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There is a Ton of Money Out There!



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IOWA AG SECRETARY EXPLORES AERIAL SEEDING OF COVER CROPS WITH PEOPLES COMPANY

Peoples Company in early September set the stage for Iowa Secretary of Agriculture Bill Northey to fuel some boots-on-the-ground dialogue surrounding the use of targeted land conservation practices on Iowa farmland.

The field day began with Northey stepping onto the tarmac at Osceola Municipal Airport to visit with Peoples Company President Steve Bruere and Land Manager Mollie Aronowitz as employees of Indianola-based Agri-Tech Aviation Inc. loaded winter rye seed into an Air Tractor 402 idling on a runway. The seed would later be aerially applied on a 150-acre demonstration farm managed by Peoples Company just south of the airport.

Northey, an Iowa native and fourth-generation farmer who in January 2015 will begin serving his third consecutive term as the state's agriculture chief, said the practice of sowing cover crops is taking hold with greater numbers of landowners and producers looking into the positive and lasting effects of limiting nutrient runoff, preventing erosion and increasing organic matter. He visits annually with farmers and industry leaders in each of Iowa's 99 counties to better understand how they are maximizing breakthroughs in science and exploring the potential for innovative technologies intended to protect air, water and land.

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REAL ESTATE MAGNATE

DONALD J. TRUMP TO HEADLINE 2015 LAND INVESTMENT EXPO

Donald J. Trump has been called the archetypal businessman and a dealmaker without peer. The real estate magnate will headline the 2015 Land Investment Expo presented by Peoples Company at the Sheraton West Des Moines Hotel.



The Land Expo is the Midwest’s premier agricultural real estate conference with in-depth programming that each year attracts more than 600 attendees. Farm producers and agricultural real estate professionals on January 23 will hear from one of the best-known real estate entrepreneurs on earth. He is expected to remark on his personal experiences in the real estate industry, the current state of the real estate market, and how to get ahead of the competition.

Mr. Trump is chairman and president of The Trump Organization, New York, which bills itself as “the world’s only global luxury real estate super-brand. He’s author of the best-selling business book of all time, “The Art of the Deal,” and other titles including “Trump: The Best Real Estate Advice I Ever Received,” “How to Get Rich,” “The Way to the Top,” and “Think Like a Billionaire.”

In 2006, Mr. Trump was voted “the world’s most competitive businessperson” by BusinessWeek magazine. He’s been named twice – most recently in 2011 – to the ABC Barbara Walter’s Special list of “The Most Fascinating People.” And Mr. Trump in 2012 was listed on Crain’s New York Business List, ranking him No. 1 for the largest privately held company in New York, and the same year he was honored with an American Cancer Society Lifetime Achievement Award. In addition to partnering with NBC Television to obtain broadcast rights for the three largest beauty competitions in the world, Mr. Trump also starred in and helped to produce NBC’s “The Apprentice” reality show, which was nominated for three Emmy Awards and became the number one show on television.

“Mr. Trump is a good fit for the top of the 2015 lineup,” said Steve Bruere, president of Peoples Company. “With so many superlatives to his name – including the tallest residence in the world right here in the Midwest, the Trump International Hotel & Tower/Chicago – Donald Trump is a true legend in the real estate industry. He’s been credited with entire market shifts like creating a condominium boom in New York City, and his multiple development projects there had a positive impact in the midst of an economic downturn. He’s a founding member



Land Expo 2014



Land Expo 2014

THE EIGHTH ANNUAL
LAND INVESTMENT EXPO



of The Wharton School Real Estate Center at the University of Pennsylvania, which is a leading center of real estate education and research. And of course he's well-known for his outspoken nature, so we look forward to hearing what he has to say to fellow investors here in Iowa."

Besides Mr. Trump, programming at the eighth annual Land Expo will look as far afield as sub-Saharan Africa for budding opportunities in real estate. A delegation of Iowans recently back from South Africa, Zambia and Mozambique will reunite with their host, EmVest CEO Susan Payne, who runs a "turf to table" operation in Africa for the diversified agricultural investment company.

Ms. Payne is a repeat Land Expo speaker whose initial, 2011 discussion of the role of agriculture in global food security was followed by a 2013 presentation of her views on untapped investment opportunities in emerging farmland markets.

