

*Economist and humorist,
Ben Stein, scheduled to speak
at the 2017 Land Expo*

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Sean McMahon, Executive Director of the Iowa Agriculture Water Alliance and Bill Northey, Iowa Secretary of Agriculture

Photo by: Joseph L. Murphy/Iowa Soybean Association

A BRIDGE OVER TROUBLED WATER

To combat persistent water quality challenges, in May of 2013 Iowa launched the Iowa Nutrient Reduction Strategy, a massive, public-private initiative with the ambitious goal of reducing the state's nitrogen and phosphorus runoff by 45%.

In releasing the initial proposal for public comment, Gov. Terry Branstad said, "Iowans care about our natural resources and want to protect them for future generations. This strategy keeps us at the forefront of using voluntary, science-based practices to improve water quality in our state, and is an important step forward."

Sensing an opportunity to leverage public and private initiatives to help advance the goal, the Iowa Soybean Association, the Iowa Corn Growers Association and Iowa Pork Producers Association launched the Iowa Agriculture Water Alliance (IAWA), a collaborative approach that has grown to more than 20 private sector partners, 26 non-governmental organizations, as well as cities, government, conservation and association partners.

At the Farm Progress Show in August, the group announced its Business Council, made up of 12 companies, of which Peoples is a founding participant.

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PEOPLES AND ESE: PARTNERS IN CONSERVATION

Peoples Company is excited to partner with Ecosystem Services Exchange (ESE) in providing landowners and producers with conservation planning and technical assistance in designing in-field water quantity and water quality improvements.

ESE will use its technical expertise in navigating the growing complexities of new programs, and understanding how to pull together the many resources available in order to benefit Peoples Company's land management clients who are focusing on sustainability and appreciation.

In addition to in-field water management practices, ESE offers planning and design services on saturated buffers, bioreactors and wetlands – efforts designed to prevent nutrients from reaching area waterways while at the same time improving habitat for Iowa's wildlife.

"Peoples will work with ESE to provide landowners with higher profitability while protecting our environment," said Kyle Walker, Peoples Company land manager. "We believe these efforts are a good fit for the Nutrient Reduction Strategy, and will give land owners, farmers and farm managers more options when it comes to the strategy's goal of reducing nitrates in our waterways by 45 percent."

ESE is a sister company to Agri Drain Corporation, which for more than four decades has been manufacturing high-quality, durable products for use in conservation practices.



Nick Morrell and Kyle Walker of Peoples Company on a tour with Agri Drain President, Charlie Schafer, and Marketing & Communications Manager, Lisa Newby.



Agri Drain's Smart Drainage System (model shown above) gives the ability to manage the water levels in a farm field and ensure the right moisture level for maximum yield impact.



TROUBLED WATER

continued from page 1

“At our creation it was envisioned that we would be the private part of the public-private partnership to implement the strategy,” said Sean McMahon, executive director of the Iowa Agriculture Water Alliance.

Their mission is to increase the pace and scale of farmer-led efforts to improve water quality, organized around helping to implement the Iowa Nutrient Reduction Strategy.

“The Water Alliance is developing and promoting cutting-edge, science-based approaches today that will be the norm in a matter of years,” said Steve Bruere, CEO of Peoples Company. “They are moving at breakneck speed to clean up our waterways.”

IAWA is zeroing in on eight priority watersheds as its core focus, each chosen due to their strong local leadership that was already active and involved in helping the IAWA make a greater difference in the effort.

“We’re also trying to create a rising tide that lifts all boats for every watershed in the state,” said McMahon. “We’re small, but hope to make a significant impact.”

While IAWA’s focus has attracted significant funding, its leaders recognize that a sustainable stream of funding is critical for Iowa to reach the goals of the Nutrient Reduction Strategy. Nonetheless, IAWA and the Iowa Department of Agriculture and Land Stewardship are co-leading the largest Regional Conservation Partnership Program (RCPP) project in the country. The effort combines a \$9.5 million grant from the United States Department of Agriculture that is aligned with 45 different partners making an additional \$38 million investment, for a total of \$47.5 million to improve water quality in priority watersheds.

One of the vital aspects to achieving the goals laid forth in the Nutrient Reduction Strategy is bridging upstream farmers with towns and cities downstream. But would it be a bridge too far?

“One of the things we’re doing is fostering partnerships with cities,” said McMahon. “We think it’s really important to build strong urban-rural partnerships to find the most cost-effective ways to improve water quality.”

