

Maintaining Asset Returns in a Low Commodity Price Cycle

David J Muth Jr, PhD
Alternative Equity Advisors - Managing Partner



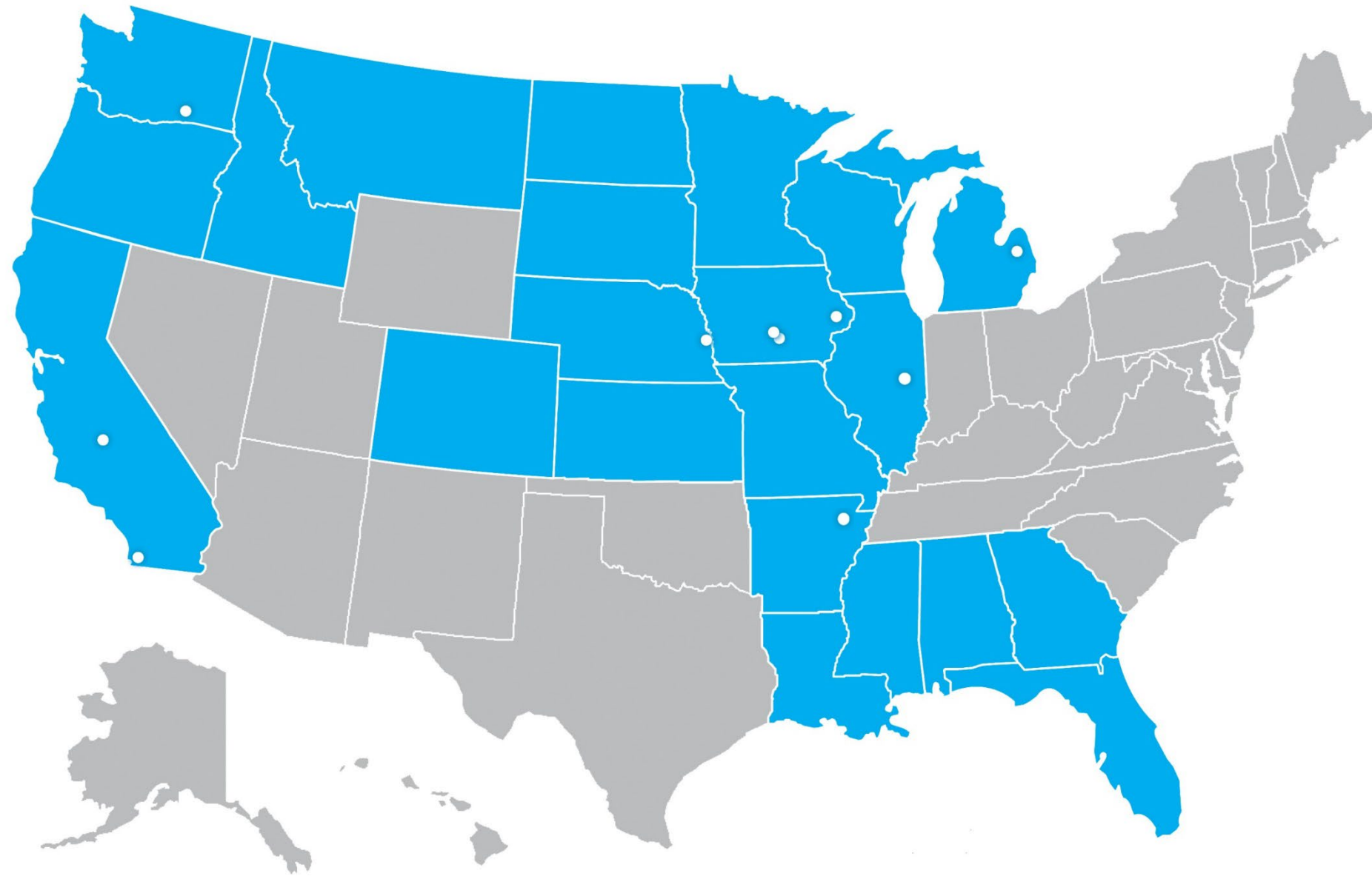
PeoplesCompany.com







AlternativeEquityAdvisors.com

Peoples Company – Who We Are

Full Service National Scale Farmland Transaction Company



-  Land Brokerage
-  Land Management
-  Land Appraisals
-  Land Investment

Peoples Farmland Investment Services

MISSION

Deliver direct ownership, separate account farmland investments for our clients that maximize returns through innovative technology deployment, premier farming operations expertise, and the most extensive farmland transaction network in the US

OBJECTIVE

Engage clients focused on direct ownership farmland investing to build and execute portfolios of \$30 - \$200 million

WHY US

Market leading deal flow
Proven technology and data science expertise
Personally own and operate commercial scale farms
Value added crop marketing partnerships



DIVERSE PORTFOLIO

GEOGRAPHIES & PRODUCTION SYSTEMS

DIRECT OPERATIONS

Hudson Bay Organic Farm, Oregon

- 3000 acres certified organic
- Integrated cattle operation
- 28 organic crops grown over past 5 years
- Direct operations asset management

ORGANIC ROW CROP

Minnesota CRP Conversion

- Transition CRP land
- Soil enhancement
- Transitional lease structure
- Drainage water management installation

ASSET IMPROVEMENT

Rebik Farm, Iowa

- Soil and fertility optimization
- Conventional high yield row crop
- Drainage improvements
- Leveling to enhance farmability

PERMANENT CROPS

WindHorse Vineyard

- Existing lease structure
- Management of developed infrastructure
- Production system optimization
- Brand development

SOIL REVITALIZATION

Arkansas Organic Transition

- Converted catfish ponds
- Irrigation system development and land leveling
- Soil remediation and enhancement
- Organic row crops

