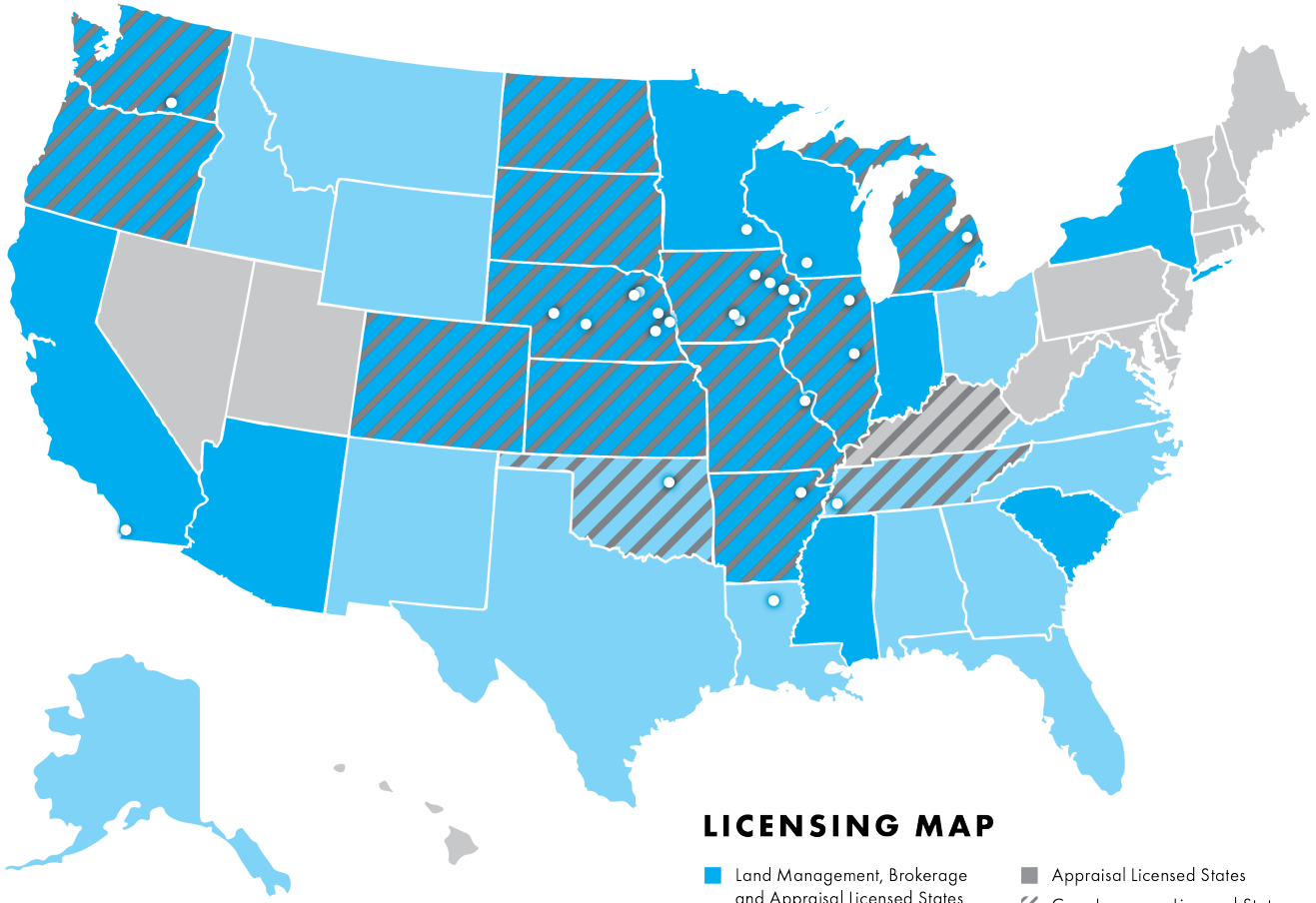
PEOPLES™ COMPANY
INTEGRATED LAND SOLUTIONS

