

# PEOPLES REPORT

FALL 2018



MARTHA STEWART  
2019 LAND EXPO  
KEYNOTE SPEAKER

SEEING  
AGRICULTURE  
IN A NEW LIGHT

THE ECONOMICS OF  
FERTILITY MANAGEMENT

 **PEOPLES**<sup>TM</sup>  
COMPANY  
INNOVATIVE. REAL ESTATE. SOLUTIONS.

PAID-IN-FULL COVER CROP PROGRAM  
OFFERED TO LANDOWNERS



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# ABOUT THE EXPO



The 12th Annual Land Investment Expo will be held on Friday, January 25, 2019, and Peoples Company is pleased to announce Martha Stewart, founder of Martha Stewart Living Omnimedia, an Emmy Award-winning television show host, bestselling author of over 90 books and America's most trusted lifestyle expert and teacher, as our keynote speaker.

The first Land Investment Expo was held in 2008, attracting landowners, farmers, financial experts, and policy leaders from around the Midwest. After years of continued effort, planning and attention,

the Expo has grown into one of the nation's premier forums focused on the future of agriculture.

Today, the Land Investment Expo is recognized as a world-class conference with top-flight programming. The Expo annually attracts more than 900 attendees from around the world.

Major institutional investors, national agricultural organizations, economists, as well as political and academic leaders see the Expo as an important exchange on challenges and opportunities involving land investment, market forces and the growing impact of technology in land management. With presentations by some of the most recognizable names in the industry, the Expo's high-caliber speakers provide fresh, innovative, challenging content to attendees. Dialogue during multiple breakout sessions related to the farm economy, land values, and land investment strategies provide attendees with ideas and practices to improve not only investment performance but create lasting value.

To accommodate the growing interest in the Expo, the event will be held at a larger venue in 2019 – the Iowa Events Center. For more information and to register for your ticket, please visit [www.LandInvestmentExpo.com](http://www.LandInvestmentExpo.com).



*New accommodations: Hilton Des Moines Downtown*



*I appreciate the invitation from Peoples Company to join the 2019 Land Investment Expo. Farm to market is much different today than it was a generation ago. As a small farm owner and businessperson, I look forward to sharing insight on how I believe today's agricultural and food economy can and should adapt to the evolving nature of both the marketplace and consumer behavior.*

**MARTHA STEWART**

2019 Land Investment Expo  
Keynote Speaker

## 2019 LAND INVESTMENT EXPO SPEAKERS



*Dennis Gartman*



*Dave Fransiak*



*Daron "Farmer D" Joffe*



*Mike Pearson*



*Peter Zeihan*

# ASSET MANAGEMENT STRATEGIES TO ENHANCE RETURNS AND DELIVER SUSTAINABILITY OUTCOMES

by Dave Muth, Alternative Equity Advisors

## Introduction to the Challenge

Agricultural land remains a strong investment grade asset class and investors across the globe have incredible amounts of capital ready to deploy into farmland assets. Looking specifically at the row crop sector, there are factors limiting the pace and scale at which investors can engage the asset class. One key factor is that demand is currently outpacing supply. In the month of October, there were approximately 252 farms for sale in Iowa comprised of highly tillable (85%+ of acres) farmland. This equates to only 2.55 listings per county in the state. Another factor directly related to the limited supply is that the majority of transactions are executed by farmer buyers. The outcome of these factors is that acquisition prices in the row crop sector remain at levels where annual cash returns from lease income are compressed for investors. Figure A shows the capitalization rates (cap rates) calculated as annual lease income relative to land price at an aggregated state level using USDA survey statistics for calendar year 2017. Iowa, Illinois, and Indiana are each below 3% cap rates and all but 6 states are below 4% cap rates. The opportunity in farmland investing centers around business strategies that respond to emerging technologies, outcome focused management practices, and commodity market dynamics. This article will discuss an active land management strategy that incorporates these opportunities to simultaneously improve investor returns, farmer profitability, and environmental outcomes.

## Active Asset Management Opportunities

An active land management strategy has to be responsive to the inherent characteristics of each individual asset and the markets available for that asset to engage. Despite this highly local nature of active land management, there is a standard process that can be implemented to deliver the targeted outcomes. This process is organized into the following steps:

- High resolution evaluation of asset performance
- Identify and manage distinct business units within an asset
- Identify water management opportunities
- Evaluate value added production opportunities
- Engage sustainability as an arbitrage

## ALTERNATIVE EQUITY ADVISORS

Alternative Equity Advisors is the capital deployment arm of Peoples Company focused on investment grade farmland asset acquisition and management meeting the diverse objectives of our investor clients.

## Subfield Business Unit Realities

The fundamental reality is that between 5%-20% of nearly every row crop asset is consistently not profitable. The data resources and technology are available to create a high-resolution business performance analysis of each asset, even in situations where in-field data resources are limited. The analysis performed by Iowa State University and AgSolver, Inc. in Figure B shows that between 2-3 million acres in Iowa each year are planted into row crops where we know they won't be profitable even before the crop season begins [Brandes et al., 2016]. These acres represent substantial opportunity to improve returns for investors and farmers. The ability to identify subfield scale variations in asset profitability leads directly to enhanced management strategies. The practical outcome is that nearly every asset is comprised of unique subfield scale production businesses that require operating plans calibrated to each of their abilities to generate revenue. These calibrated operating plans can include precision agriculture technologies, agronomic strategies, land improvement investments, or in many cases may require alternative revenue sources such as conservation programs.



Figure A. Calculated annual cash yield based on USDA statistics for state level land values and cash rents.