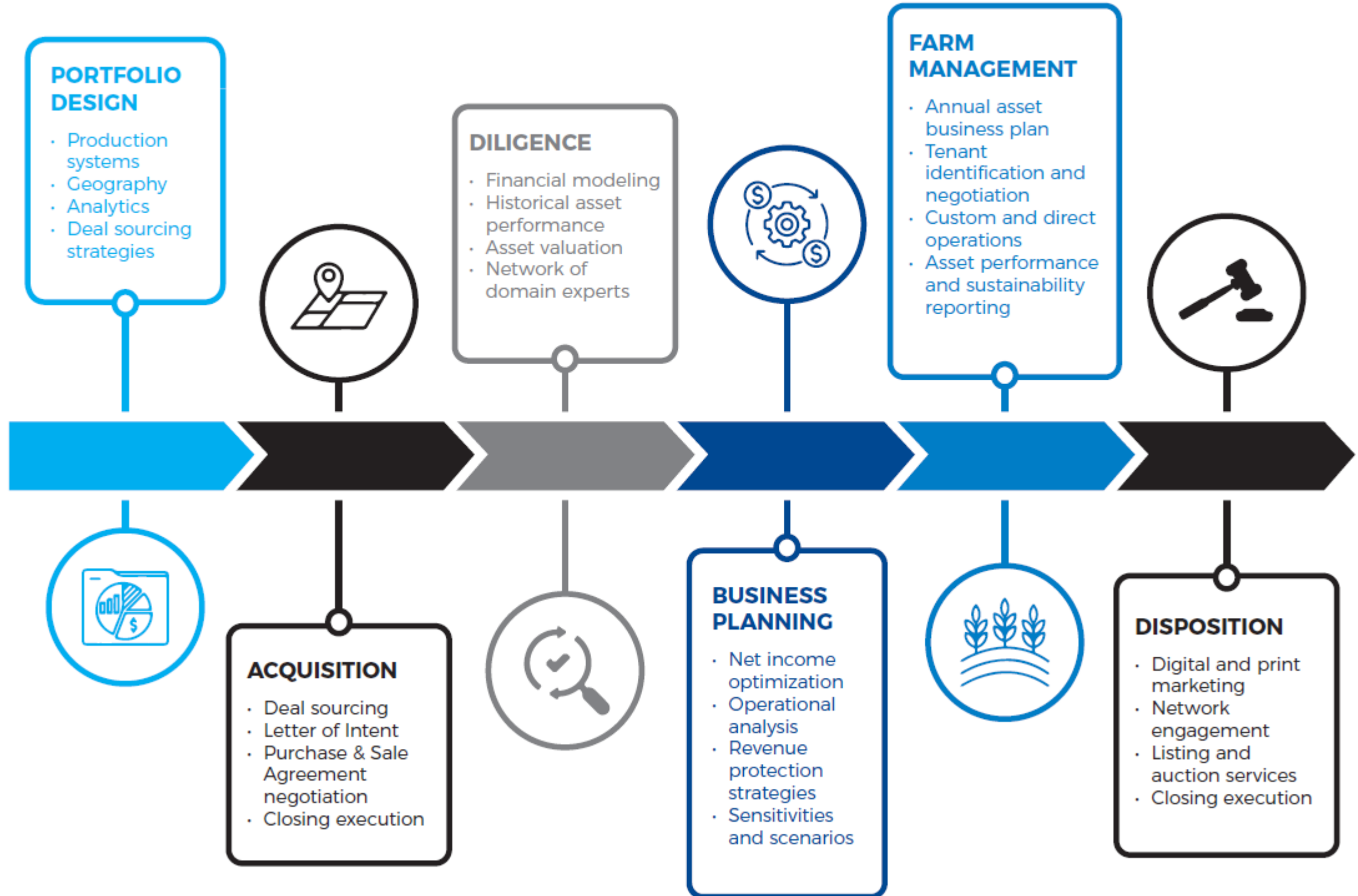
PRODUCTION SYSTEM TRANSITION

Florida Row Crop

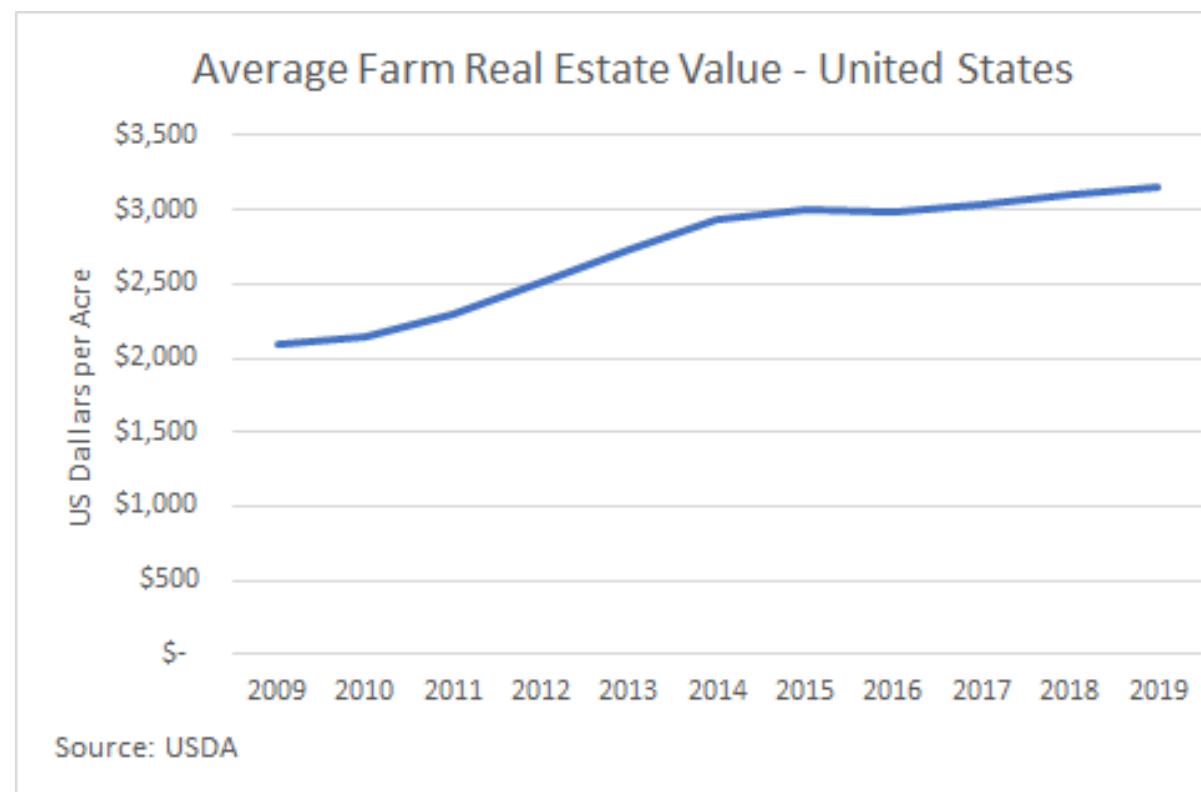
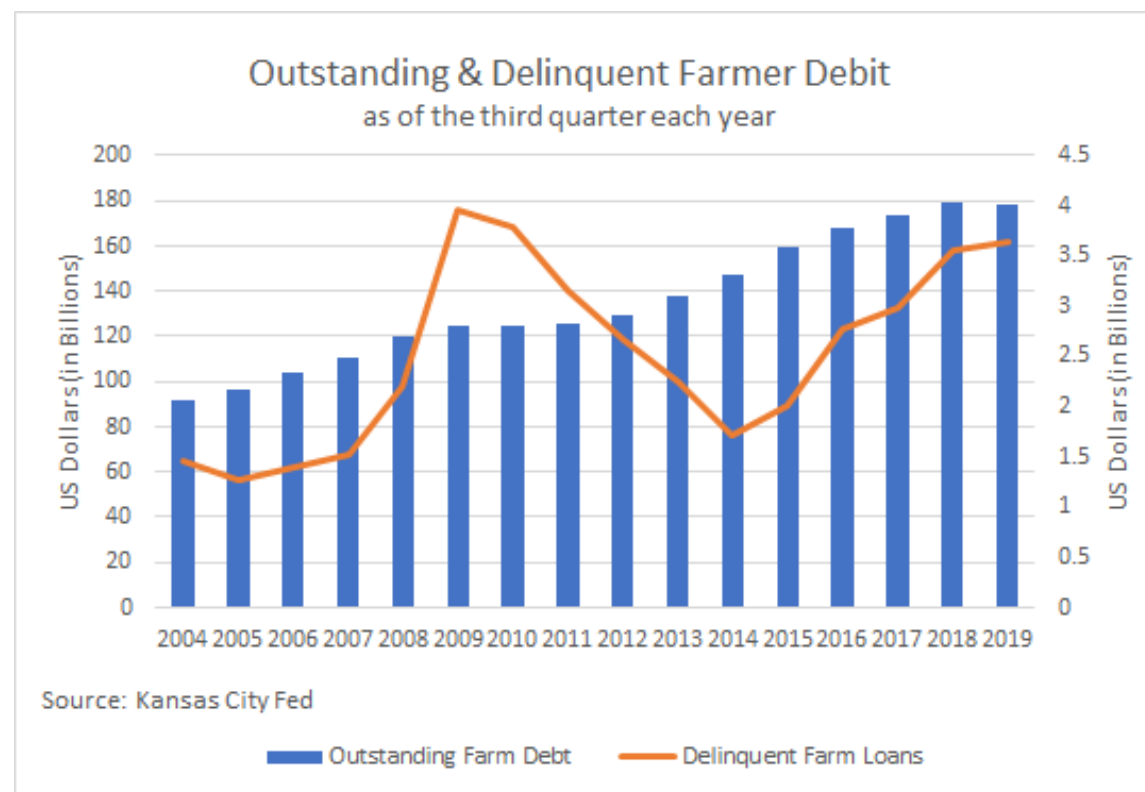
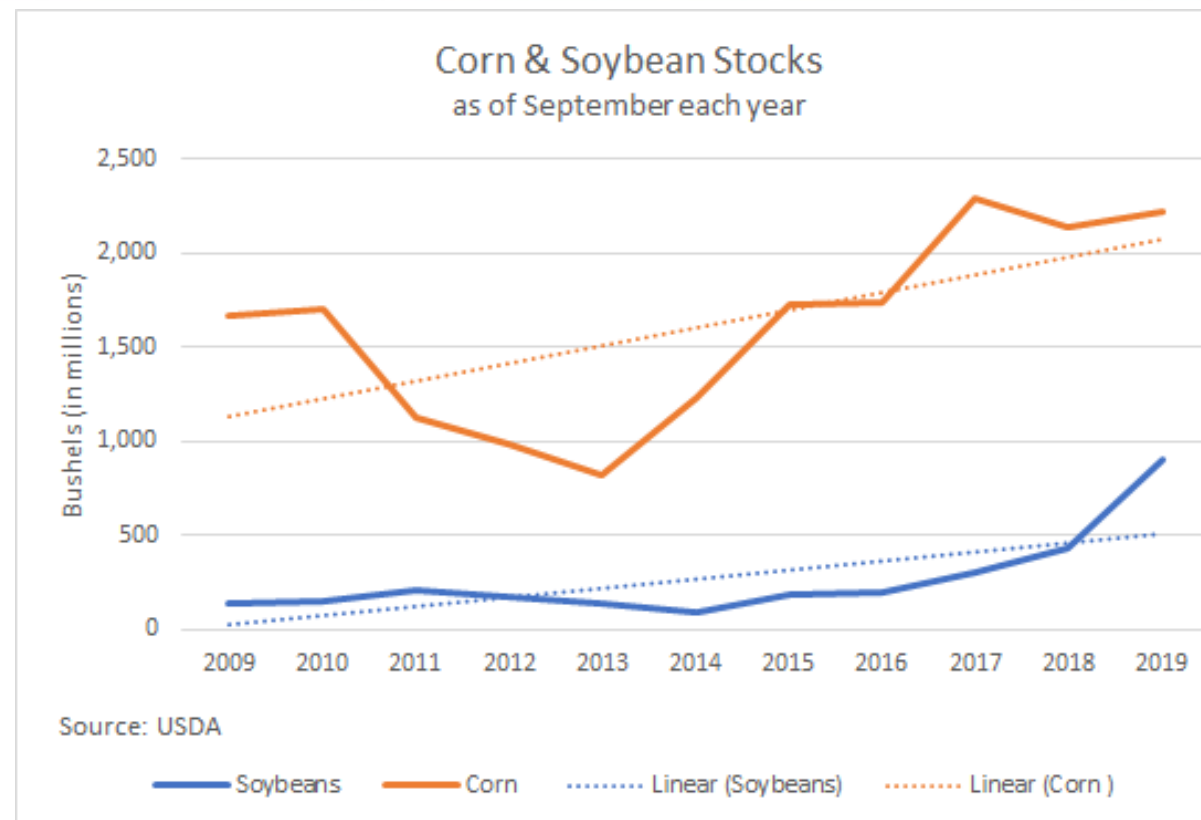
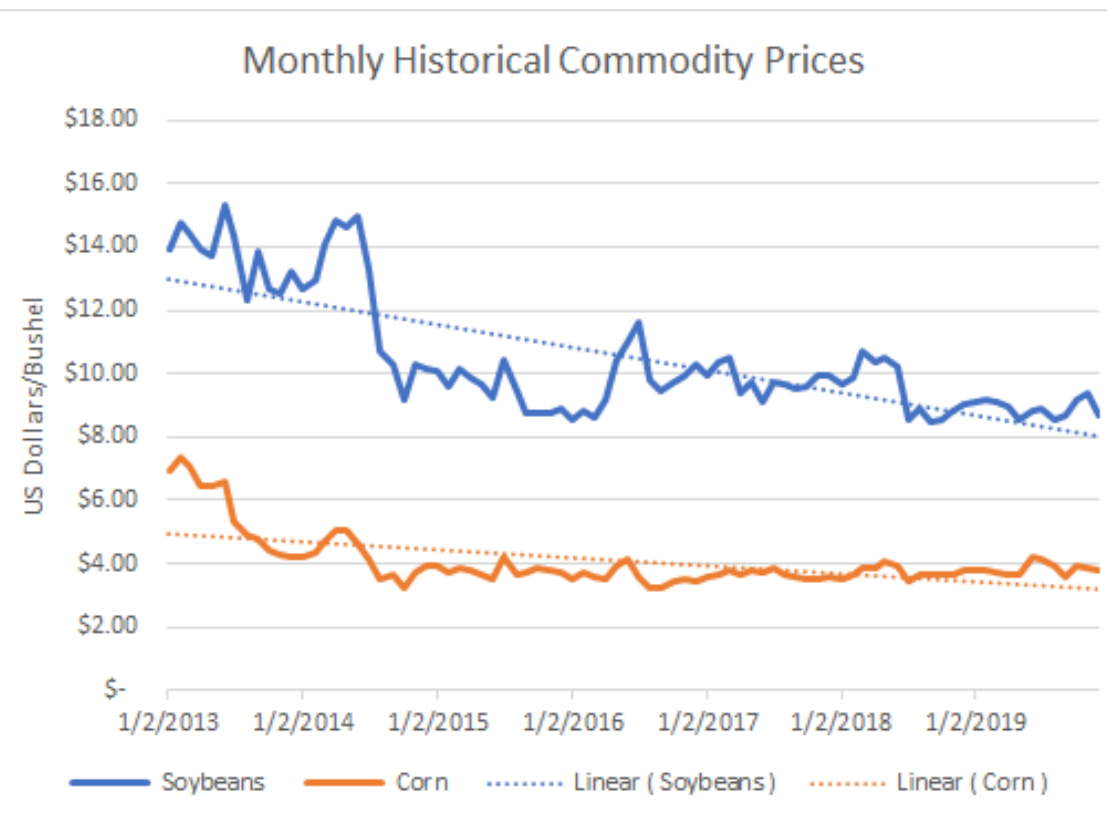
- Citrus greening caused clearing
- Land leveling and irrigation infrastructure development
- Row crop transition