Other expert speakers confirmed for the 2015 Land Expo include:

- Dennis Gartman, an influential investor who closely follows commodities and capital markets as editor and publisher of The Gartman Letter and is a frequent contributor on CNBC and Bloomberg TV
- Eric O'Keefe, editor of The Land Report, the magazine of the American landowner
- Simon Atkins, M.B.A., Ph.D., D.Sc., climate risk economist, commodity yield expert and CEO of Advanced Forecasting Corp. of Billings, Montana
- Edmond Seifried, Ph.D., executive consultant and chief economist for the Sheshunoff CEO Affiliation Programs, Austin, Texas, high performance education and idea exchanges for community bank CEOs, lenders and technology/operations officers

The Land Expo is a daylong event that attracts the brightest minds in land investing and farm real estate to Central Iowa. Hundreds of bankers, farmers, real estate agents, investors and developers are expected to attend expert educational sessions, visit with trade exhibitors, and interact with fellow producers and professionals on-site.

The cost to attend the Expo is \$475 through December 20, and then increases to \$550. The price of admission includes an all-day pass to informational sessions, a continental breakfast, catered lunch, social hour and networking opportunities. A block of rooms at the Sheraton West Des Moines Hotel will be held and available, January 22-24, 2015, at a discounted nightly rate \$112 plus tax for Land Expo guests and attendees who reserve their rooms by January 1. In-room high-speed Internet access is included at no extra charge.

Stay up to date with the latest Land Expo news and announcements by following Peoples Company on Facebook and the Land Expo on Twitter at www.Twitter.com/LandExpo.

For more information, go to www.LandInvestmentExpo.com or contact Becky Rozenboom at 855-800-5263 or Becky@PeoplesCompany.com.



Susan Payne



Ken Root



Dennis Gartman



Eric O'Keefe



Simon Atkins



Edmond Seifried

FROM THE BLOG

Published
 October 27, 2014



Meet Intern Ben Zhu with the Peoples Company Land Investment Programs Team

Qi "Ben" Zhu joined Peoples Company in September as the newest member of our land services organization's thriving internship program. The Shanghai native is a recent graduate of Louisiana State University, where he earned a MS Finance + M.B.A. dual degree with an emphasis on investments.

Ben's passion for research and expertise in finance and investments are apparent with a background that's included international experience in the China, Brazil and the United States, as well as the proficient use of Bloomberg, Morningstar and other tools as part of LSU's Graduate Assistantship program.

Ben, who relocated to the Des Moines-area from Baton Rouge, is bilingual in Mandarin and English. He attended Shanghai International Studies University and earned a bachelor's degree in Economics in 2011. He also holds a Certificate of Minor in Accounting from the Shanghai University of Finance & Economics.

A member of the Wall Street Journal Young Professionals Network, Ben is certified in the Bloomberg Equity Essentials Trainings Program and was ranked in the 95th percentile in the Bloomberg Assessment Test.

At Peoples Company, Ben is a member of the Land Investment Programs team and works to meet the needs of and uncover opportunities for clients alongside our staff operating in Clive and throughout the Midwest.

AERIAL SEEDING

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“There have always been some folks who’ve done a little bit with cover crops, but we see the interest really growing,” Northey said. “We think we’ve doubled the number of cover crops each of the last few years. It’s still a small number in Iowa. It’s a great practice for the field and controlling erosion. Certainly has the possibility of creating some organic matter, as well. But it’s a great water quality practice. Iowa State’s research will show about a 30 percent reduction in the amount of phosphorus leaving the farm, and another 30 percent in the average amount of nitrogen leaving a farm on an average year with a cover crop planted.”

The preservation of organic material and a reduction in nutrient leaching are among the primary benefits associated with laying down a winter cover crop such as cold-hardy rye, which can be aerially seeded or drilled into the dirt following harvest, and is typically killed off using a herbicide the following spring.

Northey spoke with Agri-Tech’s aviation crew – who shared their perspective on what works or what doesn’t in the air and on the field – before a pilot departed and engaged GPS-guidance technology to help ensure as complete coverage as possible as he lined up to seed the rye on a field of standing corn a few miles away.



Iowa Secretary of Agriculture Bill Northey and Peoples Company Land Manager Mollie Aronowitz look on as aviators with Agri-Tech Aviation Inc. load winter rye seed into a Air Tractor 402 readying to depart from the Osceola Municipal Airport.

Aronowitz, who has a diverse background in Midwest agriculture, horticulture and her own family’s Iowa farming operation, watched as the conversation went beyond the face value of cover crops – in terms of their ability to control erosion and build soil – and to the future importance of documenting both the methods and results of land conservation practices today.

