

**INDICATIVE TERM SHEET
AGINVEST FARMLAND TWO INC.**

Issuer:	AGinvest Farmland Two Inc. (the “ Company ”), a Canadian-controlled private corporation.
Offering:	Common shares from the Company’s treasury.
Issue Price:	\$1.00 per common share.
Minimum Investment:	\$150,000 CAD
Use of Proceeds:	Purchase of premium farmland properties in Ontario for investment purposes, for capital expenditures made to increase the <i>future</i> market value of the land, and for working capital to farm and oversee the maintenance of the land.
Responsibilities:	The Company is responsible for purchasing and operating farmland properties and selling them when opportunities arise to realize value for shareholders. The Manager, a related company, carries out these responsibilities. More specifically, the Manager is tasked with due diligence checks, negotiating the purchase price and related transaction terms, securing debt financing (where applicable), optimizing the farmland property, working in partnership with progressive farmers under long-term grower agreements, collecting revenue from crop sales and distributing any surplus to the Company’s shareholders (after deducting operating costs and fees), ensuring the land is maintained in a manner that protects its market value, record keeping, regulatory and tax filings, and ongoing status and performance reporting.
Manager:	AGinvest Properties Canada Inc. (the “ Manager ”)
Investment Committee:	Elected by the shareholders, this 3-person Investment Committee (the “ IC ”) is responsible for vetting all acquisition targets brought forth by the Manager.
Capital Gains Exemption:	Based upon our understanding of the current income tax legislation, we believe that the shares will qualify for the capital gains tax exemption. Investors should consult with their tax advisors in order determine their eligibility to claim the capital gains exemption on this investment.
Objective:	To benefit from the anticipated long-term appreciation of farmland.
Financial Leverage:	Up to 30 percent of Net Asset Value (or “ NAV ”) with an ongoing operating target of 25%. Leverage can temporarily climb to as high as 35% in order to accommodate redemptions. Leverage must be reduced back to less than 30% within 12 months of a redemption event.
Distributions:	To be determined by the Manager, in consultation with the board of directors annually. We anticipate cash distribution being made available on an annual basis and will be offered as a reduction in paid up capital. This tax-free distribution will reduce the adjusted cost base of the shares. Maximum annual cash distributions will not exceed 5% of the shareholders book value. Shareholders will have the option to accept newly issued shares in lieu of cash.
Share Liquidation:	<ul style="list-style-type: none"> * No redemptions for 36 months (<i>“best efforts” to meet redemption requests prior to this at a 25% discount if funds allow</i>) * After 36 months at a 20% discount * After 48 months at a 15% discount * After 72 months the company intends to find a buyer for 100 percent

of the outstanding common shares.

Redemptions are limited to a maximum of 10% of the outstanding shares annually and will be offered on a “best efforts” basis.

Eligibility: Up to 49 investors who qualify for exemptions available to accredited investors under the applicable Securities Act.

Reporting and Appraisals: Audited financial statements of the Company, supported by independent market value appraisals on all properties, will be provided annually. AGinvest will also provide annual account statements for each investor.

Management Fee:	Class A Shares	Less than \$1 million	Fee 1.75%
	Class B Shares	\$1 million - \$5 million	Fee 1.50%
	Class C Shares	Greater than \$5 million	Fee 1.25%

Success Fee: The Manager shall be paid a success fee upon the sale of all of the shares of the Company. The success fee payable to the Manager will be paid to Manager only if the Company achieves a minimum compound annual rate of return of 6% (“**the hurdle**”) during the investment term. The following success fee will apply at the time of sale.

A compound annual return of less than 6% will generate a 0% success fee.

A compound annual return of 6% or more will generate a success fee of 20% of the gain in excess of the hurdle.

Closing Costs: Closing costs associated with the purchase and sale of Farmland Property including appraisal fees and land transfer tax will be paid by the Company.

Currency: All monetary figures are denominated in Canadian dollars.

Further Questions: Please refer to the attached **FAQ Appendix A**.

CONTENTS ARE PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY AND DO NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THESE SECURITIES. THESE SECURITIES ARE PRIVATE INVESTMENTS AND ARE NOT QUALIFIED FOR DISTRIBUTION TO THE GENERAL PUBLIC. IMPORTANT INFORMATION REGARDING AGINVEST IS SET OUT IN SHAREHOLDERS AGREEMENT, WHICH SHOULD BE REVIEWED PRIOR TO INVESTING. INVESTORS SHOULD ALSO CONSULT THEIR OWN PROFESSIONAL ADVISORS TO ASSESS THE RISKS OF THE INVESTMENT AND THE INCOME TAX, LEGAL AND OTHER IMPLICATIONS OF THE INVESTMENT. SHARES OF AGINVEST MAY BE PURCHASED THROUGH ELIGIBLE DEALERS.