Peoples Farmland Investment Services

INVESTMENT PROCESS



State of Agriculture Today



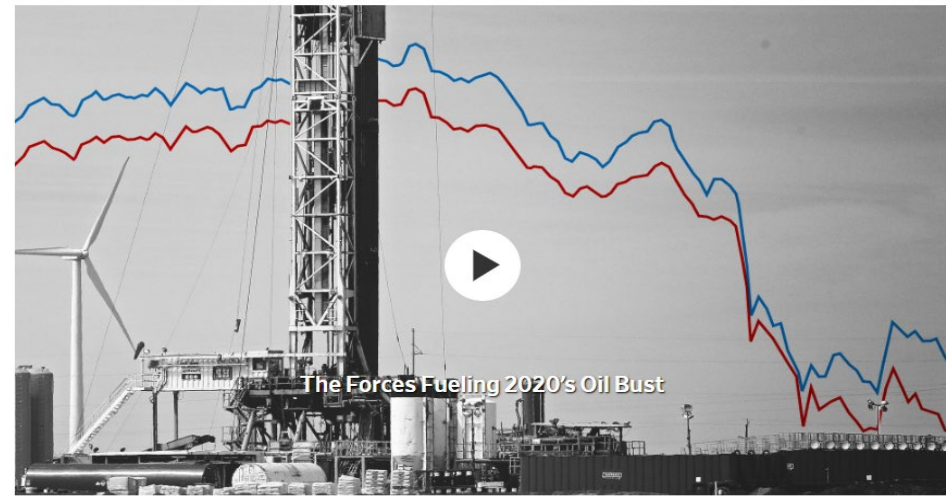
COVID-19 Impacts

THE WALL STREET JOURNAL

BUSINESS

In Another Hit for Farmers, Coronavirus Crushes Ethanol Market

Producers and farmers ratchet back output of fuel made from corn

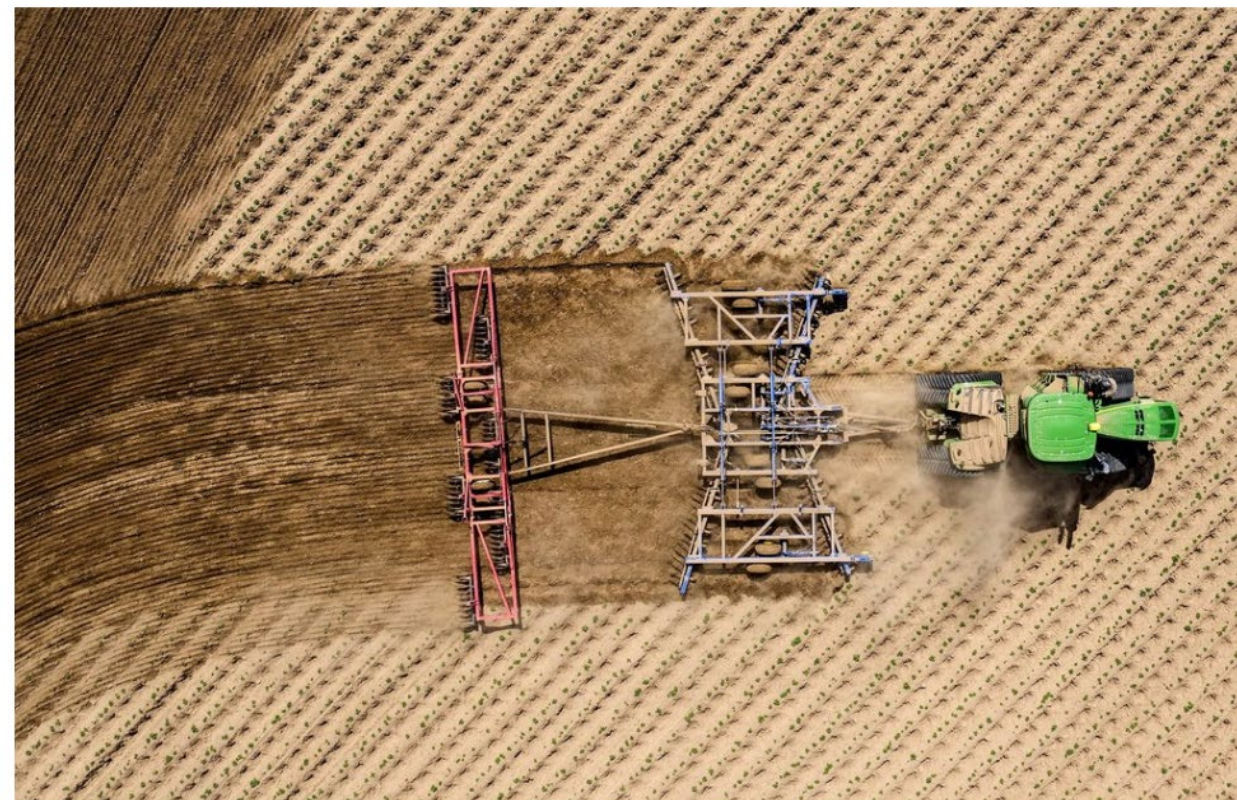


The coronavirus pandemic has stalled factories and shut down businesses around the world, causing a historic drop in oil demand just as production was reaching new highs. WSJ explains the oil-price bust that could reshape energy markets. Photo Illustration: Carlos Waters/WSJ

In french fry heartland, spring turns bitter as coronavirus cuts into global demand

May 1, 2020 at 6:41 pm | Updated May 2, 2020 at 4:59 pm

f e t



1 of 5 | A worker plows under 240 acres of young potatoes farmed by Mike Pink near Pasco. Pink has never plowed under any food he has grown. (Steve Ringman / The Seattle Times)

NEWS

Tyson expects to keep slowing meat production as coronavirus sickens workers and tanks income

The meat producer warned of continued "slowdowns and temporary idling" of plants during the coronavirus pandemic.

Coronavirus: New concerns over nation's meat supply as food chains limit sales

MAY 4, 2020 / 01:48
PORK NECKBONES (PREVIOUSLY FROZEN)



Where Are The Opportunities

OPPORTUNITIES IN FOCUS...