“A standard measuring matrix can help,” she said. “But what’s good on one farm isn’t always the best for another. Whether we’re talking about cover crops, tilling practices or fertilizer application timing, it all depends on variables such as soil type, slope and location in the state. By collecting and comparing research, we will ultimately allow farmers and managers to make more informed decisions when it comes to crop intelligence. We can set benchmarks and

begin to evaluate which collection of practices is expected to have the greatest net-positive impact on individual farms.”

Northey, discounting any notion of a one-size-fits-all approach to land management, acknowledged that there is plenty of room for creativity and innovation in the farmland marketplace. Some of technologies that are introduced will work. Others will not. “None of these tools are universal,” he said. “That’s why we need decision-makers. It’s not like the government can just say, ‘Hey everybody does this.’ It’s needs to be the right thing, in the right place, for the right operation. We are all going to learn from each other as we have field days. We’ll target these pieces based on the operator, based on the land.”

He compared caring for the land with the keeping maintenance records on a car or pickup truck. “Picture two vehicles sitting side-by-side,” Northey said. “They may have been taken care of. May look the same. But if one has maintenance records, and you are able to understand what happened to that vehicle over the past five years, you have more trust. First of all, you know what did happen. But second, you know that someone cared for it.”

Bruere sees collaboration as a critical piece, too, as well as a need to properly capture and share the results of land conservation practices; tasks that fall squarely into the wheelhouse of today’s farm producer or land manager. “The necessity of capturing and communicating fertility, yield and conservation history is growing right along with investor interest in farmland,” he said. “Landowners have never been in a stronger position to leverage technology and information to gain valuable insights into the history and future predictability of their land. These types of applications go hand-in-hand with profitability, sustainability of and the appreciation of productive farmland in Iowa and other corn-and-soybean producing states.”

Northey, who said research and communication are key elements to the success of the Iowa Nutrient Reduction Strategy program, anticipates that in time cover crops will become even more of “an economic driver for farmers, in addition to the water quality benefits.”

He recalled how earlier this year a sense of pride and accomplishment swept recently over his friends in Washington County, following the addition of cover crops to their annual rotations of corn and soybeans. “They’d go out right after rain and watch water flow off the field,” Northey said. “In some cases it was too much water, to be able to all be soaked in. The water coming off those cover crop fields was clean; it had no soil in it or almost no soil in it. It gave them a lot of pride. They were holding that soil in place. They were doing the right thing. And they were maintaining the long-term productivity, as well, of that farm.”



AERIAL SEEDING

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Aronowitz said Peoples Company embraces conservation practices throughout tillable and non-tillable managed acres with a goal of minimizing soil erosion in all farming operations and mitigating the impacts of soil or productivity loss on a farm's balance sheet. The Iowa State University graduate said everyone has a part to play and that it is people coming together from all areas of the agriculture industry that will have the greatest impact on uncovering new innovations in soil conservation – while at the same time improving water quality.

“This is no longer just an issue important to a handful of small farmers,” Aronowitz said. “It is the future of how we farm and buy or sell land here.”

“We’re no longer thinking in black-and-white,” Bruere said. “This is about managing for the future and managing for long-term appreciation more so than the cash return piece. You have to start with one farm first and make it work before you can scale it. You have to document that it’s working. You have to communicate that.”

“To be able to show that the folks managing this farm went above and beyond the simple practice of getting the crop in and getting the crop out of the ground – and sold – can create value in that farm



Iowa Secretary of Agriculture Bill Northey, left, discusses cover crops and land conservation practices with Steve Bruere and Mollie Aronowitz on a demonstration farm managed by Peoples Company in Clarke County.

beyond just what the soil looks like or where it sits,” Northey said. “A company reaching out and being a part of this is very important. This is how we learn the pieces that will get us to that better information 10 years from now.”

PEOPLES COMPANY ACQUIRES TOTAL REALTY CO. IN DEWITT, IA

Peoples Company is pleased to share that it has acquired DeWitt-based Total Realty Co., expanding the reach of our land services organization as a leading provider of brokerage, management, appraisal and land investing services in Iowa and throughout the Midwest.

Total Realty has a long-history in Iowa under the leadership of Douglas Yegge, who over the past 36 years has earned a reputation for working alongside his dedicated team to meet the needs of buyers and sellers of agricultural real estate across the central United States. Peoples Company completed its acquisition of Total Realty on November 18, enlarging its geographic footprint to include the Mississippi Delta region, and strengthening our position to do deals in both Eastern Iowa and Western Illinois.

Total Realty specializes in land sales, real estate auctions and the analysis of land investment opportunities related to 1031 exchanges and sale-leaseback scenarios, as well as connecting buyers and sellers of acreages and building sites. In conjunction with Peoples Company, and with a nearly 60-person team, Total Realty will now offer land brokerage, land auction, land appraisal, land management and land investing services while maintaining key relationships in the

region and bringing the total number of states the companies are licensed in to nine.