A national nutrient trading expert told McMahon that large cities are paying sometimes \$30-\$100 per pound of nitrogen removal. In contrast, a nutrient treatment wetland that a farmer might implement costs about 23 cents per pound for nitrogen removal.

“There is a great business case for cities to partner with ag organizations by having farmers implement conservation practices that cities pay for,” said McMahon.

Among the cities partnering with the agriculture group are Cedar Rapids, Dubuque and Storm Lake. Even two Des Moines water utilities have joined the effort through the RCPP project.

IAWA also looks at the Nutrient Reduction Strategy as an economic development opportunity. For example, it’s estimated that Iowa will need 12 - 17 million acres of cover crops year over year, along with other water quality practices. That means more cover crop seed is needed, more equipment to clean the cover seed and specialized machinery to plant the seed.

“We have enjoyed partnering with Steve Bruere,” said McMahon. “He has helped to further our One Water platform, which builds bridges between urban and rural communities to find the most cost-effective ways to improve water quality.”

To get involved in the Iowa Agriculture Water Alliance, email Sean at smcmahon@iowaagwateralliance.com or visit iowaagwateralliance.com.



Photo by: Joseph L. Murphy/Iowa Soybean Association

Pioneering Two New Conservation Methods

Two methods have emerged as highly effective nitrate concentration reducers. The first is the use of bioreactors, which divert water through a trench filled with wood chips, allowing the bacteria to colonize and strip the oxygen molecules off the nitrate, with harmless nitrogen gas then released straight into the atmosphere.



The second, saturated buffers, uses a lateral tile parallel to the field and receiving water body. Gravity causes the water from the lateral tile to come through to the buffer where trees, shrubs and native grasses pull the water up, filtering out nutrients. This method alone reduces about 50 percent of the nitrates.



While there are other methods that work, these two new practices are highly efficient. Iowa, a world leader in these new practices, has 60 bioreactors or saturated buffers, while it will need about 120,000 to fully implement the Nutrient Reduction Strategy.

This creates a significant need for a new comprehensive conservation infrastructure to support these efforts, and is a place where the Iowa Agriculture Water Alliance stands at the ready to help.

CONSERVATION FACT:

6 years ago Iowa had 10,000 acres of cover crops. Today, that number stands at half a million. To achieve our conservation goals, Iowa will need 12 million to 17 million acres of cover crops!

LANDING PRINT REAL ESTATE IN THE LAND REPORT

Peoples Company was named one of the top brokerages in America in this summer's edition of The Land Report, the nation's authority publication on matters relating to land maintenance and ownership, citing the Land Investment Expo as a signature event.

The editors highlighted the attendance of speakers as the "Who's Who in American politics." A photo of U.S. Secretary of Agriculture Tom Vilsack was prominently featured as he addressed the sell-out crowd.

Peoples Company was also featured in their "2015 Top Auction Houses," representing the Midwest region among the 30 companies listed throughout the U.S. and stating that we are a "Leading provider of land brokerage, land management, land investment and appraisal services in 14 Midwestern states, and the sponsor of the nationally known Land Investment Expo."

Peoples Company President Steve Bruere told the magazine, "2015 was a transition year as we moved from the record-setting prices in 2013 and 2014 to a more normal market. There continues to be limited inventory keeping prices strong as farmers and investors compete for the few opportunities that do hit the market."

For more information, visit LandReport.com.



NICK MORRELL JOINS PEOPLES AS A CONSERVATION CONSULTANT



*Nick Morrell, Land Steward
and Conservation Consultant*

Peoples Company is excited to welcome Nick Morrell as our Land Steward and Conversation Consultant.

In this new role, Nick will be working with the Peoples Company land managers to provide technical expertise relating to conservation and sustainability. The programs are getting more and more complex and there are many resources available. Nick will help our team pull these together for the benefit of our land management clients whose focus is on sustainability and appreciation.

Nick will also put a significant emphasis on water quality issues, assisting land owners and managers with the latest methods of preventing nutrient runoff into our lakes, streams and rivers.

Nick was raised on a Decatur County, Iowa, farm and is a '79 Iowa State University graduate with a degree in Animal Science. He returned home to serve as a 4th generation farmer with cows and calves, corn, beans and hogs.

He began part-time work at the USDA in 1983, transitioning to full-time work with the agency in 1990.