Water Management Opportunities

The most common asset improvement opportunity is dealing with water. This is typically either moving water out of the row crop system or bringing water to the row crop system depending on climate, soil conditions, and cropping practices. The systems to remove or apply water are well engineered and proven. New technologies are continuously being deployed to enhance the efficiency and responsiveness of water management systems, particularly on irrigation infrastructure. The productivity impacts of water management infrastructure are well understood and implementation of these systems are part of many land investment strategies. Recent climate patterns and environmental pressures are highlighting additional opportunities into next generation water management strategies that can be responsive in removing water, capturing water when available, and then applying when needed. Drainage water management and sub-irrigation systems (Figure C) are an example of water management infrastructure that can be responsive to the specific water needs within an asset under a full range of environmental circumstances. These types of systems can simultaneously improve investor returns, farmer profitability, and off-field water quality impacts for an asset.

Value Added Markets

Compressed commodity price environments have motivated investors and their farmer operators to look closely at value added production opportunities. These opportunities come in many forms including new cropping systems integrating value added food grade crops such as peas, edible beans, etc, and premium markets such as non-GMO and organic grain production. Organic transition can be a particularly profitable option for an investor and farmer to partner on for accelerated longer term returns. The transition years are particularly challenging for a farmer because yields are lower and the commodity price premium is not available. A partnership between an investor and their farmer operator that reduces farmer exposure in the transition years in favor of shared returns in later years can be highly profitable for both parties. Consider the example presented in Table 1. The simple five-year scenarios considered here are comparing a productive Midwest row crop farm under conventional and organic transition farming. The land is assumed to be \$8,500/tillable acre with standard assumptions for productivity, costs of production, and commodity prices in the conventional scenario. Under this scenario, the farmer will operate at a five-year annual return of 4.98% and the investor's annual cash return will be 2.78%. This scenario is consistent with Midwest row crop asset performance today. The organic transition scenario is assuming the investor landowner will take a low cash rent of \$100/acre in the two transition years, then the lease will move to a \$200/acre base rent plus 35% of the crop value in the organic years. Transition

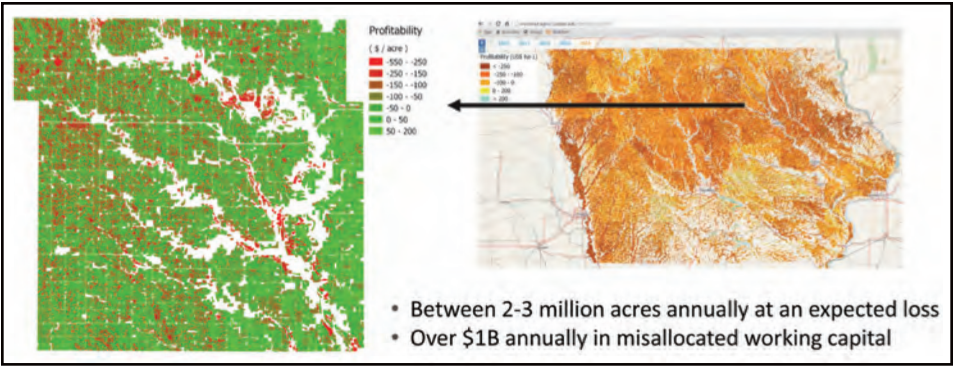


Figure B. Remote sensing analysis of subfield scale profitability in Iowa.



Figure C. Drainage water management and sub-irrigation functional diagrams.

CONVENTIONAL PRODUCTION ANALYSIS						Land Cost: \$8,500/Acre
Crop	Year 1 Corn	Year 2 Soybeans	Year 3 Corn	Year 4 Soybeans	Year 5 Corn	
Yield (bu/acre)	200	60	200	60	200	
Commodity Price (\$/bu)	\$3.85	\$9.75	\$4.00	\$10.00	\$4.15	
Operating Revenue	\$770.00	\$585.00	\$800.00	\$600.00	\$830.00	<b>5 Year Annualized Returns</b>
Operating Expenses	\$495.00	\$325.00	\$495.00	\$325.00	\$495.00	
Lease Cost	\$250.00	\$250.00	\$250.00	\$265.00	\$265.00	
Operator Return	3.36%	1.74%	7.38%	1.69%	9.21%	
Landowner Net Return	2.71%	2.71%	2.71%	2.88%	2.88%	

ORGANIC TRANSITION ANALYSIS						Land Cost: \$8,500/Acre
Crop	Year 1 Trans. Corn	Year 2 Trans. Wheat	Year 3 Corn	Year 4 Soybeans	Year 5 Corn	
Yield (bu/acre)	150	75	170	51	170	
Commodity Price (\$/bu)	\$3.85	\$4.25	\$9.75	\$19.75	\$9.75	
Operating Revenue	\$577.50	\$318.75	\$1,657.50	\$1,007.25	\$1,657.50	<b>5 Year Annualized Returns</b>
Operating Expenses	\$510.00	\$225.00	\$510.00	\$325.00	\$510.00	
Lease Cost	\$100.00	\$100.00	\$780.13	\$552.54	\$780.13	
Operator Return	-5.33%	-1.92%	28.48%	14.78%	28.48%	
Landowner Net Return	0.94%	0.94%	8.94%	6.27%	8.94%	

Table 1. Analysis showing five year farmer and investor returns for conventional production and organic transition on a productive Midwest row crop asset.

yields are assumed to be 75% of conventional, and organic yields assumed to be 85% of conventional. Using current market prices, both the farmer and investor achieve substantial improvements in the five-year annualized returns. The farmer realizes reduced exposure associated with transition and gets to a five-year annualized return of 18.80%. The investor gets to an annualized return of 5.21% after five years even with the lower return supporting the farmer through the transition. The investor will continue to gain value through future years. This type of transition partnership is potentially profitable arbitrage with today's market conditions. The fundamentals of the organic market suggest that today's organic price premiums will be available for the next several years.