Yegge has six agents and, continuing with the Total Realty name, the agriculture and land specialists will remain in place and continue to operate out of their DeWitt office. Peoples Company intern Alan McNeil, who is currently pursuing his real estate license, will join Total Realty as a sales associate following the college senior's graduation from Iowa State University in May 2015.

A new Total Realty website is under development and will be rolled out by the end of the year at www.TotalRealtyCo.com.

TOTAL
REALTY CO.
A SUBSIDIARY OF PEOPLES COMPANY

Ken Root is a veteran ag broadcaster who has travelled to 50 countries. He's reported over the past 30 years on agriculture in Asia, Eastern and Western Europe, South America, Iraq and – now – Sub-Saharan Africa. In October, Root filed reports from that continent as part of an expedition underwritten by Peoples Company and to get a close up the potential for agriculture in three countries: South Africa, Mozambique and Zambia. Today, he and Peoples Company President Steve Bruere are planning to host a 10-day excursion with ag-minded vacationers interested in touring farms – and taking in the wonders of African culture and safari – in March 2015.

AG-MINDED VACATIONERS TO JOIN PEOPLES CO. ON AFRICAN SAFARI AND FARMLAND TOUR



KEN ROOT

I am quite excited to go back to Southern Africa during the peak of their growing season. I viewed the landscape and visited the farming regions in October when the fields were ready to be planted. The farmers invited us to come back in March when their crops are nearing maturity.

Keep in mind that Africa is a very large continent. We will be touring the most developed regions that have some of the most beautiful cities and scenery in the world. The roads are good and the air travel is equivalent to ours or better. Yes, they drive on the other side of the road, but you will become accustomed to the visual picture in a short time. Farmers

are of European heritage and speak English very well. They also speak Afrikaans and one or two more tribal languages.

For those who are concerned about tropical diseases, the region where we will be traveling is far removed from the problems in West Africa (South Africa is over 3,000 miles from Liberia). Zambia requires a Yellow Fever vaccination, but that is the only shot required. The local people use mosquito repellent and sleep under mosquito nets in the rural areas as their only precaution. You may get a prescription for a daily tablet to repel malaria, but that is not required.

Johannesburg has a latitude similar to San Diego and is warm and dry most of the time. Cape Town is green and beautiful with a more temperate climate. Zambia is hot, but Victoria Falls and the farming region are worth the trip. We will also see a lot of wildlife on the Zambezi River and in Chobe National Park where we will have a safe, yet thrilling, chance to see species we've only observed in zoos.

In working with Koos DeKlerk and Susan Payne from EmVest Investments, our goal is to show you the agricultural regions of Southern Africa from the perspective of high-yield farmers. We will also see interaction between cultures and the social structure of the countries. Africa has changed a great deal since the 1990s, and is forecast to go through more change in this century than any other continent. After 400 years as a backwater, there is now an opportunity for all people to thrive in this new environment and support a higher standard of living for a growing population.

Africa needs investment and western expertise. Governments are opening up land for development and providing incentives and safeguards for foreign investors.

I hope you will join us. I've led tour groups for almost 40 years and am eager to be part of the vanguard of Americans who participate in economically and socially responsible development of this last frontier.

EXPERIENCE THE WONDERS OF AFRICAN AGRICULTURE AND SAFARI

TRAVEL WITH:

Peoples Company

TOUR OPERATOR:

Travel Discoveries

TOUR HOSTS:



Ken Root



Steve Bruere

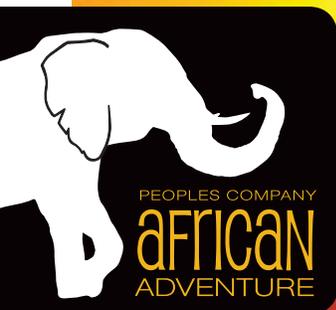


Koos DeKlerk

RESERVE YOUR ADVENTURE:

Those interested in attending can contact Joan Cook at Joan@TravelDiscoveries.com for more information on pricing and availability or by phone at 815-432-6121.





ITINERARY: MARCH 17-27

Day 1: Arrive Johannesburg

Upon arrival to Johannesburg, South Africa, you will be met and escorted to your hotel.

Day 2: Johannesburg

Journey to Freedom Tour: Hector Pieterse Museum, Mandela House, Regina Mundi Church, and Apartheid Museum.