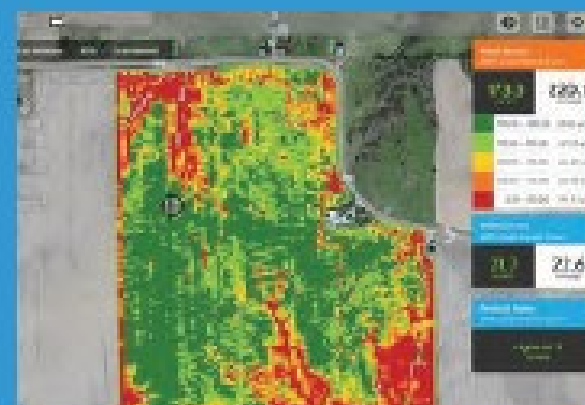
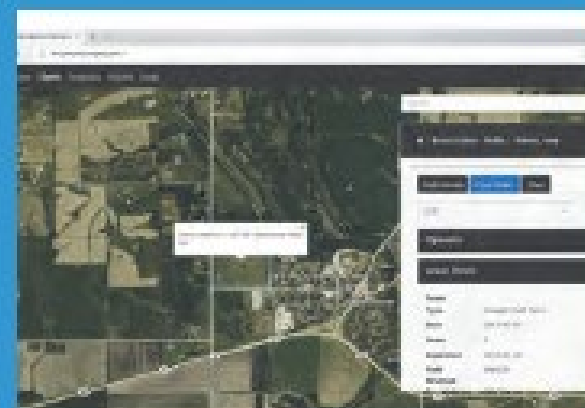
CONSUMER PREFERENCES



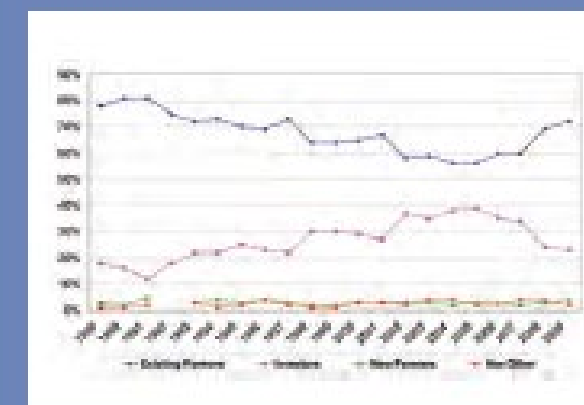
SUSTAINABILITY



TECHNOLOGY



FINANCIALIZATION



Consumer Preferences

CONSUMER PREFERENCES



Organic

\$52.8 Billion
in sales in 2018¹

19% of younger consumers are willing to pay 25% - 49% more¹

With focus on...

- 19% - personal health¹
- 25% - environment/social responsibility¹
- 49% - food safety/chemicals¹

Local/Direct

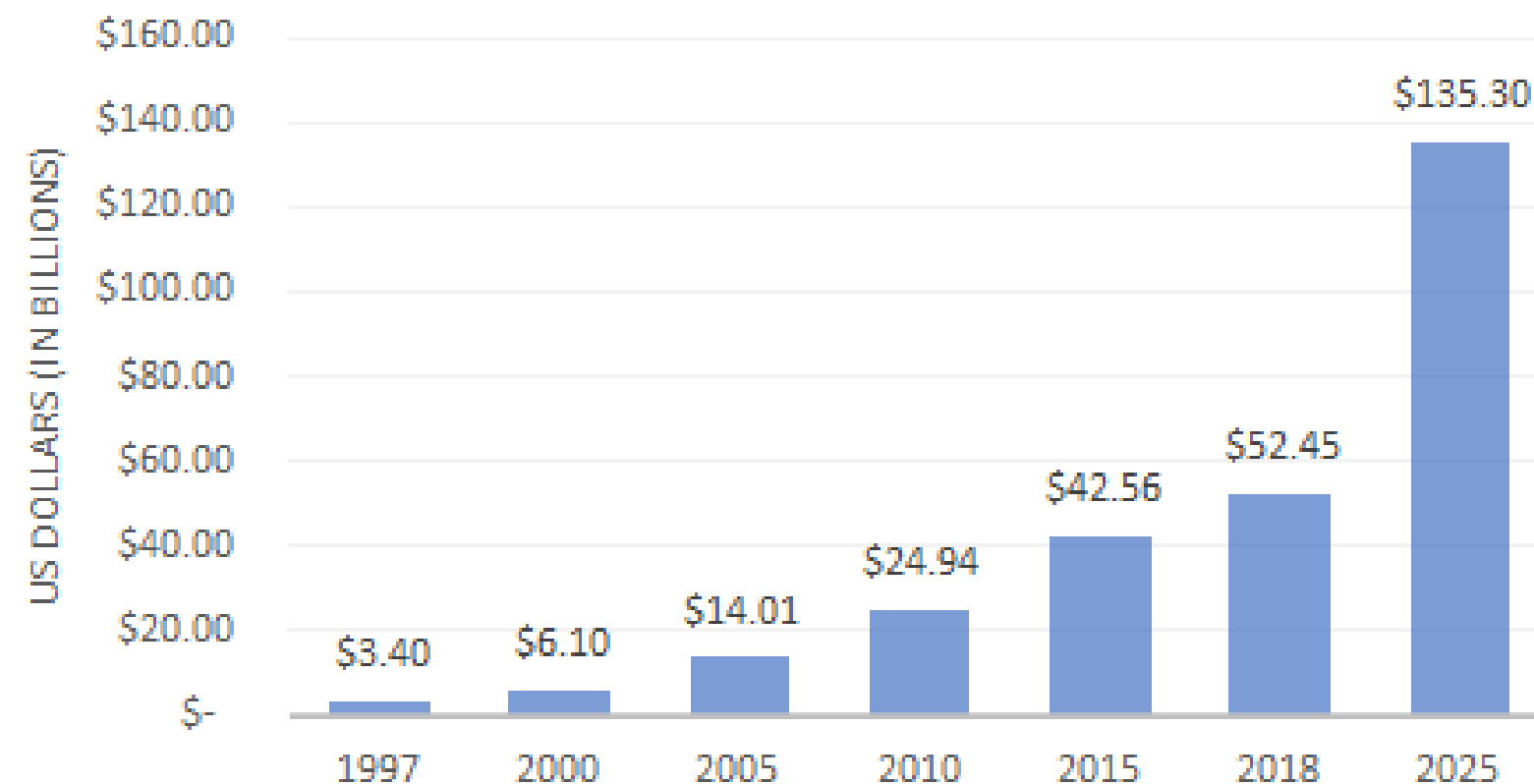
58% of consumers say locally sourced food products are important to them²

Annual growth projected at 20% to over \$20 Billion in 2019²

70% of consumers are willing to pay more for local³

¹Nicke, Ashley. "How much more will shoppers pay for organic produce?" Produce Retailer.
²Karst, Tom. "Local food still has big draw." The Packer.
³Crowe, Emily. "Consumers willing to pay premium for local foods." Specialty Food Association.

Total U.S. Organic Market



SOURCE: ORGANIC TRADE ASSOCIATION

Sustainability



Grow Confidently

LET'S TURN AMBITION INTO ACTION
AND ADVANCE AGRICULTURE FROM THE GROUND UP

Introducing the new
standard for sustainability.
Designed to lead the way.

Ready to lead the way?

JOIN US

- Long term asset value
- Market access
- Social responsibility

Top 10 global food companies are all acting on corporate sustainability initiatives



"Our goal is to sustainably source 100% of our top 10 priority ingredients by 2020."
-General Mills



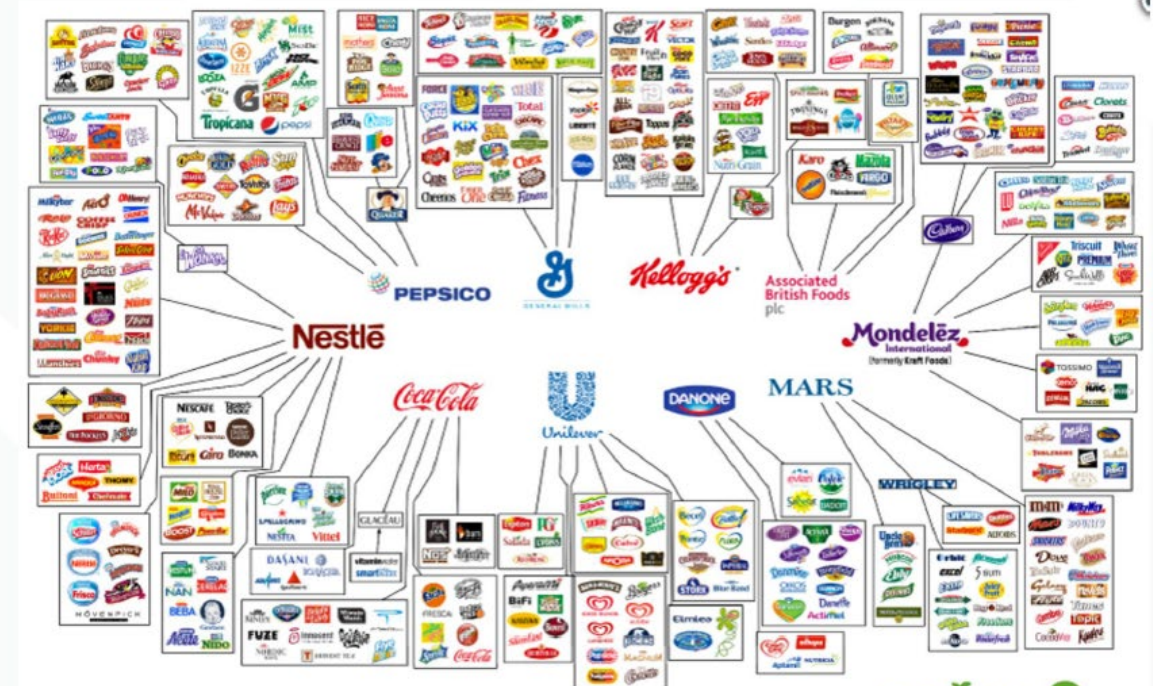
"We want to responsibly source 100% of priority raw materials and establish traceability to the country of origin by fiscal 2025."
-Campbell's



"We want to work with suppliers and others to support good land stewardship practices that also respect the autonomy and property rights of the landowner; are outcome-based rather than prescriptive; and respect the ability of rural people and their communities to thrive while serving as stewards of the land."
-Costco

Supply chain pressures will require a base level of sustainability performance for commodities to enter the supply chain in the near future.