At the USDA, Nick gained valuable multi-county experience as District Conservationist for Decatur, Appanoose, Clarke, Marion and Wright counties. In 2003, he was named District Conservationist in Warren County, a position he held until his retirement earlier this year.

In addition to his conservation efforts on his own farm, Nick's job specifications with the USDA included implementing federal and state conservation assistance programs and the initiation of watershed planning. He brought together individuals, groups and agencies on a number of water quality projects while addressing the specific issues of livestock and crop producers. He developed plans for wildlife, manure management, rotational grazing, water quality, soil conservation, timber stand improvement, windbreaks, tillage, cover crops and crop rotations.

Nick is a Certified Crop Advisor, Certified Conservation Planner, and has Technical Job Approval for ponds, terraces, waterways, etc.

He still resides on his family farm.

A TOUCH OF HOLLYWOOD AT THIS YEAR'S LAND INVESTMENT EXPO

A DECADE OF INNOVATION!

What an incredible 10 years it has been. Since the Land Investment Expo's launch to this groundbreaking anniversary, we will have seen:

- Two new presidents
- Three presidential elections
- The deepest recession in more than 75 years
- 500-year floods, punishing droughts and devastating tornadoes
- Record commodity and land prices

How does our event continue to draw the most diverse audience of any its kind? With exciting and unpredictable moments – not the same rhetoric year after year. Our event has grown in stature every year by featuring local, national and global perspectives, offering farmers and institutional investors incredible access to some of the world's foremost specialists on the economy, environment, technology and politics.

We continually offer fresh, new speakers, topics, ideas and ways of thinking. Check out highlights from years past:

- **2016:** Before you saw him talking about it on national news programs, investor and economist **Dennis Gartman** told our audience the price of crude would never go above \$40/barrel in his lifetime.
- Also in **2016**, The "Political Odd Couple," **Mary Matalin and James Carville**, captured our audience just two days before the Iowa presidential caucuses, sharing their experience and insight in a deep exploration of the country's current political mood.
- **2015:** **Donald Trump** joined us the year he announced for president and began dominating the polls, upending the common political order.
- **2014:** **T. Boone Pickens** joked about running for the presidency.
- **2013:** We flexed our global muscle when **Jim Rogers**, who co-founded the Quantum Fund with George Soros, flew in from Singapore.

Our decade of experience in planning, hosting and executing this event has made it the premier farmland event – and we know attendees past and future will agree.

The challenge we strive to live up to each year is bringing you the real, in-depth stories that exist beneath the headlines when it comes to the economy, environment, investment, sustainability and regulatory compliance.

We are excited to invite you to our 10th annual Land Investment Expo on Feb. 3, 2017 at the Sheraton Hotel West Des Moines. This has become the nation's leading event of its kind, and next year's event promises to again measure up to its reputation.

As always, attendee experience is enhanced with our roster of speakers, beginning with actor and comedian **Ben Stein**. Best known as the boring and repetitive economics teacher in *Ferris Bueller's Day Off*, his "Bueller...?... Bueller...?" performance was voted as "one of the 50 funniest scenes in American film history." In addition to movie and television acting, Ben has had a lucrative career as a teacher, economist, commentator, columnist and author. The Emmy-award winning game show host of *Win Ben Stein's Money* will bring his signature humor and wit that will have our audience rolling.

You'll hear from **Steve Eisman**, the outspoken hedge fund manager whose story was chronicled in Michael Lewis' book "The Big Short," and later when he was played by Steve Carrell as "Mark Baum" in the acclaimed movie of the same name.

We are also excited to welcome **Mark Tercek**, CEO of the Nature Conservancy, which focuses on collaborative efforts to answer environmental problems with solutions that are mutually beneficial to nature and the people it serves. We will examine his efforts and hear his thoughts on how being a Partner at Goldman Sachs shaped his approach to the environment, how he champions the idea of natural capital and what inspired him to get involved and "leave the world a better place."

Robert Saik is a talented, passionate presenter we are excited to welcome back to the Expo. As founder of Agri-Trend, he had developed many new business processes and spearheaded a number of advancements in technology integration, including the Agri-Data Solution, winner of Alberta's 2002 E-Business of the Year for online farm data management. He is the author of an Amazon 2014 "Best of Books" title called "The Agriculture Manifesto: 10 Key Drivers that will Shape Agriculture in the Next Decade."