Day 3: Johannesburg / Mafikeng

Travel by road north to Mafikeng. In the afternoon we will begin looking at farms and talking with growers. Late afternoon exploring game reserves with overnight at a beautiful plains wildlife reserve.

Day 4: Mafikeng

Full day of agricultural visits. Overnight at game reserve with central dining and firepit under the stars.

Day 5: Mafikeng / Johannesburg

We will conclude our South African agricultural experience with tours of processing facilities and conversations with farmers. Afternoon return transfer to Johannesburg.

Day 6: Johannesburg / Livingstone

Morning transfer to the airport. Scheduled flight Johannesburg/Livingstone. Arrive to Livingstone, Zambia, and escorted to your lodge. Afternoon sundowner cruise on the Zambezi River.

Day 7: Livingstone

Tour the falls in the morning. You may choose to visit the Zimbabwean side the Falls (additional cost). Afternoon visits to nearby farms with wheat, maize, ground nuts and bananas.

Day 8: Chobe National Park

Morning transfer overland to the Chobe National Park, Botswana, home to the largest concentration of elephants in Africa. Afternoon game drive in an open safari vehicle.

Day 9: Chobe National Park

Morning and afternoon game drives in open safari vehicle or game viewing by boat on the Chobe River.

Day 10: Chobe National Park / Kasane / Johannesburg

Morning transfer to nearby Kasane Airport. Connect with international departing flight, or extend to Cape Town.

EXTENSION: MARCH 27-30

Day 10: Johannesburg / Cape Town

Arrive Johannesburg. Connecting scheduled flight Johannesburg/Cape Town. Arrive and transfer to your hotel.

Day 11: Cape Town

Full day Cape Peninsular tour: Millionaire's Paradise, Hout Bay Harbour, Chapman's Peak Drive, Cape of Good Hope Nature Reserve, historic naval port of Simon's Town, and Boulder's Beach.

Day 12: Cape Town

City sightseeing: Table Mountain, The Castle, Company Gardens, Parliament Buildings, City Hall, Slave Lodge, Malay Quarter, and visit with a professional diamond cutter. Afternoon tour through Stellenbosch and Cape Winelands, cellar tour and wine tasting.

Day 13: Depart Cape Town

Transfer to the airport for your departing flight.



Cost of Johannesburg tour and air: \$7,950.00*

Cost of Cape Extension tour and air: \$1,899.00*

*Note: Air from New York (JFK) or Atlanta (ATL).

Terms and Conditions: \$1,000 per person deposit due within 7 days of confirmation, non-refundable. Final payment due 60 days prior to departure.

Optional trip insurance is NOT included. The premium is based on age and total cost of trip.

Also Not Included: Passport fees*, Visa fees to Zambia and Zimbabwe, Yellow fever vaccination

*Note: Passport must be valid for 6 months from your return date.

TOTAL RETURN: MANAGING LAND FOR ANNUAL INCOME *AND* LONG-TERM APPRECIATION



RON BEACH
LAND INVESTOR PROGRAMS

Today's farmland owners are increasing their expectations. Not only are they expecting top-dollar annual income, they also require their farmland to be managed and operated in a socially responsible manner with sustainability, conservation and water quality issues being actively addressed.

And they want documentation showing steady improvement.

Why has Peoples Company Land Management services team decided to provide systems to satisfy these advancing expectations? Because doing so has positioned our company as a thought leader and preferred provider that offers tools to secure premium cash rents and appreciation. This response to land owner expectations is the cornerstone of our business growth strategies and opportunities.

As of 2012, non-farmer landowners held 60 percent of Iowa's farmland. This is an increase from 45 percent in 1982. Statistics and trends in other states are similar. Within this segment of investor-owned farmland we have recognized a distinct trend of increased expectations for financial return, responsible operational excellence, conservation of their farm's soil, and protection of the long-term productivity of their asset; all with on-going evidence and documentation.

Bill Northey, Iowa's Secretary of Agriculture, uses an analogy of two used pick-ups to describe the necessity of documenting such evidence. The first truck you test drive and it seems to run ok and it seems priced reasonably, but that's all you know. You don't know the mileage and haven't been allowed to look under the hood. The second truck drives perfectly, has complete records showing an impeccable service history, the mileage is low and it looks almost new under the hood. The point is that historically much of the managed farmland has been similar to the first truck and all the landowner knew, or was interested in knowing, was the rent. Today, it's the second pick-up that landowners expect; rent, yield history, soil test, fertilization records, soil loss controls and more.