## Sustainability as an Arbitrage

Consumers are putting pressure on food companies to document and improve the environmental performance of the commodity production systems they are sourcing raw materials from. The biggest food producers, retailers, and restaurants in the world have been rolling out corporate sustainability reports over the past few years that set ambitious targets for environmental performance characteristics of the commodity products they are purchasing. An example from General Mills' corporate sustainability report: "Top 10 raw ingredients represent 50% of purchases. Our goal is 100% sustainable sourcing by 2020." Statements and goals like this will continue to put immense pressure on commodity production systems. It is likely over the next five to ten years that commodities will need a documented environmental performance profile just to make it into the supply chain network at standard pricing levels. Additionally, the broad cross-industry emphasis on soil health focused management practices is creating new market signals that will likely impact the value of farmland assets. The emerging methods to quickly and affordably assess soil health will become part of farmland real estate transactions. Actively managing soil health, conservation, and sustainability outcomes now will create significant arbitrage for land investors and farmers as the market-based pressures continue to take hold. The exciting opportunity is that each of the active management strategies discussed here work toward delivering this outcome. Subfield scale management of unique businesses within an asset improves cash flow while better calibrating inputs to reduce losses that create environmental problems. Investing in the next generation of water management will improve productivity, cash returns, and asset value, while also reducing losses that degrade water quality. Responding to consumer pressures around commodity characteristics and environmental performance profiles will improve annual cash returns for farmers and investors as well as asset values. The critical realization is that an active asset management strategy can and will simultaneously improve investor returns, farmer profitability, and environmental outcomes.

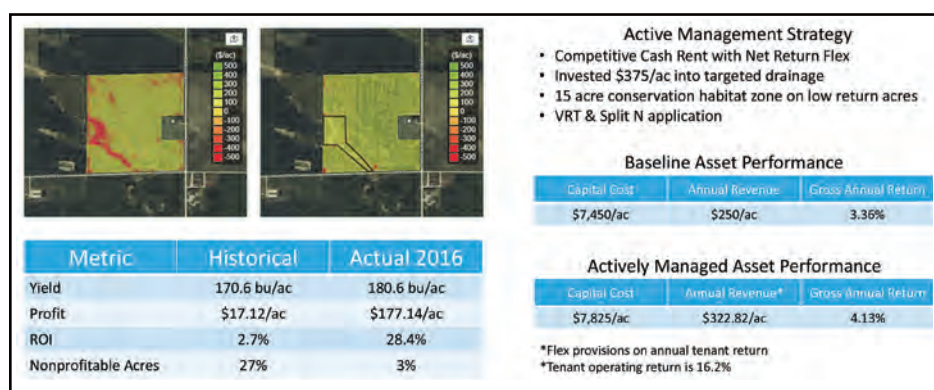


Figure D. Summary of financial performance with management changes applied on the case study asset.

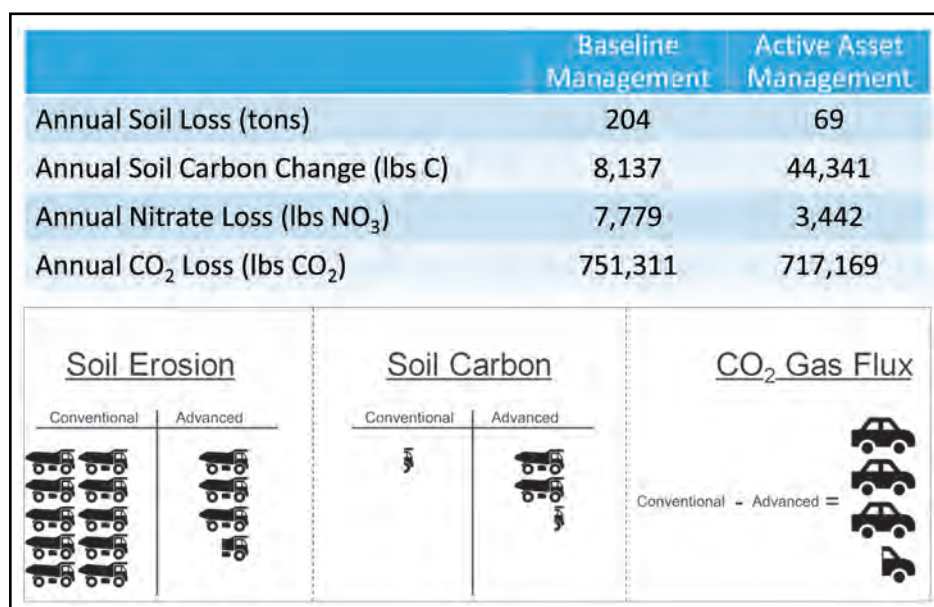


Figure E. Summary of environmental performance impacts of management changes on the case study asset.

## Case Study

Figure D shows actual active management results from a row crop asset in Iowa. This 145 acre asset has significant variability in soil characteristics and water management requirements. The asset has delivered small profits to the operator historically at county standard cash lease rental rates. The historical profit map in the upper left of Figure D demonstrates substantial subfield variability in financial performance. A ridge comprised on high sand fraction soils cuts through the SW section of the field, and the NE and NW corners of the field are consistently not profitable due to drainage issues. The active management strategy for this asset included the following actions:

1. Investing \$375/ac in targeted drainage systems
2. Enrolling a 15 acre zone of non-productive soils into a CRP pollinator habitat conservation program
3. Implementation of variable rate seeding, fertility, and nitrogen management practices
4. Engaging the tenant with a base cash rent and flex component built around the tenant's net return

The baseline investment performance for the asset was historically 3.36% annual cash yield based on purchase price and a \$250/acre cash rent lease. Under the same baseline management approach, the tenant produced an annual net return of 2.7% operating the asset. Upon implementing the active management strategies, as shown in the 2016 actual performance and profit map in Figure D, the operating profit improved \$160/acre over the historical performance. After the flex terms of the lease were applied, the investment returns reached 4.13% annual cash yield, and the tenant returns improved to 16.2% on asset operations.