Register and learn more at LandInvestmentExpo.com



FEBRUARY 3, 2017



BEN STEIN

Pop-Icon, Economist
& Humorist



STEVE EISMAN

Subject of Michael Lewis'
book "The Big Short"



MARK TERCEK

CEO & President,
The Nature Conservancy

BRUERE, SOULES CO-HOST TOUR AND PRESENTATION AT HALL OF LAUREATES

The World Food Prize Hall of Laureates provided a picturesque backdrop as Steve Bruere and Chris Soules hosted Eric O'Keefe of The Land Report for a tour of the building and presentation on investing in farmland. The June event was attended by a large number of Peoples Company friends and associates.



Clockwise from top left: Peoples Company president Steve Bruere; editor of The Land Report Eric O'Keefe and Peoples Company Land Investment Specialist Chris Soules taking questions from the audience; economics professor and speaker Bruce Sherrick at the podium; Chris Soules visiting with guests in the World Food Prize rotunda; guests gathering in the Hall of Laureates; World Food Prize Ambassador Quinn addressing the audience.



GOING...GOING...WON!



Peoples Company landed a number of awards at the annual Iowa Auctioneers Association convention last February.

Jared Chambers and Steve Bruere landed first and second place, respectively, for real estate auction advertising, while Chambers also landed second place for business promotion and topped the field with Peoples Company's website.

The duo topped entries from auction companies from all over the state in each division.

"We take great pride in the marketing and promotional work we perform for our clients each day," said designer Erin Larsen. "We are excited to bring home the top two prizes and believe it is a testament to the care and time we take with each and every client."

Chambers says each listing with Peoples receives an individualized approach to marketing and promotion.

"We avoid cookie-cutter themes and tailor every piece of content to the client," said Chambers. "The extra time and effort we put in to our product is well worth it."

The Iowa Auctioneers Association was established in 1949 to enhance the skills, knowledge, professionalism, and image of all Iowa auctioneers; while seeking to elevate the standards of the auction industry and promote a good public image. For more information about the Iowa Auctioneers Association, please go to iowaauctioneers.org.

Chambers Enters Elite Status

Peoples Company is celebrating auctioneer and agent Jared Chambers for earning the National Auctioneers Association's top designation by joining the exclusive Certified Auctioneers Institute (CAI) following a three-year executive development program that focused on business management, ethics, strategic planning and marketing.

Worldwide, there are just 900 auctioneers with the designation.

The three-year CAI designation program provides auction professionals the opportunity to earn the industry's most respected professional designation. CAI is an intensive, executive development program offering professional auctioneers with instruction and coursework in business management, ethics, finance, communication, strategic planning and marketing.



Peoples Company auctioneer and agent, Jared Chambers

Nationally-Recognized Promotion

This summer, Jared Chambers was recognized in the "Company Promotion: Signage, Vehicle & Outdoor Advertising" at the 2016 National Auctioneers Association Marketing Competition, presented in partnership with USA TODAY.



All award recipients in the 2016 contest will be formally recognized during the NAA Marketing Competition Awards Reception in Grand Rapids, Michigan, at the 67th International Auctioneers Conference and Show.

Overall, the annual NAA Marketing Competition, presented in partnership with USA TODAY, continues its rise as the premier contest for NAA members to showcase their marketing efforts. The total number of entries again showed healthy member participation as seen over the past several years, and the quality level of those entries again was impressive. This year's contest highlighted coast-to-coast, top-level marketing efforts as winners from 20 states emerged.

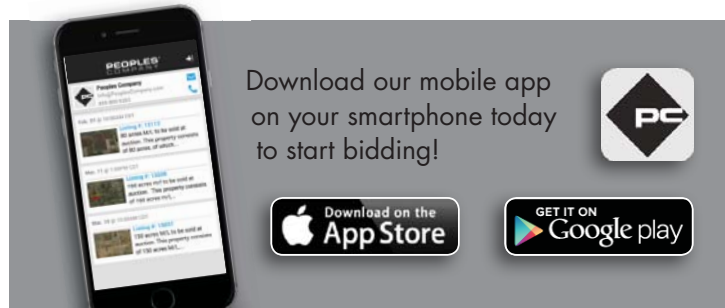
The competition featured 56 sub-categories in seven categories across three divisions. The task of determining winners was given to a panel of marketing and advertising professionals, all of whom have backgrounds in branding, promotion, media, public relations and graphic design.