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Appendix A**

Information About the Fund

AGinvest Farmland Two Inc. ("The Farmland Company") was formed in January of 2020. AGinvest Properties Canada Inc. ("The Manager") was formed in June of 2012.

Our Mission

Our goal is to work with both farm families and investors to create solutions that promote comprehensive farmland management practices, improve operational efficiencies and protect the integrity of Ontario farmland. We believe this is the surest path to long-term investment success.

Investing to help farmers

AGinvest programs help farm families to overcome hurdles to growth and continuity in their farm operation. Capital provided by AGinvest reduces their exposure to the risks of land rental or fluctuating debt costs while enabling them to make effective long-term plans for land and equipment purchases. AGinvest also provides practical solutions for farm families to overcome hurdles with succession planning.

Investing to enhance farmland value

A cornerstone of our farmland investment strategy is to maintain and build the soil health of properties we manage through several proven optimization strategies. Improving the productivity of the farm is essential for long-term sustainability and value creation.

Investing in for future gains

As an investment asset class, Ontario farmland yields competitive returns with less volatility than common stocks and corporate bonds. Farmland, including annual & permanent crops, has delivered an annual total return of over 11% over the last 15 years and over 10% since 1950.

Frequently Asked Questions "FAQ"

Question: I have questions about The Farmland Company. How can I get more information?

Answer: Kent Willmore (President) or Anthony Faiella (Senior Vice President) can be contacted at any time to discuss these opportunities and to provide any additional information you may require. They can be reached at: Kent.Willmore@aginvestcanada.com or Anthony.Faiella@aginvestcanada.com.

The Subscription Process

Question: What is the minimum investment?

Answer: The initial minimum investment in The Farmland Company is \$150,000 Canadian dollars.

Question: What other criteria do I need to fulfill, to be eligible to invest in The Farmland Company?

Answer: If you are either a Canadian citizen or permanent resident of Canada, and you are an accredited investor in accordance with the Securities Act (Ontario), you are eligible to invest in The Farmland Company.

Question: How do I complete the investment process?

Answer: New investors must complete, in full, the Subscription Agreement found in the documents you will be provided. Simply complete the form, sign it, and submit to AGinvest either (a) by mail to the address set out in the Subscription Agreement or (b) by scanned copy emailed to Kent.Willmore@aginvestcanada.com or Anthony.Faiella@aginvestcanada.com.

Question: How do I transfer my money to The Farmland Company?

Answer: AGinvest will accept a wire transfer or bank draft.

Question: How do I know my investment in The Farmland Company is official and closed?

Answer: On acceptance of your subscription, you will receive a counter-signed subscription agreement and a closing notice from The Farmland Company to pay the applicable subscription price in order to complete the subscription.

Question: Can I add to my investment in future openings? Would those additional shares be subject to the same redemption schedule as my original investment?

Answer: Yes. Existing shareholders will have the opportunity to add to their investment and additional shares purchased will not be subject to the original minimum investment amount.

Question: How will future subscriptions from investors be priced if the shares are purchased next year or the year after?

Answer: New investor subscriptions will be priced based on the most recently determined net asset value ("NAV") per share which will include the appraised value of all properties in the portfolio adjusted for the fair value of any other assets and/or liabilities on the balance sheet of the Farmland Company.

Question: How can I keep track of my investment in The Farmland Company going forward?

Answer: The Farmland Company distributes annual audited financial statements together with information bulletins that profile the farmland portfolio.

Structure of the Corporation

Question: What is the fee structure of The Farmland Company?

Answer: The Manager shall be paid by the Company a management fee, calculated and payable monthly, of 1/12th of eligible fee. Referral fees, if any, will be paid by the management company from the management fee.

The Manager shall be paid a success fee upon the sale of all of the shares of the Company. The success fee payable to the Manager will be paid to Manager only if the Company achieves a minimum compound annual rate of return of 6% (**“the hurdle”**) during the investment term. The following tiered success fee will apply at the time of sale.

- A compound annual return of less than 6% will generate a 0% success fee.
- A compound annual return of 6% or more will generate a success fee of 20% of the gain in excess of the hurdle.

Question: What are my liquidity options? When is the earliest date that I could liquidate my investment in The Farmland Company?

Answer: The ability to liquidate your shares in The Farmland Company has been designed with the intention of both aligning with the long-term investment thesis of Canadian farmland as well as providing increased liquidity compared to traditional farm ownership. Your first opportunity to request the repurchase of your shares obtained in 2020 would be in 2023 and would be subject to a 20% discount to NAV, after 2024 subject to a 15% discount to NAV. The Farmland Company intends to find a buyer for 100 percent of the outstanding common shares after year six (2026). Also, The Farmland Company will endeavor, on a best efforts' basis, to find a buyer for an

investor's shares if extenuating circumstances arise prior to 36 months (*A discount of 25 percent of NAV will apply*).