The obvious challenge for a land manager is that maximizing present income and maximizing asset value can be considered opposing goals. But this is short sighted. The average total return to Iowa farmland from 1970 to 2012 has been approximately 13 percent with more than half of that return from appreciation. Our philosophy is to recommend strategies that drive both income and appreciation while showing the landowner a detailed cost-benefit analysis and providing an action plan for accomplishing the goals.

One striking example is that of soil loss. On a moderately sloping farm with typical crop management practices a loss of three tons of topsoil per acre, per year is considered a moderate loss rate. A dump truck holds about 15 tons of soil so at a three-ton loss rate that would be a dump truck full of topsoil spread over five acres – which is a very thin layer of soil. But, on a 160-acre farm with 150 acres tillable, it would be 30 dump trucks of soil lost annually. That thin layer of soil loss is no different than 30 dump trucks showing up every spring, filling up with your topsoil and driving off.



And with that soil goes nitrogen, phosphorus and other nutrients that have been paid for. If you are like me, you become much more passionate about soil conservation when you imagine 30 dumps trucks coming by every year rather than that small fraction of an inch of soil being lost.

Addressing and documenting land management decisions is crucial. An innovative management plan focused on the most meaningful conservation practices, along with critical analysis available from precision production data, allows for the collection of a top-dollar rental rate and supports a premium price when it's time to sell.

TOTAL RETURN

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Key management points include:

- Employ methods to document improvements in soil health, fertility and productivity.
- Use today’s incredible precision technology to capture and analyze data; and optimize inputs.
- Implement a nutrient reduction strategy to improve soil health, increase organic matter, improve water quality, increase yields and reduce production costs.
- Document cost-benefit of soil loss reduction strategies.
- Utilize programs such as CRP to improve farm profitability and value by removing environmentally sensitive acres from crop production.
- Increase yields through targeted tile drainage.
- Utilize and enforce farm leases that address fertility, conservation and stewardship requirements.
- Improve “curb appeal”

In summary, the comprehensive strategies, best practices and innovative tools work hand-in-hand to improve yield, reduce operating costs and increase the farm’s relative value – securing the goals of premium rent and maximum appreciation. At Peoples Company, we have proactively partnered with innovative industry leaders such as E4 Crop Intelligence, Agren and others to integrate these best practices into our Land Management services.

The most important input in our equation is the identification of those innovative farmers that understand these principles, and have exhibited the initiative to operate using these best practices. Those farmers that can consistently be part of increasing a farm’s productivity and value will have tremendous opportunity to tap into the trend of increasing investor-owned farmland and expand their business via leased land.

Conservation, stewardship and sustainability practices and tools are rapidly advancing. Expectations of landowners are also becoming more and more focused on these issues of responsibility. At Peoples Company Land Management we maintain current knowledge of these practices and are able to articulate and document these strategies to our clients.

For questions regarding this article, contact Ron Beach at Peoples Company at 712-579-2587 or Ron@PeoplesCompany.com. Ron works in the Land Investment Programs division of Peoples Company based in Clive, Iowa, where he assists farmland investors in analyzing and executing their buy, sell or hold strategies, as well as sources farmland transactions between investors wanting to buy farmland and farmers wanting to add leased land to their base of acres.

BY THE NUMBERS: SOCIAL MEDIA REACH

Peoples Company’s cumulative reach on Facebook surpassed 116,000 impressions for the first ten months of 2014, and – heading into the month of November with a total of more than 170 articles on www.PeoplesCompany.com/blog – that site had already attracted nearly 13,000 unique visitors and more than 21,000 page views for the year.

New subscriber counts increased in October across all social media channels, including Peoples Company’s Facebook, Twitter and LinkedIn pages, as users interacted with us in near real time on the web or their mobile devices. Follow us there for updates and access to news and information on what’s happening in the world of land brokerage, land auctions, land management, land appraisal and land investing near you.

A SNAPSHOT OF PEOPLES COMPANY SOCIAL MEDIA REACH FOR OCTOBER 2014

- FACEBOOK**
45 posts for 1,156 followers and reaching 15,209 people
- LINKEDIN**
37 updates for 247 subscribers and reaching 7,134 people
- TWITTER**
34 tweets for 558 followers and reaching 7,200 people
- WORDPRESS BLOG**
10 blog posts for 2,148 page views
- YOUTUBE**
365 views for 1,854 minutes of video footage consumed



Facebook.com/PeoplesCompany
Most Popular Post
Post: Peoples Company Team
Posted: October 23, 2014
Impressions: 3,098



Twitter.com/PeoplesCompany
Most Popular Tweet
Tweet: Land Investment Expo
Tweeted: October 28, 2014
Impressions: 949

THERE IS A TON OF MONEY OUT THERE!