NOW ACCEPTING POCKET BIDS

Online auctions are quickly becoming the go-to for the sale of property and offer a competitive environment for land bidders. Compared to traditional public auctions, this platform streamlines the user experience and emphasizes the use of technology – which you can access anywhere, be it your PC, laptop, tablet or the smartphone in your pocket.

Peoples is combining these with many of our live auctions and offering live bidding combined with internet bids.

For more information visit PeoplesCompany.com and click on "Services."



CUTTING THROUGH THE COFFEE SHOP CHATTER

Rick Shafer and Brad Hayes, with their experience in the real estate and brokerage industry, identified the growing need for appraisals in the agricultural industry. They approached Peoples Company with the idea, hoping Steve Bruere would agree.

That idea had been percolating in Bruere's mind for a while, and he deemed the need to be large enough to add it to his goals for the year. Fortuitous timing allowed Hayes and Shafer to launch the division in 2014. Since then, the team has doubled and emerged as one of the largest agriculture appraisers in the state.

"Keeping appraisals in-house has created new opportunities for Peoples Company to grow," said Hayes. "We are now a one-stop shop, solidified thanks to the great name brand and connections Peoples already had accumulated throughout the years."

Appraisals at Peoples Company have a three-point plan when assigning value to a piece of property:

- 1. Sales Comparison Approach:** similar sales in the area for comparable properties
- 2. Income Approach:** What is the maximum income rate for the property?
- 3. Cost Approach:** Does the property have a number of structures in need of upkeep or restoration?

Shelby Spratte joined the Peoples appraisal team in 2015 and is using this plan while focusing her time and energy on hog sites, an industry with explosive growth in Iowa right now.

"Demand is outpacing the available facilities, so locating the right property for each client is my top priority," said Spratte, who is currently fielding a request to appraise more than 70,000 hog finish spaces across several Iowa counties. "In the coming two years alone, another 46,500 head will be processed per day, and our job is to make sure clients are getting the best value available."

Peoples Company goes through a rigorous, relationship-driven process to assign value to every property sold in Iowa, including by rivals.

"Our dedicated team sets us apart with extensive research that no other brokerage or auction house can match," says Peoples Company Certified General Appraiser Jim Rothermich, whose @LandTalker Twitter handle and blog of the same name are leading industry sources.

He's referring to the more than 200 websites Peoples tracks each week, finding every auction and listing in Iowa they can locate, then updating the progress and status of each transaction.

Once a deal is finalized, Peoples gets to work analyzing the results and breaking down every corner of the land, from dollars per gross acre, dollars per tillable acre, dollars per CSR point and dollars per CSR2 point. If the farm had a lease in place, Peoples will try to determine what the rent was, as well as assign a capitalization rating on the farm.

Hayes puts together a meticulous internal report for every appraiser and associate at Peoples.

"We break down that sale as much as possible to extract important information that we can share amongst our other appraisers and associates, as well as others in the industry," said Rothermich. "I don't know of anybody else doing this level of research in Iowa, and we do so near-instantaneously."

If the appraisal team cannot find what they need online, Rothermich says he will light up the phones, reaching out to his contacts in order to get sale price information and what's going on in the market, he then shares the information with other appraisers and brokers at Peoples.

Rothermich says they try to avoid surveys and instead glean information straight from the source. He says being the neutral third part that keeps emotion, hearsay and guesswork out of transactions gives them pinpoint accuracy.

"We have found coffee shop talk is typically not accurate, yet people still base listing decision on hunches that typically lack sufficient information," said Rothermich.

Recently Shafer came across a farmer who decided to sell his farm by private treaty. The farm sold at \$500 an acre below market value.

"Even on an 80-acre farm, that's an \$40,000 mistake," said Shafer. "Peoples Company provides real estate appraisals for financing, settlement of estates, divorce, lawsuits, expert witness testimony and many other needs. We help people protect their investments."

Our dedicated team sets us apart with extensive research that no other brokerage or auction house can match.