The active management strategies were focused on improving investor and operator returns from the asset. There are also significant positive environmental impacts from implementing these strategies. Figure E shows the estimated environmental impact on several key performance indicators using standard environmental models. The active management strategies focused on improving financial outcomes will 1) reduce soil erosion losses nearly 66%, 2) increase annual gains in soil carbon substantially, 3) reduce the nitrogen losses due to leaching to nearly half of the previous levels, and 4) reduce the overall carbon footprint of the production system by nearly 5%.

## References

1. Brandes, E., McNunn, G. S., Schulte, L. A., Bonner, I. J., Muth, D. J., Babcock, B. A., Sharma, B., Heaton, E. A. (2016). Subfield profitability analysis reveals an economic case for cropland diversification. *Environmental Research Letters*, 11, 014009.





# PEOPLES COMPANY, STINE SEED PARTNER TO OFFER A PAID-IN-FULL COVER CROP PROGRAM TO LANDOWNERS

Program will demonstrate that it is possible to simultaneously protect the environment, maximize yields and improve overall return on investment.

Peoples Company has partnered with Stine Seed, the largest independent corn and soybean seed company, and one of the most-recognized seed brands, to offer landowners a paid-in-full, managed cover crops program. The initiative will demonstrate to landowners that it's possible to simultaneously protect environmentally sensitive acres, maximize yield on the productive acres and improve overall return on investment.

"Peoples Company is committed to helping landowners effectively manage their property to maximize productivity, but also to reduce environmental impact," said Peoples Company President Steve Bruere. "I've always believed that since a significant amount of land is rented, an effective strategy to reduce environmental

impact and maximize yields should be targeted at landowners. Our program will show landowners it's possible to reduce environmental impact while increasing productivity."

The program, called the Sustainability Cover Crop Initiative, will be available to landowners in Iowa, Illinois, Minnesota, Nebraska and Missouri, for a three-year term. To receive cover crops paid-in-full by the program – a value of up to \$30/acre – landowners must agree to have their land professionally managed by Peoples Company during the three-year term and commit to planting Stine Seed.

"At Stine, we understand that nothing is more important than caring for the land," said Myron Stine, President of Stine Seed. "Through the years, we have implemented a number of processes on our own farm to aid in soil conservation, with high density corn being one of the most innovative. And we feel that cover crops are another component of a strong soil conservation program. That's why we are pleased to partner with Peoples Company on this project."

Program implementation will begin in the 2019 growing season. The program is available for new land management accounts with Peoples Company, up to a maximum of 10,000 acres. The cost of cover crop application will be covered up to \$30/acre, with a minimum of 120 acres and a maximum of 500 acres planted per client. Cover crop seed and application decisions will be made by land management professionals.

"Cover crops are a critical practice to improving soil health and water quality," according to Sean McMahon, Executive Director of the Iowa Agriculture Water Alliance. "We've made tremendous progress scaling up cover crops through public sector programs in the last decade, but more needs to be done through the private sector. IAWA is tremendously excited to partner with Peoples Company and Stine Seed to help landowners and farmers reap the many benefits of cover crops."

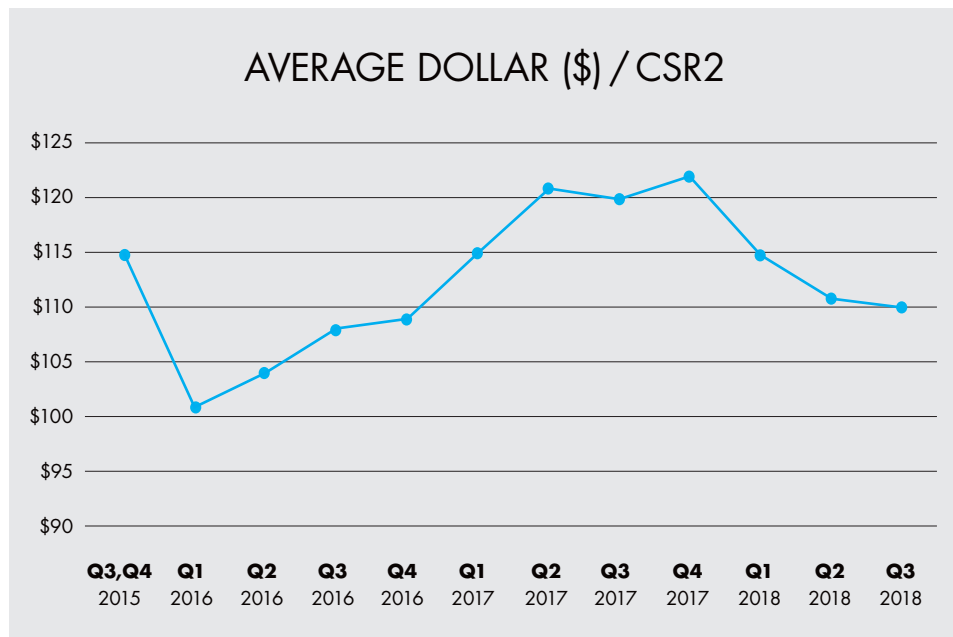
For more information, or to inquire about program enrollment, please visit [www.CoverCropProgram.com](http://www.CoverCropProgram.com).

# IOWA LAND VALUES

by Brad Hayes, Peoples Company Appraiser

The appraisal team at Peoples Company monitors land sale prices, as well as the number of farms that are publicly for sale in Iowa. Progressing through the fourth quarter of 2018, Peoples Company's appraisal team has documented a change in the direction of land value trends. From the first quarter of 2016 through the fourth quarter of 2017, land values across the state of Iowa were trending upwards due to a low inventory of farms for sale and an abundance of capital in the market, among other things. Although the low inventory and abundance of capital still exists, the land value trend has shifted and begun to move downwards. As illustrated in the chart to the right, the average \$/CSR2 was \$122 in the fourth quarter of 2017 and \$110 in the third quarter of 2018. This dataset includes tillable farms that sold at public auction and are 85%+ tillable row crop acres.