AG LAND TRANSACTIONS IN THE WESTERN U.S.: UPDATE ON MARKET & LEGAL TRENDS

David Muth Jr., PhD
Capital Markets | Director

Quinn Kendrick
General Counsel

PEOPLES COMPANY



LICENSING MAP

- Land Management, Brokerage and Appraisal Licensed States
- Land Management and Brokerage Licensed States
- Appraisal Licensed States
- Crop Insurance Licensed States
- Consulting Available
- Peoples Company Office

CELEBRATING 50 YEARS 1972 PC 2022

- Land Brokerage & Auctions
- Land Management
- Agricultural Appraisals
- Capital Markets
- Energy Management
- Crop Insurance
- Corporate Services

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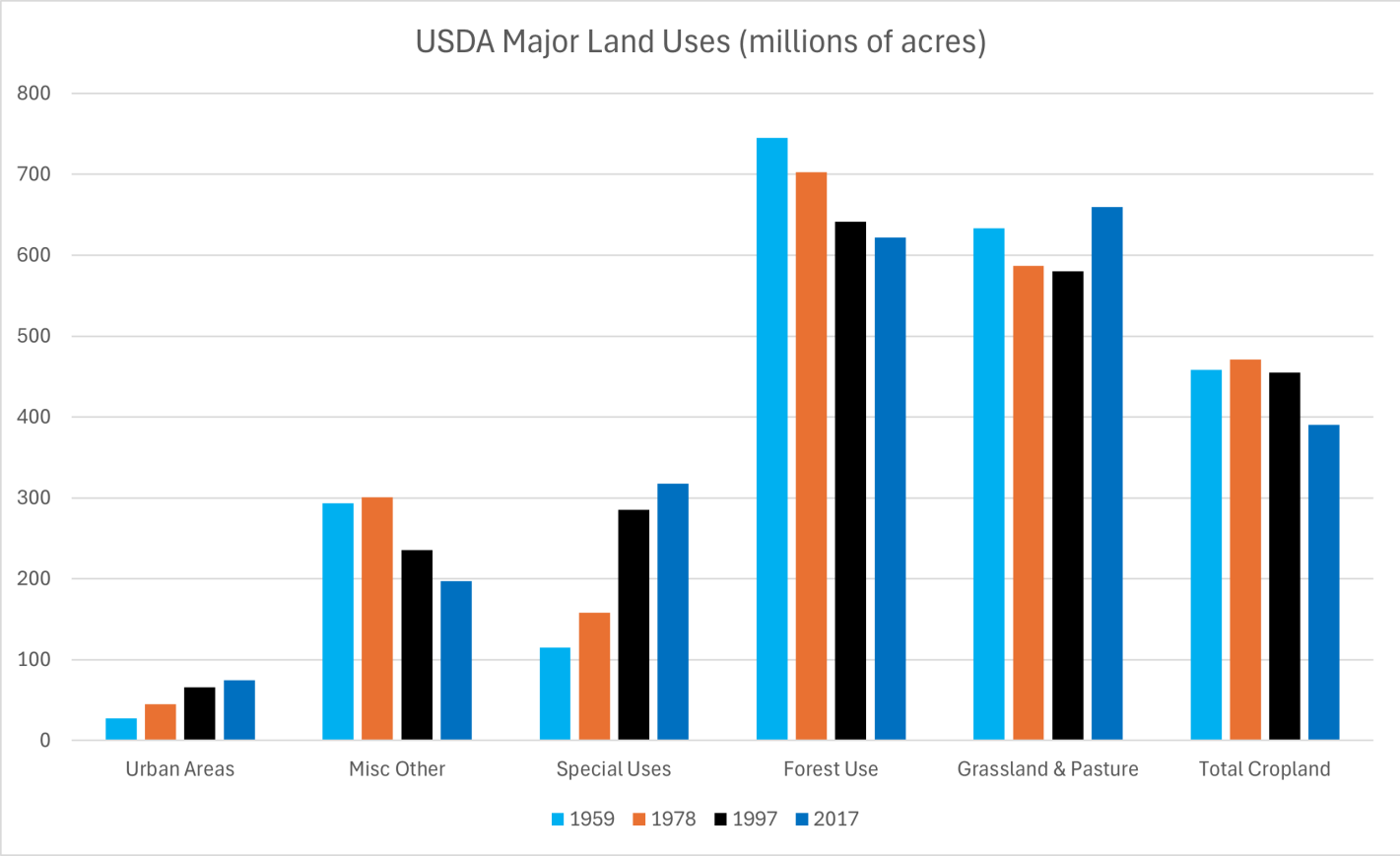
INTEGRATED LAND SOLUTIONS