PACKAGED FOOD CONTROLLED BY 10 GLOBAL COMPANIES



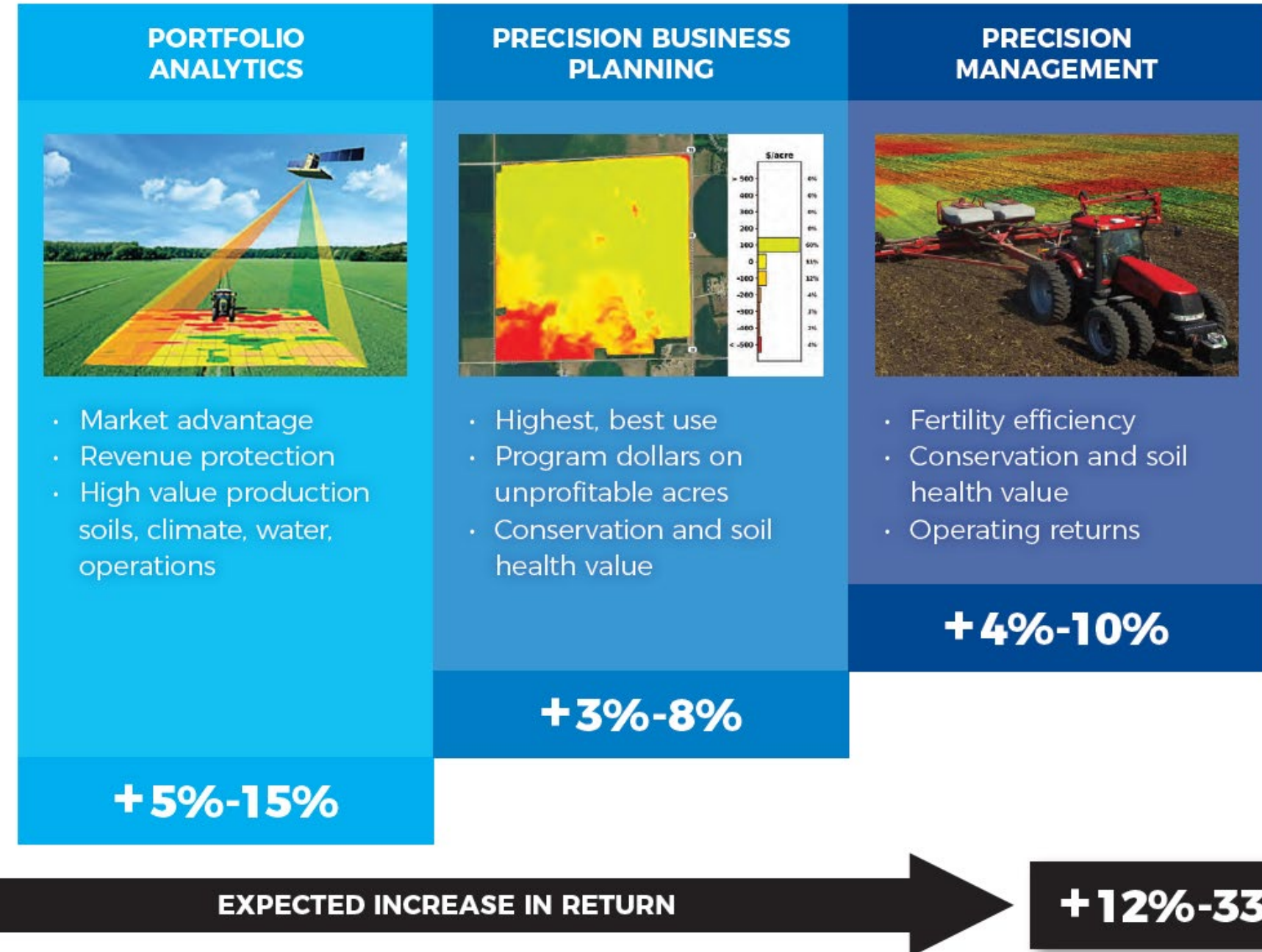
Technology

- Efficiency
- Performance
- Enabling complex operations



TECHNOLOGY VALUE BRIDGE

Realizing improved returns from active asset management



Financialization

- Demographics
- Inefficient capitalization – 13.9% leverage
- Proactive capital adds optionality



Iowa Farmland Ownership and Tenure Survey, 1982-2017:
A Thirty-Five Year Perspective

FM 1893 August 2018

IOWA STATE UNIVERSITY
Extension and Outreach

Table 3.1. Distribution of Iowa Farmland by Control

	Percent	Acres
Operator controlled:	47%	13,851,567
Owner operated	37%	10,819,245
Custom farmed	2%	583,485
Government programs and other uses	8%	2,448,837
Leased:	53%	16,771,192
Cash rent (fixed)	35%	11,502,256
Cash rent (flexible)	9%	2,354,117
Crop share	9%	2,875,316
Other types of leases	<1%	39,503
Total	100%	30,622,759

Table 4.1. Percentage of Farmland by Age and Lifecycle Stage of Owner

	1982	1992	2002	2007	2012	2017
Early stage						
< 25	1%	1%	<1%	<1%	1%	<1%
25 - 34	10%	6%	3%	2%	3%	1%
Mid-stage						
35 - 44	14%	11%	10%	6%	5%	4%
45 - 54	23%	18%	16%	15%	14%	11%
55 - 64	22%	21%	23%	22%	22%	25%
Late stage						
65 - 74	17%	23%	24%	27%	26%	26%
> 74	12%	19%	24%	28%	30%	34%

Case Studies



Delta Organic Production



Midwest Active Management

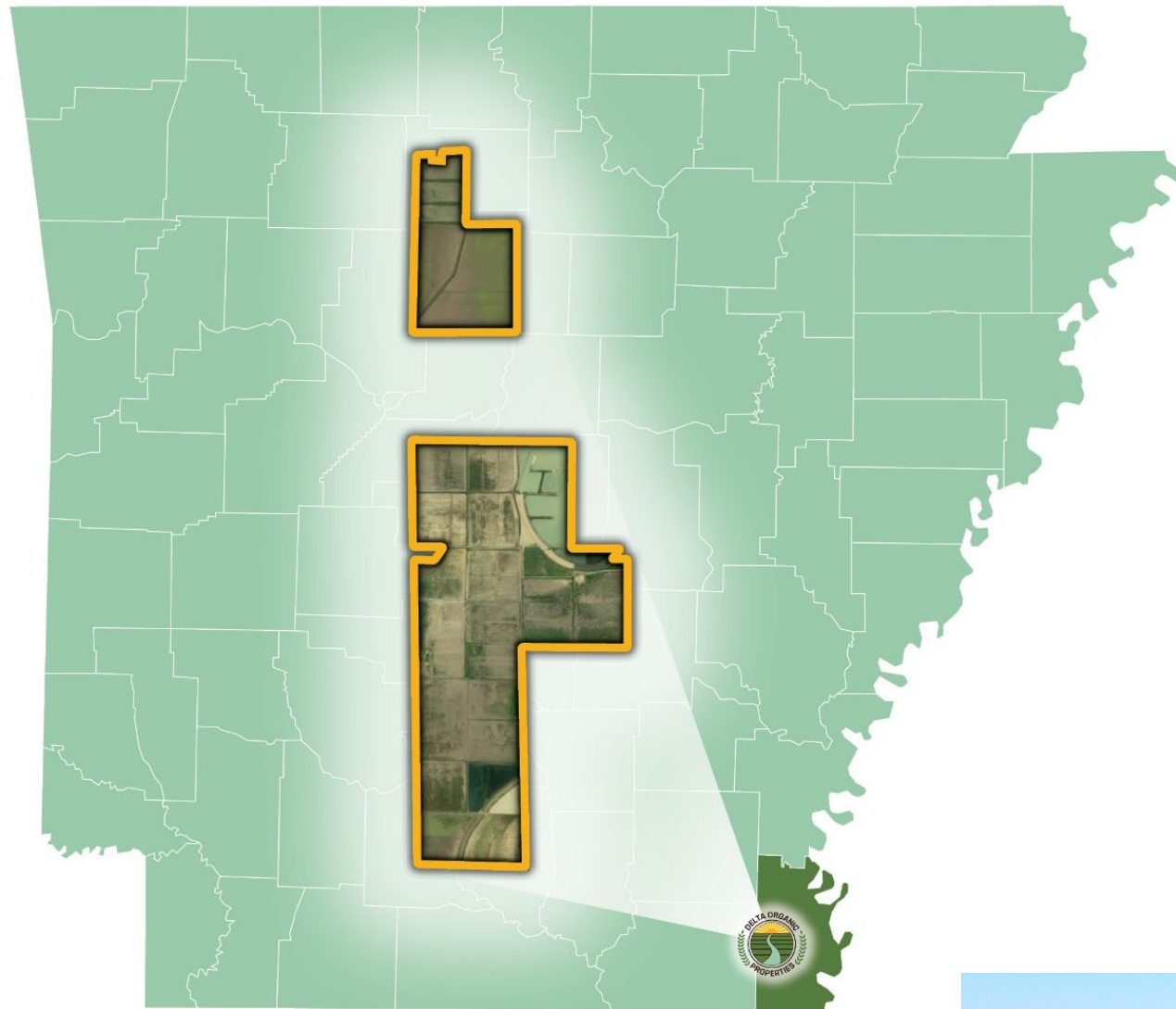


Pacific Northwest Direct Operations

Delta Organic Production

Asset Overview

- 1102 certified organic acres
- Tailwater recovery irrigation
- 110 acres of fresh surface reservoirs
- Crops: rice, corn, soybeans, wheat
- Farmer/landowner partnership



Delta Organic Production

ASSET MANAGEMENT PLAN



FARM ENHANCEMENT ACTIVITIES

To establish optimal fertility and soil function as well as optimal water management

Soil health and management program

Soil samples scientifically analyzed by agronomist prior to acquisition to determine soil health improvement and optimization plan.