These trends are heavily influenced by farmer attitudes. Given that this will be the fourth consecutive year that some farmers will have negative profit margins, along with the increased volatility of the global tariff situation and rising interest rates, it makes economic sense that values are on the downhill slide. That said, current average land values still defy economics. Per the Land Value Tenure Survey provided by Iowa State University, 82% of farmland in



\*\$/CSR2 is calculated as follows: Sale Price/Tillable Acres/CSR2 Rating

Iowa is owned debt-free. This continues to play a role in the overall strength of the land market. The appraisal team has been actively monitoring and gauging the activity at public auctions. The inventory of farms being marketed for auction was seasonally low in July but has increased significantly through October. There were 166 tracts across the state of Iowa that were actively being marketed for auction in mid-October. Statewide, there were 252 tracts for sale that were 85%+ tillable (private treaty and public auction) which equates to 2.55 highly tillable farms per county in Iowa. For the most part, farmers have been the primary buyers at auction, but investors are actively participating and on occasion, are the successful bidder. Land values for recreational tracts have shown a slight increase in specific regions while other regions have remained stable. Pasture tracts continue to be stable and have had little fluctuation in recent years.

If you'd like to learn more about Peoples Company Appraisal Services, email [Appraisal@PeoplesCompany.com](mailto:Appraisal@PeoplesCompany.com) or call 855.800.LAND (5263).

Proud partner of

**4R Plus**

## WHAT IS 4R PLUS?

4R Plus is a new program to increase farmer awareness of the benefits of implementing precise nutrient stewardship and conservation practices, and Peoples Company is proud to be a partner of this program.

4R Plus involves using precise nutrient stewardship practices to provide nutrients when the crops need them and targeted conservation practices that can increase productivity, enhance soil health and improve water quality.

### What do the 4Rs stand for?

The 4Rs of nutrient stewardship stand for Right Source, Right Rate, Right Time and Right Place. The 4R practices help keep nutrients in the root zone when the crop needs them.

### What's the Plus?

The "Plus" in 4R Plus refers to in-field and edge-of-field conservation practices that increase the resiliency of your soil, reduce erosion and improve water quality. These practices help soil remain productive, even under variable weather conditions. Examples of the practices include: cover crops, no-till, strip-till, grass waterways, drainage water management, and prairie strips.

Visit [4RPlus.org](http://4RPlus.org) for more information.



# PEOPLES COMPANY HELPS BANK TRUST DEPARTMENTS FULFILL FIDUCIARY RESPONSIBILITIES

Peoples Company Land Management division has been successful tailoring programs to provide land management services to bank trust departments. Peoples Company assists banks in fulfilling the fiduciary responsibilities to maintain the asset value of farmland in trusts while addressing issues such as water quality and soil health.

Earlier this year, Lincoln Savings Bank teamed up with Peoples Company to provide land management services for its clients. “We were looking for an organization we could partner with in order to take our Farm Management Services to the next level, and that’s what we found in Peoples Company,” said Bill Northup, Lincoln Savings Bank, 1st Vice President and Trust Manager. “We continue to maintain our role as the relationship manager for our Trust Clients, while calling on the expertise of Peoples Company Land Managers to deliver back-end support.” The Land Managers are boots on the ground, doing what they do best by working with the farmer and Farm Service Agency office, documenting yield and fertility history, as well as coordinating capital improvement projects.

The Trust Department of Home State Bank in Jefferson, Iowa, also utilizes the support from Peoples Company Land Management. “Home State Bank began utilizing Peoples Company’s land management software and reporting formats in the further development of its land management department in early 2016,” stated Sid Jones, Home State Bank, President and CEO. “Employees of Peoples Company are consultants and advisors to our staff, Gerry Stein and Roger Custer, on various conservation practices, cover crops, soil mapping, and methods for maximizing net profit per acre. While Gerry and Roger provide all day to day management for the land and for the client relationship, Peoples Company has proven to be a valuable resource in the delivery of a professional land management service for Home State Bank.”



Peoples Company Land Managers Kyle Walker, Mollie Aronowitz, and Peter Isaacson

Peoples Company Land Management approach provides an intense focus on utilization of information, analysis, and production practices to maximize the highest quality acres of a farm while incorporating conservation practices on the most sensitive acres. This asset management strategy embraces technological advances in the industry and uses complex programs to compile accurate, real-time data to make better decisions, on and off the farm. The information creates a comprehensive farm history that is continually analyzed to improve yield, increase income, and produce premium appreciation. With the right balance and approach, Peoples Company Land Management can achieve superior financial returns in a socially responsible manner.

## AMERICAN FARMLAND OWNER MERCHANDISE SALES TO BENEFIT NATIONAL FFA FOUNDATION

*American Farmland Owner, a project of Peoples Company and its President Steve Bruere, will donate 10 percent of sale proceeds.*

American Farmland Owner has partnered with the National Future Farmers of America (FFA) Foundation to donate 10 percent of all sale proceeds to the Foundation. “The most valuable and sought-after natural resource is something they aren’t making more of – American farmland. The American Farmland Owner brand is a way for landowners to show the pride they take in their land,” said American Farmland Owner Steve Bruere. “Giving back to the community and leaving the land in better shape than you found it is in the DNA of an American Farmland Owner, which is why this partnership to support Future Farmers of America makes so much sense. With every purchase, landowners will be giving back to the next generation of American Farmland Owners.”

Founded in 2017, the American Farmland Owner brand is for those who own the land and understand the value of the precious natural resource. The American Farmland Owner knows their land will produce energy, fiber and food that will help feed 9 billion people by 2050.

The National FFA Foundation builds partnerships with industry, education, government, foundations and individuals to secure resources for the future of education, agriculture and student leader development. Donations, like the pledge by American Farmland Owner, help the National FFA Foundation recognize member achievements, develop student leaders, and advance the future of agricultural education.