Thoughts on the outlook for land values, farm profits, and little comparison to the 1980s.

There is a ton of money out there, land is an inflation hedge, balance sheets are strong, and things are different now than they were in the eighties. These are some of the points that are made when the topic of land values comes up today.

With the prospect of selling corn for less than \$3/bushel out of the field this fall, the coffee shop conversations have turned from record-high land sales or staggering cash rents to the discussion of “no sales” at farm auctions and what will the reduction in land rents will be.

You don’t have to look very hard to find a farmer who terminated his or her farm lease, or banker capping out operating lines for cash rents exceeding \$300/acre. I have grown up in production agriculture. And until this year, I’ve never seen a farmer terminate their lease. It’s always the landowner seeking a better opportunity. For the first time in my career, I will experience a reduction in cash rents. Something that’s not been seen since the eighties.

Though things in production agriculture have turned from bullish to bearish in a short period of time, there doesn’t seem to be a consensus on where land values are headed. Similar to any market looking for direction, there’s going to be greater volatility and wider range of outcomes until that direction is established.

There are examples of soft land sales, yet you can find an equal number of strong sales that rival the record prices of 2012 and 2013. This trend continues to be driven by the fact that farmland purchases aren’t always economically driven. With record farm profits, historically low interest rates, and a lack of alternative investments, farmland continues to be the investment of choice for farmers and many investors.

Furthermore, unlike a house or commercial building, farmland often trades generationally, which means the time to buy is when a successor generation finally decides to sell. Given the record profits in production agriculture, if a piece of land comes up for sale next to your farming operation, the attitude has typically been to buy even beyond what makes economic sense.

In other businesses, this is called a “blue sky” investment and value placed on the business above its obvious economic return. Unfortunately, your neighbor was also operating on the same philosophy. To put it simply, today’s land values aren’t supported by today’s economics but rather the record profits of those in production agriculture.

In fact, farmers have represented nearly 80 percent of all land purchased over the past three years, as investors have by and large been sitting on the sidelines. We all recognize changes on the horizon. At the same time, there is still hope that the commodity market will bounce back and business will continue as usual. While that is my hope as well, I’m not as optimistic as some. The wealth creation that we have experienced over the past five years has been staggering. In 2008, the average price of Iowa farmland was \$4,468/acre. In 2013 the average price had nearly doubled to \$8,716/acre, resulting in a market cap of \$255 billion for Iowa farmland, or \$120 billion in new wealth over that five-year period.

So, where were we in 2008 and where are we at today? In 2008, the price of corn averaged \$4.78/bushel and the 10-year treasury was at 3.66 percent. Corn averaged \$5.96/bushel in 2011, \$6.67/bushel in 2012, and \$6.22/bushel in 2013. The 10-year treasury bottomed out at 1.80 percent in 2012, the same year the price of corn peaked – creating a perfect storm for land values – and not surprisingly creating the peak in the land market in 2013.

What’s the difference between today and 2008? Unfortunately, not so much. Balance sheets are certainly stronger coming off of three years of record profits, and interest rates are nearly 1 percent lower than they were in 2008. But that’s about it.

On the bearish side, commodity prices are at levels comparable to 2007, when farmland values averaged \$3,908/acre. The general consensus is that there is a ton of money out there, meaning land values won’t likely fall as much as they potentially could. And though I agree with that statement in some cases, I don’t think it will be the case consistently.

For example, if you were willing to accept a 3.5 percent cap rate on \$400 rent in 2012, that means you’d be equally as willing to pay \$11,428/acre for a piece of land. Given the high demand for land in

MONEY

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2012, cap rates decreased to 3.5 percent as farmers and investors competed to own land. Now that the frothiness is out of the market, I expect not only cash rents to decline but cap rates to increase, as well.

If cap rates were to increase to 4 percent and \$400 rent is reduced to \$350, then this would translate into \$8,750/acre, and a 25 percent decrease in land values.

What will ultimately prevail? Are we headed back to 2008 where farmland values were nearly 50 percent off of today's levels? Will values decline by 25 percent per the example I outlined above? Or will the statement that "there is a ton of money out there" trump the economics and preserve current land values?

For many investors, land is being purchased as an inflation hedge. Not only has land inflated since 2008, so has almost every other asset class. This begs the question of what will land values do in an inflationary environment? Would an inflationary environment cause land to inflate further, or will inflation trigger higher interest rates and ultimately a reduction in land values?