Question: Is there a maximum number of shares that The Farmland Company can repurchase in any given year?

Answer: In the ordinary course, the total maximum number of shares that can be repurchased (for all investors) in any given year will not exceed 10% of the total outstanding Shares in terms of value. Note, however, that The Farmland Company reserves the right to discontinue repurchasing of shares in any given year in certain extraordinary circumstances. These limits have been put in place to protect The Farmland Company from any "run" on capital which could force the untimely liquidation of farmland properties to fund share repurchases.

Question: How is Net Asset Value (NAV) calculated and how often?

Answer: NAV is defined as the fair market value of the total assets, less all liabilities, of The Farmland Company. Fair market value of each individual property in the portfolio will be determined on an annual basis by third party appraisers. Given that Ontario farmland typically has only one crop cycle per year, the Farmland Company has chosen to recalculate the NAV on a quarterly and on a trailing basis.

Question: Are there cash distributions under The Farmland Company?

Answer: The Farmland Company will endeavor to make one annual distribution. Each year, it is expected that The Farmland Company will assess the corporation's cash flow, set aside appropriate reserves to fund anticipated liabilities and acquisitions, and make a distribution to shareholders. Investors will have the option to receive distributions from The Farmland Company in the form of cash. Cash distributions will be classified as a reduction in paid up capital. This tax-free distribution will reduce the adjusted cost base of the shares.

Question: What role does debt leverage have in The Farmland Company?

Answer: The Farmland Company has provisions for the use of debt up to a limit of 30% of total asset value. This provision is intended to enable AGinvest to manage working capital and to facilitate farmland purchases; however, The Farmland Company is expected to continue to maintain modest debt levels (less than 30%) over time; 35% debt leverage is permitted after 36 months on a temporary basis to allow for distributions. Leverage must be reduced to less than 30% within 12 months of any distribution.

Question: How does The Farmland Company deal with the risk profile of Ontario farmland investment?

Answer: The Farmland Company endeavors to purchase prime Ontario farmland using a proprietary due diligence system that ensures that the "buy" is carried out correctly. AGinvest de-risks the investment by purchasing farmland at or below appraised value and will carry out optimization strategies to improve the lands productivity characteristics. Once farmland is purchased correctly and optimized to its fullest extent, AGinvest works to preserve the value of existing investment properties by monitoring operations and farming practices, thereby further decreasing the risk of the overall land portfolio. *Note: The AGinvest Investment Committee ("IC"), consisting of three AGinvest Farmland One Inc. shareholders, must approve all farm acquisitions in advance of the purchase. The IC members are independent of the management company.*

Question: How does The Farmland Company offer the advantage of the Capital Gains Exemption?

Answer: The Farmland Company's innovative investment and operational model opens a unique opportunity for both investors and farmland owners to utilize their lifetime exemption for tax-free capital gains. As a shareholder in The Farmland Company, you become a shareholder in a company that actively manages and markets crop production on

premium Ontario farmlands. This approach entitles up to 49 investors, capital gains exemption benefits on the eventual sale of their shares. The Canada Revenue Agency includes your taxable capital gain (50 percent of the total gain) as income for tax purposes but allows an offsetting deduction when calculating taxable income. Our farmland ownership plans, therefore, can achieve after-tax rates of return comparable to the pre-tax rate of return for traditional plans.

The Canada Revenue Agency has the right to challenge any company's position that it is conducting an active business. AGinvest is confident that the use of the AGinvest Grower Agreement will result in the income generated by The Farmland Company to be considered active business income. If the Canada Revenue Agency successfully challenges The Farmland Company position that the company is operating an active business, the shareholders may not be eligible for the Capital Gains exemption.

Question: What is the maximum Capital Gains Exemption available?

Answer: Each Canadian citizen or permanent resident of Canada is entitled to a capital gains exemption on qualified gains arising from dispositions. The Canada Revenue Agency refers to the exemption as a capital gains deduction, whereby the capital gain — which is 50 percent of the total gain — is still included as income for tax purposes. However, an offsetting deduction from net income is allowed when you are calculating taxable income. The total of your capital gains deductions on gains arising from dispositions in 2020 of qualifying capital property has increased to \$441,692 (one half of an increased LCGE increased by indexation to \$883,384 for 2020).

Question: How is the Investment committee (IC) selected?

Answer: This three-member committee consists of at least one investor from AGinvest Farmland Two Inc.

The other two members must be invested in an AGinvest farmland product and only one of the three members can be a part of the management company (AGinvest Properties Canada Inc.)

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