American Farmland Owner merchandise can be purchased online at [AmericanFarmlandOwner.com](http://AmericanFarmlandOwner.com).





# LAND MANAGEMENT CASE STUDY: THE ECONOMICS OF FERTILITY MANAGEMENT

by Mollie Aronowitz, AFM, Peoples Company Land Manager

Every four years, Peoples Company encourages landowner clients to invest in soil testing. This provides a checks and balance to confirm the annual fertilizer reported by the operator to ensure the farm's fertility is being maintained over time.

Additionally, getting in a four-year routine provides a consistent opportunity to inventory available plant nutrients in the soil as well as other soil factors important to crop production. The operator can use the collected data to create individualized fertilizer recommendations to improve crop production on the field level. An important part of maximizing fertilizer efficiency and protecting water sources from pollution is to get the right nutrients at the right rate for every field.

Soil testing can also pinpoint opportunities for the landowner to improve soil fertility above the operator's annual crop removal rate. Peoples Company's lease requires each operator to apply adequate fertilizer to replace nutrients lost by each year's crop. On farms with less than optimal levels, landowners can increase productivity – and therefore rent – by improving fertility. Investing in a multi-year fertilizer build program to improve a farm's fertility addresses both annual income and long-term appreciation.

**The following demonstrates how the landowner and operator can work together to address fertility.**

Background information about the farm:

- The farm is 80 acres m/l with 72.65 tillable acres in North Warren County, Iowa. It is currently a corn – soybean rotation.
- CSR2 Tillable: 82
- CSR2 Total: 80
- Over the past four years, the farm has yielded 175-200 bu/acre on corn and 45-55 bu/acre on soybeans. (According to Iowa State Extension, Warren County 2008-2017 average yield on corn is 149 bu/acre and 48 bu/acre on soybeans. The state 10-year average yield on corn is 177 bu/acre and 51 bu/acre on soybeans.)

When reviewing the soil tests with the landowner, several opportunities were identified to help maximize this farm's productivity. Soil pH of 6.0 to 6.5 is considered optimum. A significant portion of the farm fell below 6.0 and would benefit from an application of lime.

As a starting point, focus is on the macro nutrients phosphorous (P) and potassium (K). About half of the farm fell below optimum levels of phosphorous. Most of the farm fell above optimum on potassium, but there were still opportunities for improvement.

Looking back at reporting from the past records, the operator had reported annual applications of dry fertilizer of Potash (K source) and MAP (P source). He consistently fertilized but was not aggressive with his applications – a common scenario on annual cash rent farms. All the information laid out together showed an opportunity for the landowner to become an active participant in fertility management.

As a reminder, the crop removal rate is the amount of nutrients each crop pulls from the soil and the crop build rate is an addition of nutrients above and beyond removal rate. With the landowner involved, she could choose to fertilize with a higher yield target in mind. This would benefit in the short term to meet yields but also benefit in the long term to ensure slow decline on fertility.



On the Warren County farm, for example, the landowner could choose 200 bu/acre corn as target yield. For a minimum investment, the landowner could pay for build rate and invoice the operator the removal rate.

Peoples Company works with independent soil test contractors to ensure there is no bias towards fertilizer purchases. The Warren County farm was soil tested by Agronomic Solutions ([www.AgronomicSolutions.com](http://www.AgronomicSolutions.com)). They provided easy to read soil tests as well as crop removal and crop build variable rate prescriptions with the purchase of soil testing. These prescriptions can be shared with any operator or fertilizer spreader to be applied.

The amount of total product can differ from quarry to quarry pending product analysis. For the Warren County farm, 198.17 total tons of lime is needed and the cost is \$25/ton. Pending rental rates, it is common for the operator to share in the investment of lime. This could be split 50-50 with the operator's investment depreciated out over four years.

The following two charts show cost for phosphorous and potassium using dry fertilizer MAP (11-52-0) and Potash (0-0-60).

Nutrient	200 bu/acre Corn Target Yield Plus Build	Price/Ton	Total Investment for Build Rate	Price/Acre 72.65 A
Phosphorous	5.93 T total applied	\$475.00	\$2,816.75	\$38.77
Potassium	2.90 T total applied	\$330.00	\$957.00	\$13.17
<b>TOTAL</b>			<b>\$3,773.75</b>	<b>\$51.94</b>

Nutrient	200 bu/acre Corn Target Yield	Price/Ton	Total Investment for Removal Rate	Price/Acre 72.65 A
Phosphorous	4.99 T total applied	\$475.00	\$2,370.00	\$32.62
Potassium	2.66 T total applied	\$330.00	\$877.80	\$12.08
<b>TOTAL</b>			<b>\$3,247.80</b>	<b>\$44.70</b>

Along with pH and macro nutrients, the landowner could also improve organic matter through reduced tillage practices and incorporating cover crops. Organic matter is a critical soil component for releasing nutrients through decomposition of organic compounds by microbial action. It also influences soil water capacity due to its ability to absorb water and indirectly improves soil structure. Flying on a simple mix each fall would cost roughly \$30/acre for seed and aerial application. (The cover crop could also be planted post-harvest, but a lot of variables concerning Mother Nature and timing need to line up for success. Aerial application gives more control to the landowner.)

Often times, the operator is reluctant to invest 100% in cover crops on annual cash rent farms. But, if the landowner is annually investing in the farm, it wouldn't be unreasonable for the landowner and operator to share the expense of cover crops 50-50.

Improvement	Operator's Share/Acre	Landowner's Share/Acre
Lime	\$34.00	\$34.00
Phosphorous	\$32.62	\$38.77 - \$32.62 = \$6.15
Potassium	\$12.08	\$13.17 - \$12.08 = \$1.09
Cover Crops	\$15.00	\$15.00
<b>TOTAL</b>	<b>\$93.70</b>	<b>\$56.24</b>

Compared to the value of the farm and annual return, an investment of \$56/acre is relatively low and the investment will be worthwhile in the future. When a well-documented farm with high fertility and yields comes to the market to rent or buy, it will receive a premium price.