I'm certainly not making a prediction. The liquidity that is in the ag economy will continue to prop values up in many cases. In other



Steve Bruere and Ron Beach presenting at the Big Questions event hosted by Peoples Company on November 3.

cases, where neighbors aren't driving values with blue sky bids – and it's purely economically driven – sale values should come down.

The big question is how far will the liquidity in agriculture go, and what will the appetite of investors be moving forward?

I agree with the statement that there is a ton of money. But I do not believe that money will overpay for land consistently and, ultimately, land values need to reconcile with the economics of current commodity prices and interest rates. What I can't get my hands around is how land will perform in an inflationary market and is there so much money in the system in general that land will continue to inflate as investors look for a place to store cash.

NORTHEY, ROOT, TRUMP

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Speaking of a "total" returns, Peoples Company was excited to announce in November that it has acquired Total Realty Co. in DeWitt, Iowa, joining forces with veteran broker Douglass Yegge and expanding our reach as a leading ag real estate services provider in eastern Iowa, western Illinois and as far away as Mississippi.

On the international front, broadcaster Ken Root returned in October to Iowa from a Peoples Company-sponsored tour of farming practices and potential in Sub-Saharan Africa. He will present what he learned from the excursion along with Susan Payne, the EmVest CEO who runs a "turf to table" operation in Africa for the diversified agricultural investment company. She will travel to the United States in January to speak for a third time at the Land Expo.



Slated for January 23 in West Des Moines, the 2015 Land Expo will also feature a first-hand account of the industry by real estate magnate Donald J. Trump, one of the most profoundly influential entrepreneurs and businesspersons of our time. Dennis Gartman of The Gartman Letter, Eric O'Keefe with The Land Report, climate and commodity yield expert Dr. Simon Atkins, and chief economist Dr. Eric Seifried are among others who will deliver

keynote presentations this year. We're equally as excited to share that Ken Root and myself are hosting a 10-day excursion to South Africa and Zambia in March 2015, and we are inviting interested parties to travel and explore with us the wonders of Sub-Saharan agriculture, farmland and safari.

Along with the all the activities going on at Peoples Company, we have also been asked to write and speak regarding land values. In October, I wrote an article – "There is a ton of money out there!" – which was picked up by the Business Record, published on Agriculture.com as a Successful Farming blog post, presented at Peoples Company's "Big Questions" seminar in November, and again at December at a meeting with DTN/The Progressive Farmer.

We reprinted the article in this issue of the Peoples Report to share my insight into the farmland market. Though no one knows where the market will go, we can be certain there will continue to be volatility in agriculture. That's one reason we hope you can join us in January, as each of these issues will be explored during our eighth annual Land Investment Expo.



BILL NORTHEY IN CLARKE COUNTY, KEN ROOT IN AFRICA, DONALD TRUMP AT LAND EXPO

The U.S. agriculture economy that between 2006 and 2013 produced extraordinary results for farmland owners and operators appears to be slowing down. With \$8 corn in the rear-view mirror, record-setting cash rents and land sales appear to be a thing of the past. In anticipation of slower sales volume as the farmland market sorts itself out, Peoples Company has focused on revamping the land management side of our business to address the expectations of today's landowner, while leveraging the technology and business savvy of modern farm operators.

We are excited to share in this issue the recent activities of our Land Management Services team, as well as some exciting announcements at Peoples Company as we continue to grow our business.

Our cover story for this issue focuses on the utilization of cover crops as one method of preventing soil erosion and contributing to the success of nutrient reduction strategies intended to improve soil health and water quality. We arranged a September field day with the Iowa Secretary of Agriculture Bill Northey to talk about best practices in land conservation and importance of adequate record keeping during a demonstration that included the aerial seeding of winter

rye on a 150-acre farm managed by Peoples Company in Clarke County. We will continue to offer updates on this demonstration farm as we document the impact of using cover crops to minimize the erosion of soil and improve the quality of water.



STEVE BRUERE
PRESIDENT

Ron Beach, director of Peoples Company's Land Investor Programs, shares a second article on the rising expectations of landowners with a desire to maximize their present income and asset value while conserving valuable resources both now and for future generations. From employing methods to document improvements in soil health, fertility and productivity – to the utilization of precision technologies aimed at analyzing data and optimizing inputs – Beach covers the importance of forward-thinking land management decisions that lead to both an annual income and the "total return" of long-term appreciation. Beach's article is the foundation for our approach to land management as we partner with farm operators and industry leaders such as Agren and E4 Crop Intelligence to document our efforts to maximize the long-term asset value of the farms we manage.