Clean, electric power sources for irrigation

Contracting with local power companies to bring electricity to property for lower cost and more environmentally friendly irrigation.

Reusable water reclamation systems and practices

Recently installed tailwater recovery (TWR) system provides state-of-the-art, environmentally friendly irrigation and drainage capabilities.



YIELD OPTIMIZATION

To increase annual net income and return to investors

Weed control practices and timing

Organic farming requires the use of mechanical and agronomic methods for managing weed control. During this phase of the asset management, the most effective methods and timing of weed control practices will be measured and identified.

Irrigation system optimization

Each crop will have unique needs for irrigation management. The timing and quantity of water delivered through irrigation will be tested and optimized for each crop.

Organic fertility

Multiple sources of organic crop fertility are available in the area. This phase will include testing and quantification of fertility sources and application methods on crop productivity and profitability.



ACTIVE MARKETING

To maximize the value of organic crops produced on the Farm

Marketing Relationships

A continuous, dedicated effort will be engaged to build relationships in the marketplace, with the goal of delivering additional value to the crops produced.

Branding

Consumers' preference for sustainably produced food products will be leveraged through a dedicated branding effort to deliver a sustainable production message associated with the crops being produced on the Pruess Farm.

Traceability

Leading-edge data tools will be used in the farming operations deployed on the Pruess Farm. These tools will provide the ability to deliver comprehensive data on the production practices for transparency in the supply chain, creating additional crop value.

Building the Organic Rice Market

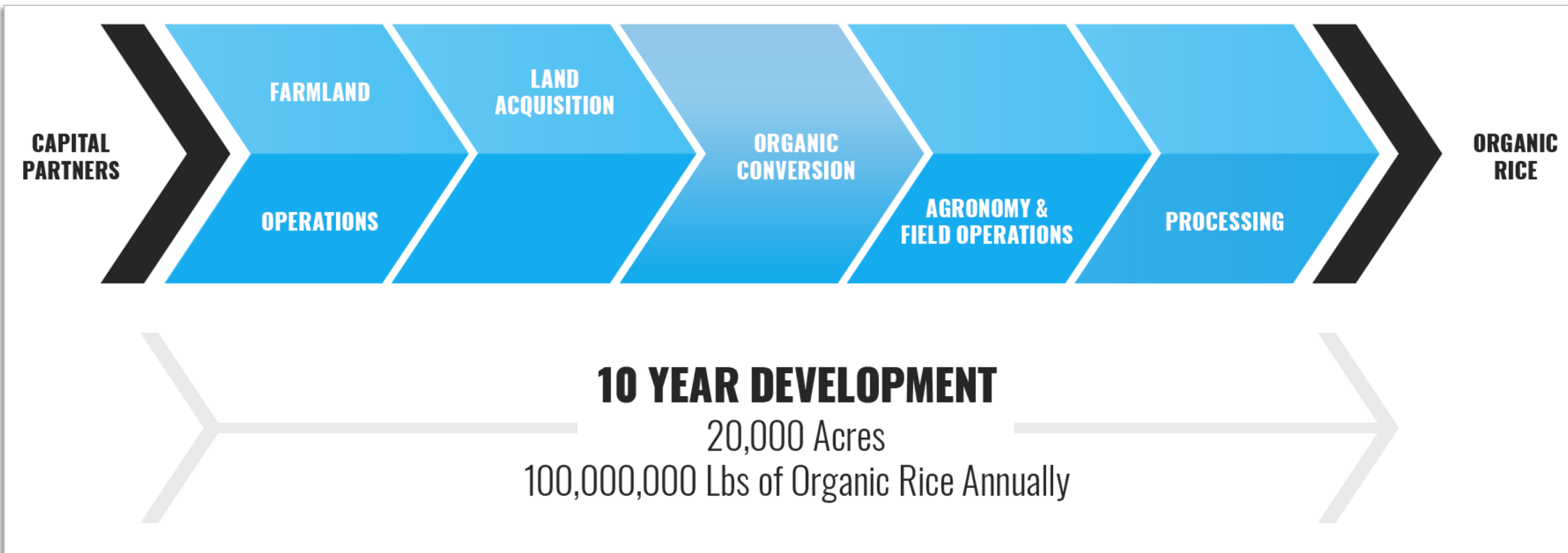
- National chain restaurant use 90MM lbs of rice annually
- Targeting 100% organic
- 60,000 acres
- \$300M land capital



A STRATEGIC PARTNERSHIP PLAN
TO EXPAND U.S. ORGANIC RICE PRODUCTION



Steve Bruere, Peoples Company
Dave Muth, PhD, Alternative Equity Advisors



Midwest Active Management

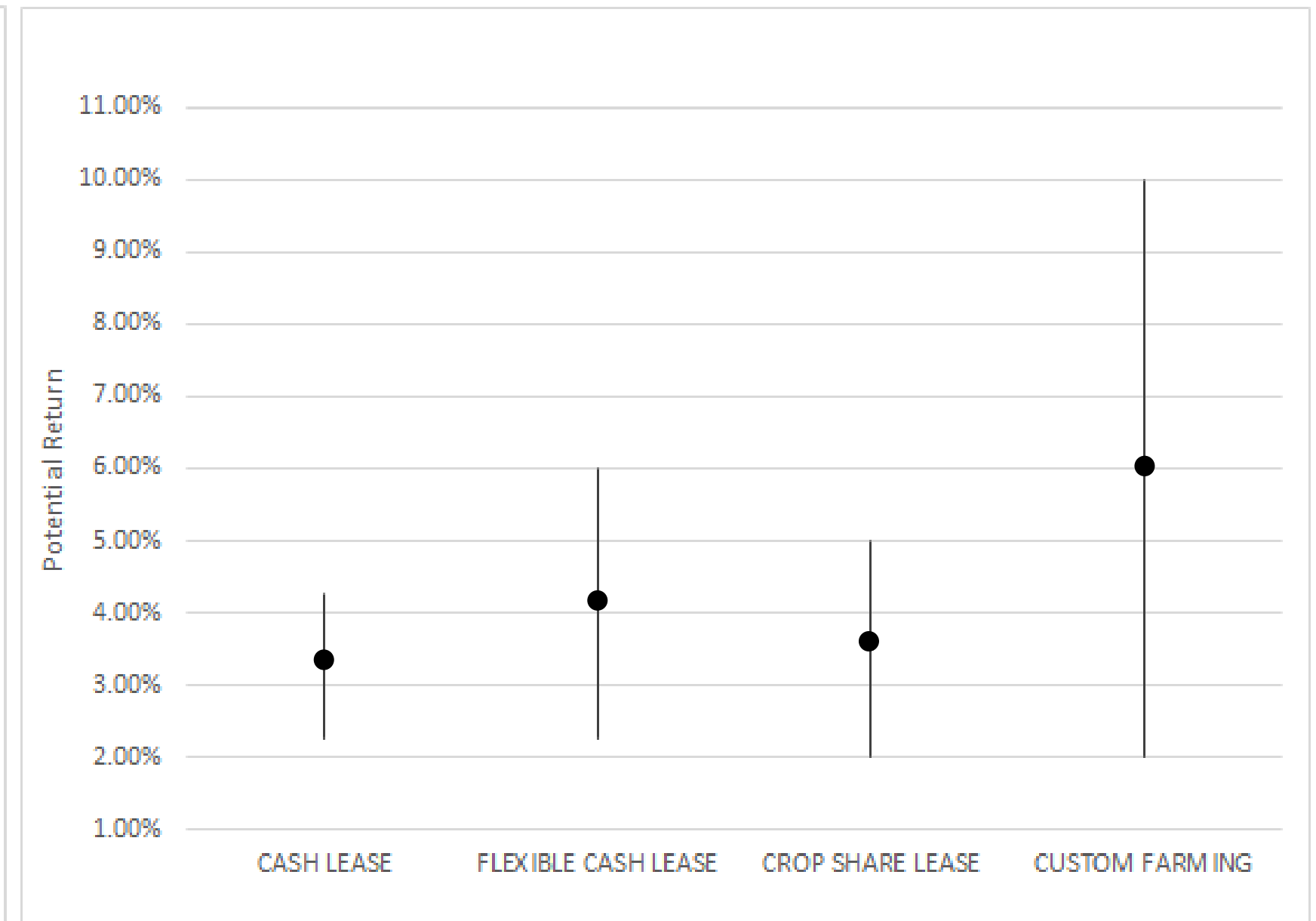
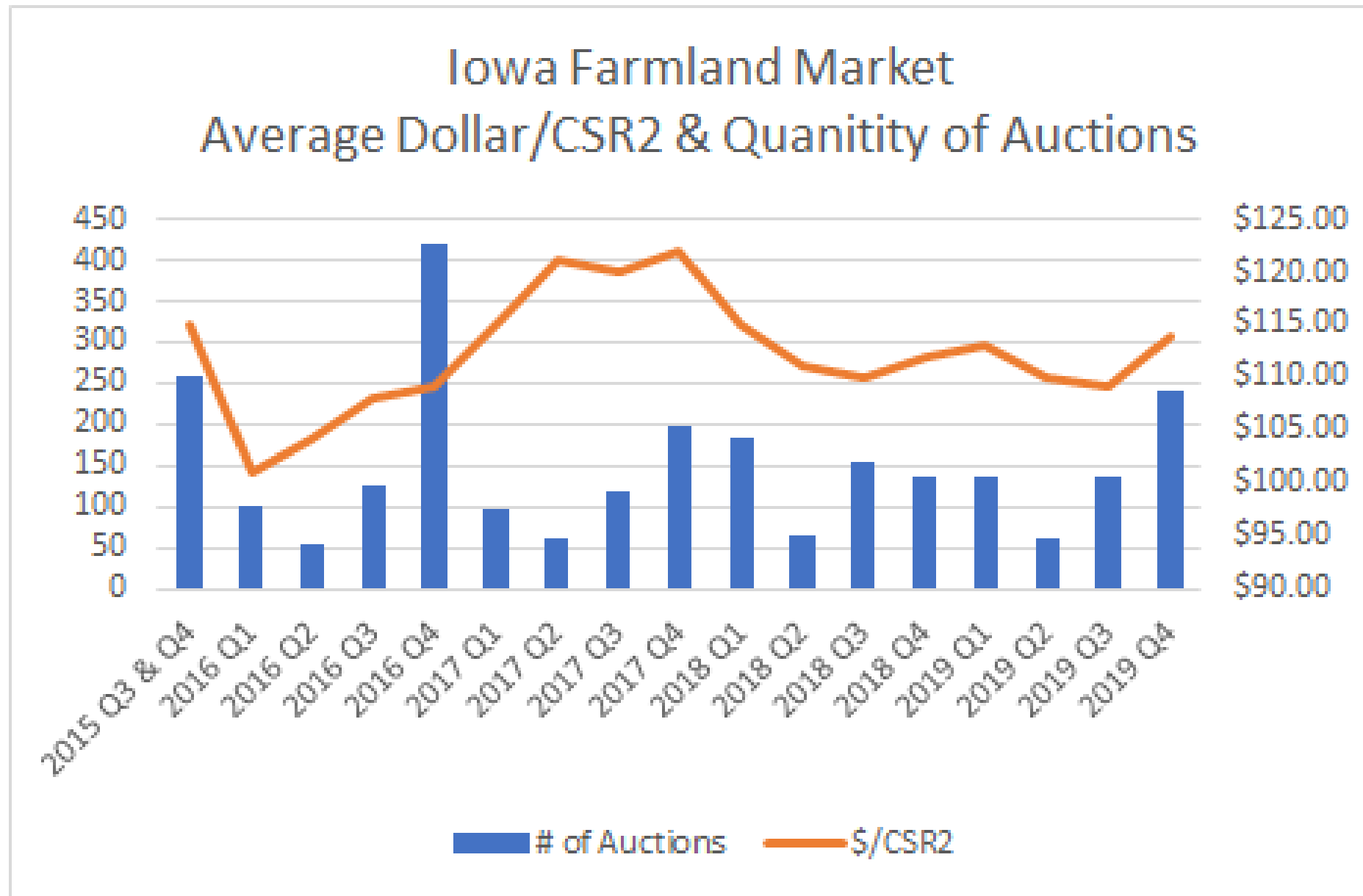