Today's complex production systems incorporate many factors to maximize yield and minimize environmental impact. Landowners on annual cash rent farms should be working alongside their operators to ensure the farm is properly maintained.

To learn more about soil health and conservation opportunities on your farm, please contact Peoples Company Land Management. You can email [LandManagement@PeoplesCompany.com](mailto:LandManagement@PeoplesCompany.com) or call 855.800.LAND (5263) to learn how a Peoples Company Land Manager can help you meet your conservation goals in a full management or consultant capacity.

## PEOPLES COMPANY LAND MANAGERS EARN HIGHEST PROFESSIONAL STATUS

Kyle Walker, AFM, AAC, has been awarded the Accredited Agricultural Consultant (AAC) designation from the American Society of Farm Managers and Rural Appraisers® (ASFMRA®). Walker earned his AAC designation by meeting stringent requirements in addition to passing a rigorous written examination and abiding by the American Society's Code of Ethics.

Mollie Aronowitz, AFM, has been awarded the Accredited Farm Manager (AFM) designation from the (ASFMRA®). Aronowitz joins a select 45 percent of the ASFMRA® membership who have received the Accredited status and currently maintain it through the ASFMRA® continuing education program. There are only 368 active AFMs across the nation.

The ASFMRA® is the largest professional society for rural property land experts, boasting over 2100 members. ASFMRA® truly represents The Most Trusted Rural Property Professionals and is the organization for individuals who provide management, consultation, and valuation services, as well as real estate services on rural and agricultural assets.



Kyle Walker, AFM, AAC, joins a select 4% of the ASFMRA® membership who have received the Accredited Agricultural Consultant (AAC) status and of which only 2% hold both the AFM and AAC.

Mollie Aronowitz, AFM, becomes one of only seven female Accredited Farm Managers in the country and the only female AFM in the state of Iowa.

# SEEING AGRICULTURE IN A NEW LIGHT

*Launched in October 2016, and founded by Danen Pool, Clayton Mooney, and Mahmoud Parto, Nebullam is Iowa's first comprehensive vertical farming technology provider.*

With Peoples Company's commitment to innovation and cutting-edge technology, the company is actively involved with two agricultural technology accelerator programs: AgriTech Accelerator and Ag Startup Engine. Peoples Company is the only organization to support both of these programs, which help agricultural technology start-up companies address two fundamental gaps that prevent new companies and entrepreneurs from being more successful: early seed stage investment and organized mentorship from successful entrepreneurs.



## MEET NEBULLAM *Part of the Ag Startup Engine*

With a mission to create the art of future food, the Nebullam team is betting on a future where hyper-local food production and supply chain transparency win, via automated vertical farms. Nebullam is a 50% hardware, 50% software company.

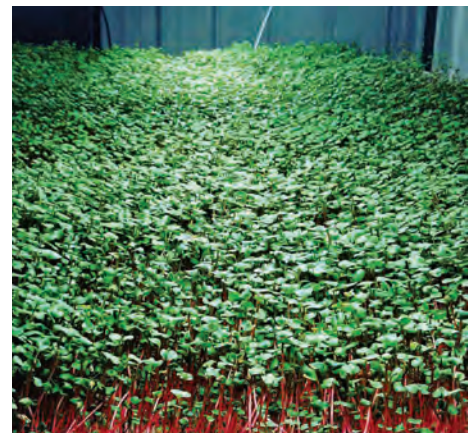
"Most indoor growing technology revolves around hydroponic systems which stack one on top of the other. These systems have horizontal growing planes, a lot of parts, and workers must walk up and down the aisles and use scissor lifts for harvesting the plants. At Nebullam, we've flipped this method. We offer a vertical growing plane and aeroponic systems, which bring the plants to the people. Labor is reduced by 30%, and production space can increase by upwards of 200% because aisles aren't needed for people or scissor lifts. Think of it as a conveyor for leafy greens, microgreens, and herbs, bringing ready-to-harvest product to one specific point," said Clayton Mooney, Nebullam, Chief Executive Officer.

Nebullam pairs its mobile growing systems with artificial intelligence, which makes micro adjustments to the nutrient disbursement and lighting throughout each day, via IoT connected sensors and cameras. As a result, harvest cycle times are reduced, yield is increased, and inputs are more efficiently used.

"Our technology has been able to achieve 6- and 7-day seed-to-harvest cycles for microgreens, and we're looking at 20 harvest cycles per year for lettuce varieties," stated Mooney.

Nebullam has two model farms in Iowa. The first model farm is located with their partner, LongView Farms, in Nevada, and the second model farm is located within the Iowa State University Research Park in Ames. Nebullam is currently conducting its seed round of investment, which will help commercialize their systems.

Subscribe to Nebullam's newsletter at [www.Nebullam.com](http://www.Nebullam.com) to learn more, or contact Clayton Mooney at [C@Nebullam.com](mailto:C@Nebullam.com).



Learn more at [AgStartupEngine.com](http://AgStartupEngine.com)



Learn more at [AgIowa.com](http://AgIowa.com)

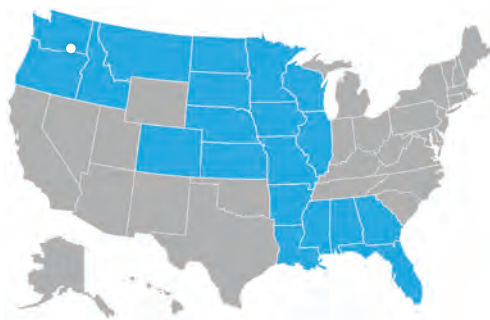


# PEOPLES COMPANY ACQUIRES PARTIAL INTEREST IN AGRIBUSINESS TRADING GROUP

*Peoples Company's rapid growth across the nation led it to enter into another strategic partnership this year, strengthening its ability to service clients in the Pacific Northwest.*

AgriBusiness Trading Group (ATG) specializes in sales, mergers and acquisitions of investment grade agricultural assets. It focuses on large, complex deals that require a knowledgeable and competent team of professionals well-rehearsed in the proper handling of transactions of this caliber. ATG is committed to offering unparalleled customer service, extreme integrity, unmatched professionalism and has an obsession to always put client's needs first.