The image displays a collage of several 'Land Auction Results' reports from Peoples Company. The reports are organized by county and land type, providing detailed financial data for each transaction. Key reports visible include:

- FEBRUARY LAND AUCTION RESULTS:** Lists sales for counties like Cherokee, Cass, and Crawford, with columns for Sale Date, County, Land Type, Gross Acres, \$ Per Acre, and CSR2.
- APRIL LAND AUCTION RESULTS:** Shows sales for counties such as Cass, Crawford, and Boone, with columns for Sale Date, County, Land Type, \$ Per Acre, and CSR2.
- JUNE LAND AUCTION RESULTS:** Details sales for counties including Boone, Cass, and Crawford, with columns for Sale Date, County, Land Type, Gross Acres, \$ Per Acre, and CSR2.
- LAND AUCTION RESULTS:** A general report showing sales for counties like Boone, Cass, and Crawford, with columns for Gross Acres, \$ Per Acre, and CSR2.
- LAND AUCTION RESULTS:** Another report showing sales for counties like Boone, Cass, and Crawford, with columns for Gross Acres, \$ Per Acre, and CSR2.

TRACKING WHAT YOUR FARM IS WORTH

Land and farm prices continue to fluctuate, but one constant steady in the market has been **WhatsMyFarmWorth.com**, which tracks values and picks up on trends you could be missing.

This map-based valuation tool is powered by Peoples Company and AgSolver. The site draws on public data while utilizing the latest innovations in digital technology to provide farmers and landowners with a baseline estimate for land values or rental income.

“We are continually updating this site, especially with the movement to ag tech,” said Steve Bruere, president of Peoples Company. “We are building more data into the site every day and will have increasing capabilities with each new technological advancement or data point we discover.”

WhatsMyFarmWorth.com captures the significant advancements in data collection and puts them to work for you by utilizing algorithms based on



historical productivity, market-based revenue opportunities and standard operating cost profiles.

Users are then able to quickly download reports via any connected device.

In 2015 alone, WhatsMyFarmWorth.com had thousands of landowners and interested buyers visit the site from all 14 states serviced by Peoples Company.

PEOPLES COMPANY PROVIDES BIG BOOST TO START-UPS WITH NEW AG ACCELERATOR

Peoples Company is one of four investors in the new Ag Tech Accelerator, an effort to boost agricultural sector startups as a part of Central Iowa’s “Cultivation Corridor” effort led by the Greater Des Moines Partnership.

The Ag Tech Accelerator is modeled after the successful Global Insurance Accelerator, which was launched by The Partnership in 2014. Thus far, the Global Insurance Accelerator has graduated two classes of six startup companies that are advancing technology in the insurance industry. The Ag Tech Accelerator will bring that same level of focus to another key industry.



Ag Tech Accelerator investors and sponsors

“Today’s announcement is an example of Central Iowa celebrating its agricultural roots and leveraging that key industry into further global economic growth,” said Jay Byers, CEO of the Greater Des Moines Partnership, at the

Aug. 30 announcement, held at the Farm Progress Show in Boone. “Our state is at the top in so many areas in terms of agriculture, and The Accelerator will help ensure that we are a world leader for years to come.”

In addition to Peoples Company, three additional companies are committing resources to the Ag Tech Accelerator: DuPont Pioneer, Farmers Mutual Hail Insurance Company and John Deere.



“Peoples Company believes strongly in the benefits of investing in new startups that will improve yields, sustain our environment and feed the world,” said Steve Bruere, President of Peoples Company. “We are hopeful that startups of today will help producers solve problems for years to come.”

In addition to providing upfront resources to the ag tech startups, investors in the accelerator program will have the early opportunity to identify emerging companies and be given the opportunity to invest additional resources to their efforts.

The Accelerator plans to form a board, hire a managing director in the coming months and house its first class in 2017. There also is an opportunity for four more investors to become involved with The Accelerator. Companies that are interested in investing in The Accelerator should contact Mike Colwell, Executive Director of Entrepreneurial Initiatives at the Greater Des Moines Partnership, at (515) 259-0308 or at mike@squareonedsm.com.

PLUNGING PRICES PRESENT NEW LANDOWNER-TENANT OPPORTUNITIES

Landowners across the Midwest may be receiving termination notices from their tenants this fall. 2016 and 2015 we have started to see a role reversal in lease negotiations as landowners find themselves in the position of needing to reduce rent. For some, this is a shock after several years of increasing rent.