Asset Scenario

- Geographically distributed assets
- Multiple operators
- Similar management practices

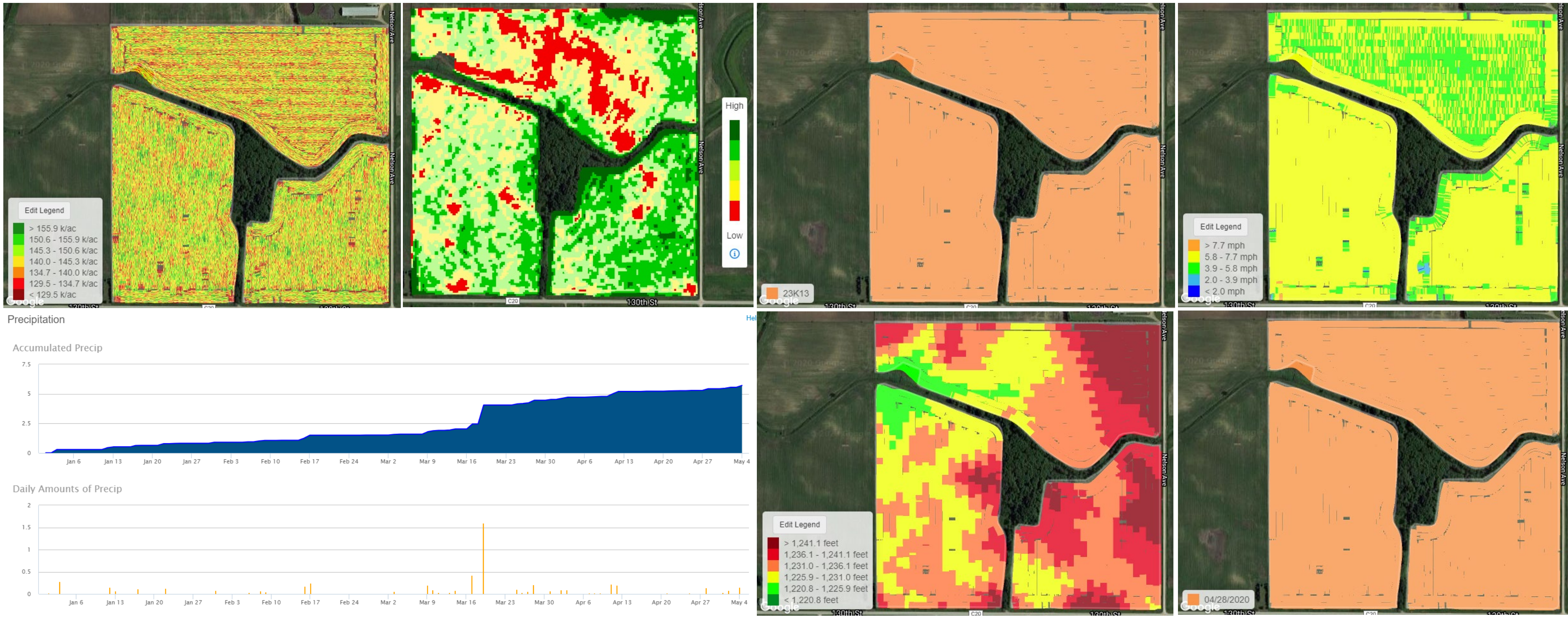


Midwest Active Management



Midwest Active Management

Implementing the strategies



Midwest Active Management

Strategy Performance

- Capital Improvements
 - Drainage
 - Additional tillable acres
- Consolidated Marketing Strategies
 - \$0.40 - \$1.00 premium for corn
 - \$1.60 - \$2.25 premium for soybeans
- Incentivized operating partner agreements
- Integrated operating data systems
- 2020 cash returns anticipated at 4.0%-6.0%



Pacific Northwest Direct Operations

- 3000 organic row crop acres
- 8500 head heifer feedlot
- 28 unique crops over the past 5 years
- Direct operating model