AgriBusiness Trading Group is based in Washington and works with clients throughout the United States and Canada. ATG will continue to operate under its name in Washington, Idaho, Montana and Oregon. "Though Peoples Company was already licensed in the states where AgriBusiness Trading Group has a presence – and we've completed projects in those states – we believe joining forces will be mutually beneficial for our firms, and most importantly, for our customers," said Peoples Company President Steve Bruere. Peoples Company gains a well-respected partner on the ground in the Pacific Northwest, and AgriBusiness Trading Group expands its reach and will be able to offer clients more services and resources. "In addition to exponentially expanding the reach of our sales, mergers and acquisitions service for agricultural assets, through this partnership we can now offer appraisal, land management and auction services," said AgriBusiness Trading Group President Adam Woiblet. "The partnership proves that we continue to uphold our commitment to always put our client's needs before our own."



## RETIRING FARM MANAGER SELECTS PEOPLES COMPANY TO MANAGE ACCOUNTS

Don Russell Farm Management, an Indianola, Iowa-based company, managed properties in Dallas, Warren and Jefferson counties. After 53 years in the business, Don Russell chose to transition clients of his long-time management firm to Peoples Company. In Peoples Company, Russell felt he found an organization with the highest integrity and quality of service.

"We're pleased to work with Don to continue offering his clients exceptional service, as well as expertise and counsel on land management, appraisal, land brokerage and investment," said Peoples Company Vice President Molly Zaver.

# NATIONAL AUCTIONEER ASSOCIATION "AUCTION MARKETING CAMPAIGN OF THE YEAR" AWARDED TO PEOPLES COMPANY

*The top-level contest produced some of the best marketing materials seen in the entire auction industry.*

The annual NAA Marketing Competition, presented in partnership with USA TODAY, continues to be the premier contest for NAA members to showcase their marketing efforts. More than 800 entries were submitted to the competition and the quality level of those entries was impressive. This year, top-level marketing efforts came forth from 23 states ranging coast-to-coast.

The competition featured 56 sub-categories in seven categories across three divisions. Categories included but weren't limited to: Postcards, Brochures & Catalogs, Newspaper/Magazine Print Advertising, Public Relations & Marketing, Photography and Digital & Social Media.

The task of determining winners was given to a panel of marketing and advertising professionals who represent backgrounds in branding, promotion, media, public relations and graphic design. Judging criteria included considerations such as creativity, message, ad effectiveness, clarity and visual appeal.

The "Auction Marketing Campaign of the Year" was awarded to Peoples Company for its "Weidert Property" marketing campaign. The effort was magnificently executed and highlighted the company's vision and full process for pooling experts and marketing tools to uniquely brand the property and its highest-potential uses.



*Award recipients were formally recognized during the NAA Marketing Competition Awards Reception in Jacksonville, Florida, at the 69th International Auctioneers Conference and Show on July 17-21. Steve Bruere, President of Peoples Company, and Erin Larsen, Lead Designer, were present to receive the award.*



*Peoples Company's Travis Smock (right) being sworn in as Iowa RLI President*

## LARGEST RECORDED LAND SALE

Congratulations to Jared Chambers for the largest recorded land sale by all REALTORS® Land Institute members participating in the Lands of America Comparable Sales Program in September 2018. Based on data shared through the program, there were 161 properties listed as sold by REALTORS® Land Institute members in the month of September. Jared represented the sale at auction of two South Dakota cattle ranches totaling a combined 8,075 acres.



## IOWA REALTORS® LAND INSTITUTE PRESIDENT

Travis Smock was named President of the Iowa Chapter of REALTORS® Land Institute on September 11, 2018. The REALTORS® Land Institute is the professional membership organization for real estate practitioners who specialize in land transactions. The Chapter provides a wide range of programs and services that build knowledge, relationships, and business opportunities for the best in the land business.





# APEX AWARDS RECOGNIZE TOP-PRODUCING AGENTS

The REALTORS® Land Institute announced the winners of its 2017 APEX Awards Program, sponsored by The Land Report, as the top-producing land agents in the nation. The APEX Awards Program is designed to recognize the excellence and performance of the best in the business by distinguishing agents with these prestigious production-based awards. All APEX Award winners were announced at a special awards ceremony during RLI's 2018 National Land Conference in Nashville, Tennessee.

All applicants were members of RLI and had at least four million dollars of qualifying dollar volume in closed land sales in 2017, making them among the top-producing land agents in the country. Each applicant was also recognized as part of the RLI APEX 2017 Producers Club with the twenty highest producing applicants awarded as an APEX 2017 Top Twenty National Producer.

"The APEX 2017 Award Winners are the crème de la crème when it comes to conducting land transactions. RLI is proud to be partnered with The Land Report to give these land agents the national, industry recognition as a top-producer that they deserve," said RLI's CEO Aubrie Kobernus, MBA, RCE, about the program.



Peoples Company President, Steve Bruere, was awarded one of the APEX 2017 Top Twenty National Producer awards. The 2017 APEX Producers Club included Peoples Company Agents: Matt Adams, Daran Becker, Steve Bruere, Jared Chambers, Kenny Herring, Travis Smock, and Andrew Zellmer.



Matt Adams



Daran Becker



Steve Bruere



Jared Chambers



Kenny Herring



Travis Smock



Andrew Zellmer



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