds for providing investment advice or other advisory services concerning investments of the Funds. See the Governing Documents for a summary of the Adviser's compensation by the Funds.

#### **Item 15 – Custody**

Neither the Adviser nor the General Partners are deemed to have custody of the Funds' assets. However, the Funds are nevertheless audited annually, and the audited financial statements of the Funds are distributed to the Investors within 90 days of the Funds' fiscal year ends. Additionally, unaudited quarterly financial statements of the Funds are distributed to the Investors within 45 days after the end of each of the Fund's fiscal quarters (other than the fourth fiscal quarter of such fiscal year). See Item 13.C of this Brochure. Investors should carefully review the Funds' audited and quarterly financial statements.

#### **Item 16 – Investment Discretion**

The Adviser is authorized to provide services in accordance with the Funds' specified investment objectives without Investor consultation or consent before each transaction, subject to any applicable limitations set forth in the Governing Documents.

The Adviser has investment discretion over the Funds' assets, in accordance with the Governing Documents. Pursuant to the Governing Documents, the General Partners, who are affiliates of the Adviser, have full, exclusive and complete discretion in the management and control of the business and affairs of the Funds and generally make all decisions affecting their business and affairs, subject to certain limitations. The Governing Documents provide that the General Partners may delegate some or all of its authority and responsibility. The General Partners have delegated, among other things, their authority to manage the Funds' investments to the Adviser. The Governing Documents generally set forth certain limitations with respect to the management of the Funds and the activities of the General Partners and the Adviser.

#### **Item 17 – Voting Client Securities**

The Funds invest primarily in farmland investments, including direct real estate interests and related investments, such as storage and processing operations related to the crops and products grown, which have not been securitized. As such, it is not expected that proxy voting would be required. However, in the event that proxies are issued with respect to an investment held by a Fund, the proxies will be voted by the applicable General Partner or the Adviser on behalf of the Fund considering the best interests of the Fund as a whole.

Neither a Fund nor the Investors can direct voting of such proxies.

From time to time, conflicts may arise between the interests of the Funds and the Investors, on the one hand, and the interests of the Adviser or its affiliates, on the other hand. If the Adviser determines that it has, or may be perceived to have, a conflict of interest when voting a proxy, the Adviser will address matters involving such conflicts of interest on a case-by-case basis by consulting with the Adviser's Chief Compliance Officer or his/her designee, subject to legal, regulatory, contractual or other applicable considerations. The analysis will be documented. The Adviser, in its sole discretion, may elect not to vote certain routine proxies if unduly burdensome.

The Fund and Investors can obtain information about how the Adviser or a General Partner voted a Fund's proxies by requesting such information. The Funds and Investors may obtain a copy of the Adviser's proxy voting policies and procedures upon request.

## **Item 18 – Financial Information**

### **18.A. Advance Payment of Fees**

The Adviser does not require or solicit prepayment of fees from clients six months or more in advance.

### **18.B. Financial Condition**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. The Adviser is not currently aware of a financial condition that is reasonably likely to impair its ability to meet contractual commitments to its client(s).

### **18.C. Bankruptcy Proceedings**

The Adviser has never been the subject of a bankruptcy proceeding.