But the financial situation is becoming more and more stressful as tenants watch the stagnant or diminishing commodity markets. Net farm income (gross farm income minus expenses) and cash rental rates have declined for the third consecutive year due to these lower commodity prices. In 2014, net farm income reached a high of \$91 billion and 2016 projections are around \$55 billion. This equates to a nearly 40% drop in the overall strength of the entire industry. And with record yields projected for 2016 landowners and tenants are bracing themselves for a corn and soybean surplus. It is good to have a good crop year but Economics 101 empathizes this surplus won't be good for future commodity prices.

Going into our third year of diminishing commodity prices, should rent reductions be surprising? The problem has been that the rent adjustment has been slow to adjust and many landowners are only now starting to feel the squeeze. Tenants were happy to pay high cash rental rates from 2011-2013 in the era of \$7 corn and \$14 soybeans. Especially in the opportunity to gain more farm acres - tenants ramped up and paid up to grow their operation and accepted high rental rates in the time of plenty.

In 2014, commodity markets started descending but many tenants continued to pay high rental rates. They were able to do this due to a nice amount of working capital saved up from previous years. 2015 and 2016 required burning through working capital for many tenants.

Now, in our third consecutive year of low prices, tenants must reduce rent expense and manage their operations more efficiently to try to seek out a profit. This may even mean tenants are serving termination notices to landowners with the understanding they may lose those acres and potentially never farm them again.

Moving forward, successful landowners will focus on how to work with tenants instead of competing for maximum rent. This type of landowner will seek out tenants who utilize emerging technology to increase productivity and returns. And together, they will have the tools to think outside the box and try to maximize revenue on each acre instead of focusing on an entire field. If the farm is managed as an asset in a socially responsible manner focused on sustainability and conservation, both parties will position themselves favorably in these tough times.

Peoples Company land management strategy is to facilitate this idea by creating transparency between landowners and tenants via information sharing. Collecting data such as actual yield files, soil samples and other applications allows us to build a farm history over time.

With this farm history, we can track performance on a sub field level to identify the profitable, breakeven and non-profitable acres. By managing expenses on



the breakeven acres, we can reduce expense (often by variable rate seeding and chemical applications) to increase overall farm profitability. On the non-profitable acres, we can find alternative uses to eliminate expense and also increase overall profitability. And often these non-profitable acres are often the same acres with more erosion/run-off where nutrient loss is occurring. Simply by not farming the non-profitable acres, we can increase profitability and improve conservation.

Non-profitable acres may also be good candidates for a federal conservation program that pays the owner to plant those acres to wildlife habitat. There are a variety of Conservation Reserve programs in Iowa for every soil type, slope and habitat.

Landowners could also consider renting to a beginning farmer to receive an Iowa income tax credit through the Beginning Farmer Tax Credit (BFTC) that is distributed by the Iowa Agricultural Development Division. This incentive gives between a 7-17% tax credit for Iowa income tax to landowners who lease their farms to tenants that qualify as Beginning Farmers.

While we would all like to see higher grain prices return, the current environment brings with it great opportunity. The reward for both landowners and tenants will be to find new opportunities to reduce operating expense, maximize production and be environmentally responsible. We feel strongly that economic and environmental performance are linked and focusing on both is the answer to today's challenges. And the work done today will set up both the landowner and tenant for future success when the next market booms occurs.

For more information visit PeoplesCompany.com and go to Land Management.

POWER TO THE PEOPLES: IOWA SOYBEAN ASSOCIATION ATRIUM

Peoples Company is proud to partner with the Iowa Soybean Association (ISA) and the nearly 38,000 soybean farmers it serves by sponsoring the organization's bin-shaped atrium.

"Peoples Company Atrium" will welcome thousands of visitors annually to the association's Ankeny-based office. The highly-functional and LEED (Leadership in Energy and Environmental Design) Certified headquarters opened in 2009 and is home to nearly 70 employees.

Aaron Putze, APR, ISA Director of Communications & External Relations, says the bin is capable of storing 52,000 bushels of soybeans.

"With another near-record crop expected to be harvested by Iowa's farmers, the additional capacity may be needed," he quips.

The atrium is a welcoming centerpiece of the facility located adjacent Des Moines Area Community College. It hosts farmers and guests from across the nation and trade groups from around the world. It also serves as a comfortable dining room when the ISA board and other delegations gather for meals.

The atrium sponsorship builds on a growing partnership between Peoples Company and the ISA that began with collaboration on sustainability issues.

"Water quality efforts improve when farmers and landowners work hand-in-hand to implement more practices in more locations," Putze says. "Peoples and the ISA are active participants in advocating the development and implementation of practices that have a proven and quantifiable impact on water and nutrient management. We look forward to this cooperative work continuing for many years to come."