Pacific Northwest Direct Operations

Investment Strategies

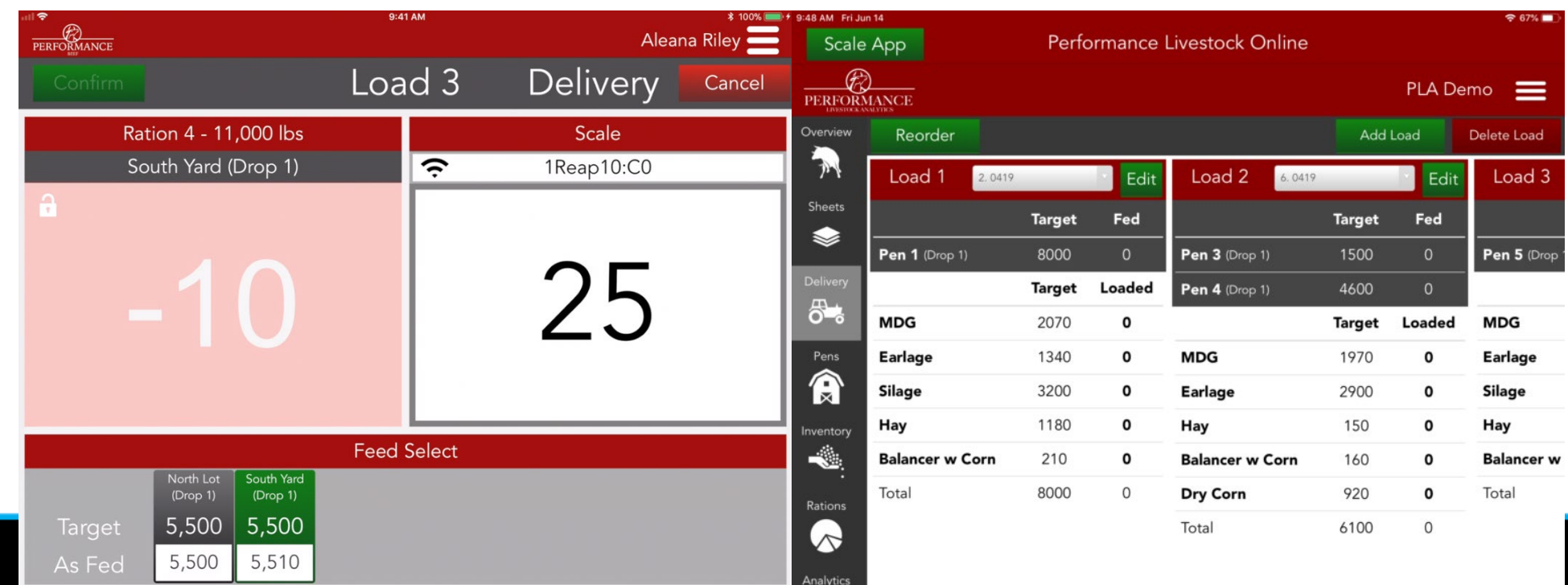
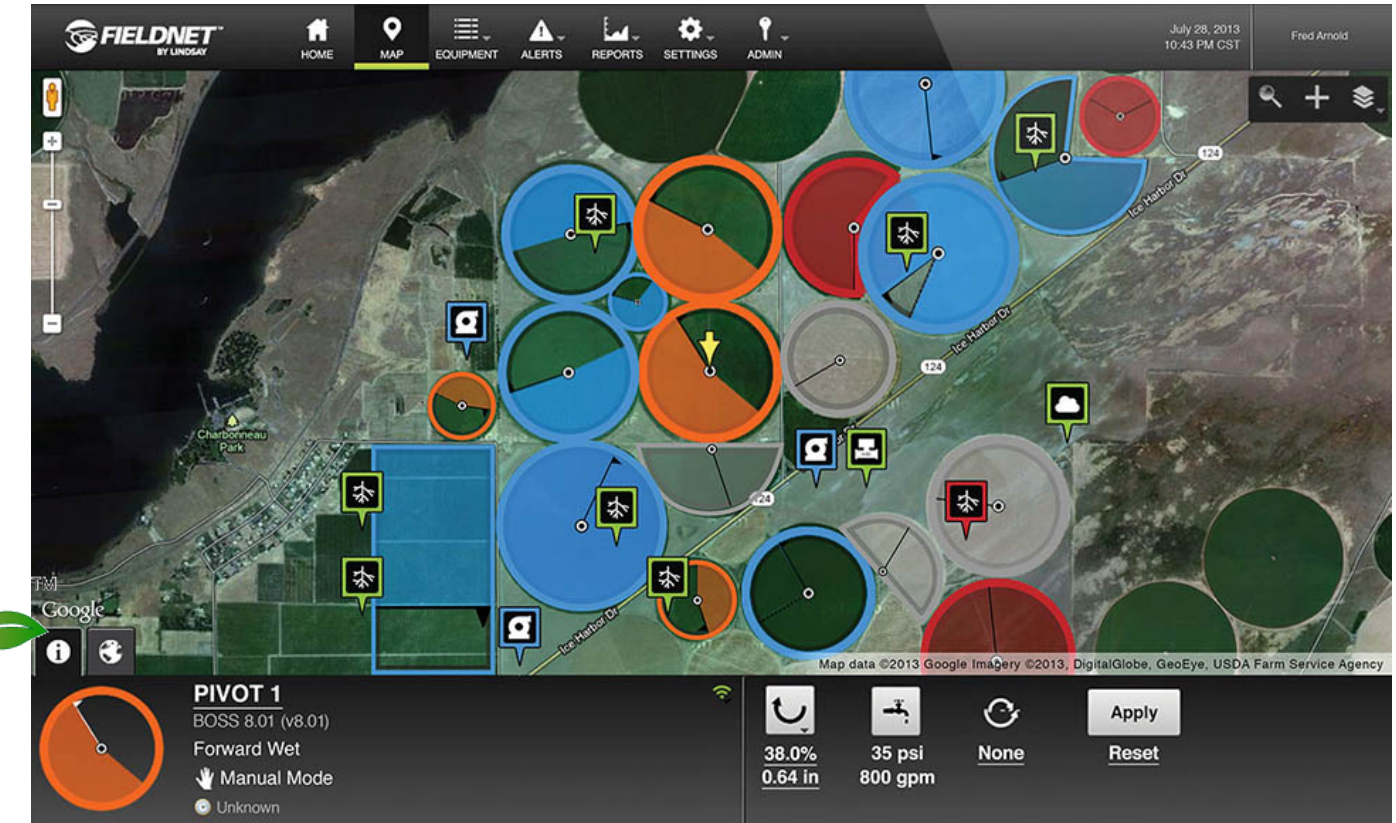
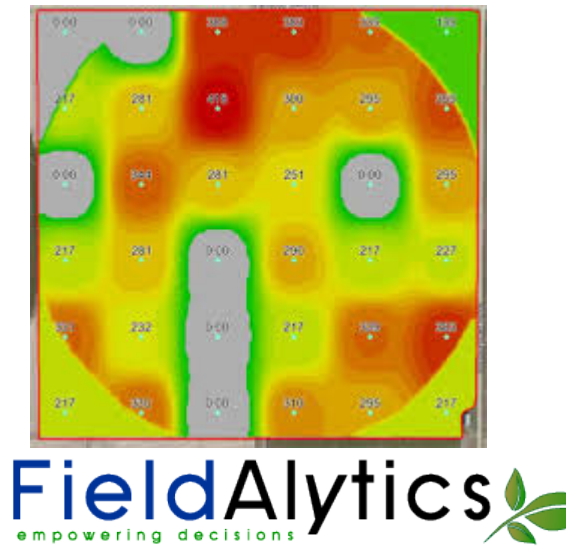
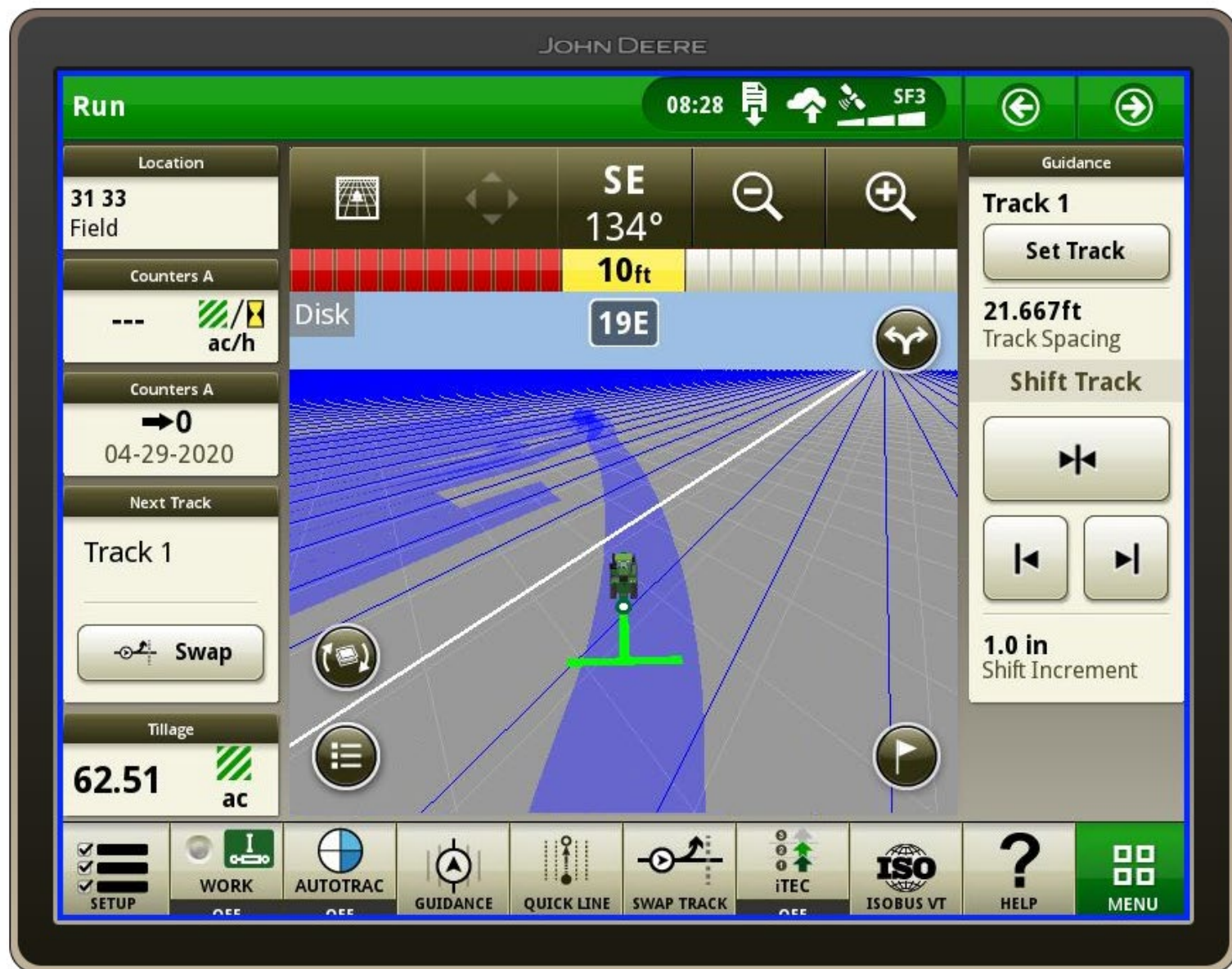
- Value added regional grain markets
- Integration of fresh market produce
- Capital improvements
 - Irrigation infrastructure
 - Operating equipment
- Operating procedures and protocols
- Optionality in markets



Pacific Northwest Direct Operations

Technology Deployment to Overcome Operational Risk and Management Complexity

Remote Display Access
 1RW9520RCJP805946(1RW9520RCJP805946) END SESSION
 4600 CommandCenter™ PCGUPSA677395





THANK YOU



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