Bruere shares Putze's enthusiasm for future partnership prospects.

"This is an outstanding opportunity for Peoples to have its name in front of a large and diverse audience throughout the year," said Steve Bruere, president of Peoples Company. "Visitors and guests from around the state, country and globe will recognize the importance Peoples places on partnerships that positively impact farmers, landowners and all Iowans."



BY THE NUMBERS:

- Iowa farmers grew 553.6 million bushels of soybeans in 2015, a record, with an average per-acre yield of 56.5 bushels
- The value of 2015's soybean crop exceeded \$5 billion
- Iowa ranks first in the nation in soybean production and accounts for roughly 16 percent of America's annual soybean output

PEOPLES COMPANY SOCIAL MEDIA



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MOST POPULAR PROPERTY

Iowa Department of Transportation Online Auction

15 tracts in 8 Iowa Counties including farmland, building sites, recreational ground, future development land, and commercial buildings and lots. Online bids.

Posted: May 18, 2016

Interactions: 6,500

MOST POPULAR POST

Thanks to Gene Klingaman & Jason Fest from @SchraederAuction for imparting some wisdom at our sales meeting today!

Tweeted: May 20, 2016

TOP FIVE BLOGS

1. 2015 Farmland Rental Rates: What Should I Charge?
2. Dirt Talk Weekly: Iowa Land Auction Prices, August 12th to August 18th, 2016
3. 2016 Iowa Farmland Rental Rates: What Should I Charge?
4. July 2016 Iowa Land Auction Results
5. Peoples Company and Total Realty Co. Present: "Big Questions 2016"

MOST POPULAR PROPERTY

Offering 86.43 acres m/l of rare recreational ground in northern Polk County on pavement with rural water at the road. Primarily timber, this parcel would make an excellent secluded building site with a creek running through the balance of the property.

Posted: June 28, 2016



SKIP THE HEADLINES AND JOIN THE RENAISSANCE

By Steve Bruere, President Peoples Company

It is easy to look at the headlines and get a sense of doom and gloom. We read about plummeting commodity prices, lower land rents and land values, more regulation in agriculture and the uncertainty of the upcoming presidential election.

While it's easy to be negative, we believe agriculture is poised for a major renaissance through technology that is helping farmers narrow their focus to each individual acre rather than managing whole farm fields as one business unit. Treating each acre like an independent business allows farmers and landowners to evaluate the way we manage our natural resources and we can start to be more efficient with inputs such as nitrates. By managing at the subfield level we can increase the ROI (return on investment) for the entire field for both the landowner and the farm operator; even in a lower commodity price environment.

The poor profitability facing agriculture provides an opportunity for farmers and landowners to come together to address the overall financial performance and the sustainability of the land. This shouldn't be an adversarial conversation but instead a collaboration as farmers are looking for increased financial performance today, and landowners are looking for sustainability in the future. Financial performance and environmental performance do not have to be opposing goals.

In this issue of our newsletter, you will see Peoples taking steps to bring people together in achieving this goal:

- We are partnering with the **Iowa Agriculture Water Alliance** to advance cutting-edge conservation infrastructure and practices to widen adoption for landowners and managers.
- **Nick Morrell**, who until retirement was a leading District Conservationist at the USDA, joined Peoples to work on new conservation and sustainability practices with our clients.
- We are one of four investors in the new **Ag Tech Accelerator**, a Cultivation Corridor effort to boost start-ups led by the Greater Des Moines Partnership.
- **Ecosystem Services Exchange** is partnering with us to provide conservation planning and technical assistance in designing water quality improvements.
- The newly named Peoples Company Atrium at the **Iowa Soybean Association** headquarters will help facilitate partnerships and learning opportunities at events held throughout the year.

The best years are ahead for agriculture. Tough times give us time to pause and evaluate how we allocate our resources. Agriculture remains one of the last great places of arbitrage as we aren't maximizing the ROI on each acre of land we farm. This growing world population is depending on us to increase our production 60% by 2050. To do so means the onus is on us to ensure our soil remains among the most productive in the world. The renaissance we need will be achieved only by bringing together soil health, conservation, sustainability and agricultural technology to make significant technological advances in agriculture.

Let's focus on the renaissance and quit focusing on the negatives.