US FARMLAND ASSET CLASS

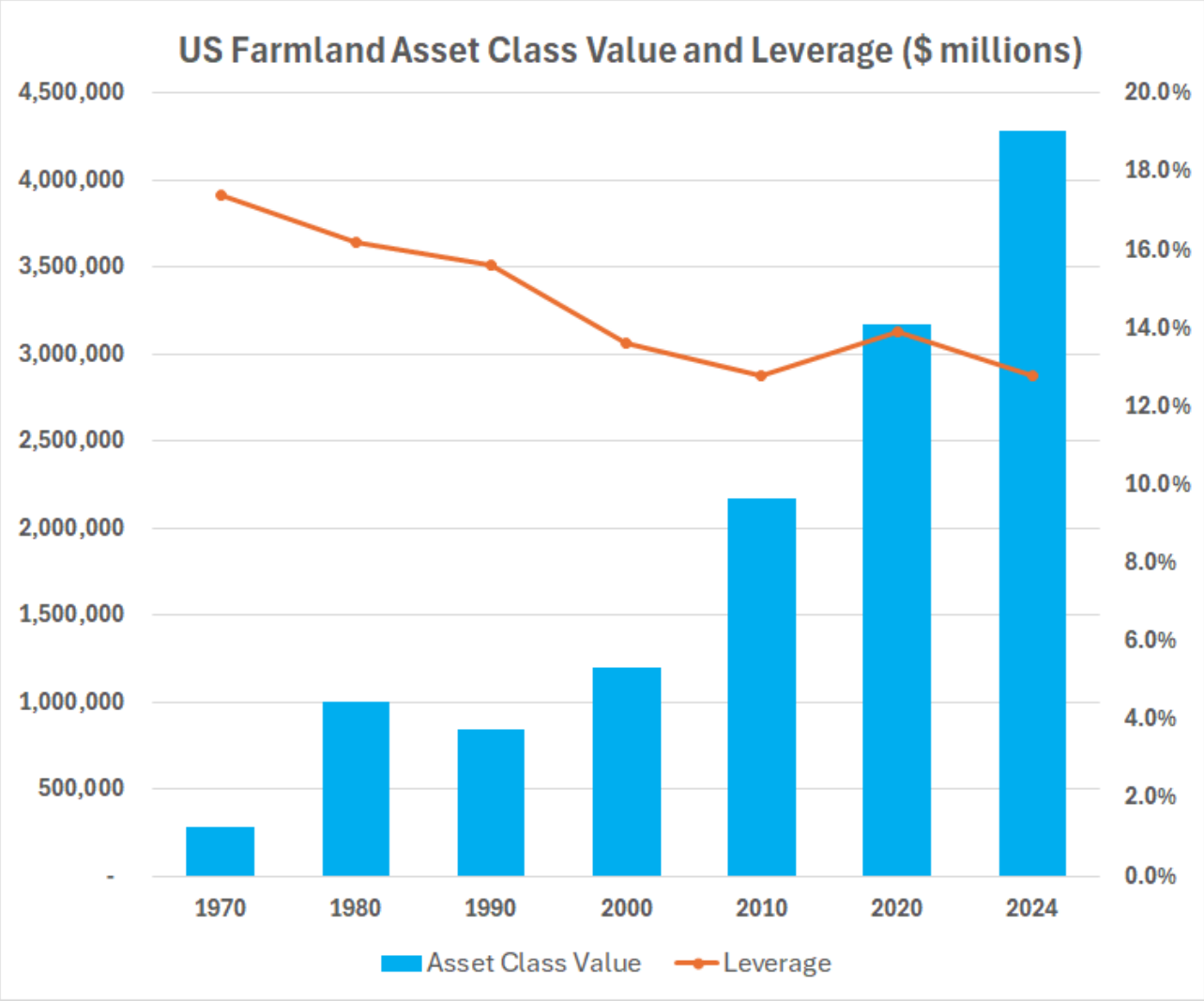
EVERYTHING STARTS WITH LAND



Source: USDA

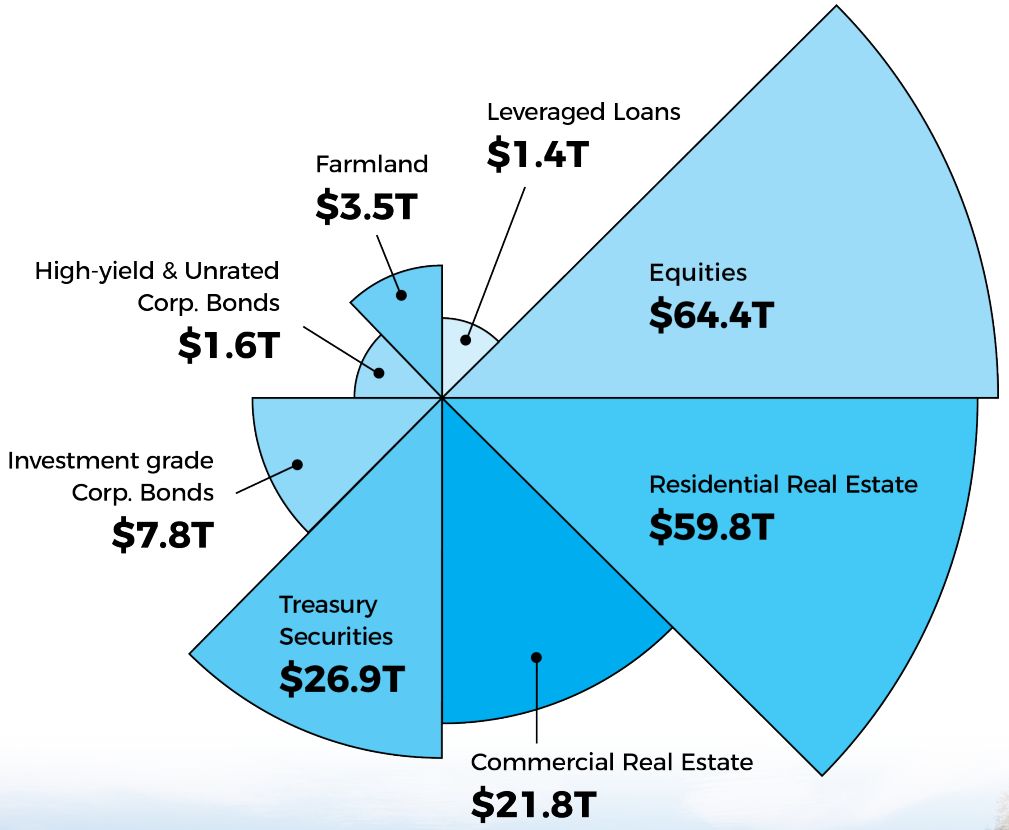
Louisiana Purchase - 1803
2.26 billion acres in the US
530 million acres in Louisiana Purchase
$0.043/acre
$1.12/acre in 2025 dollars

US FARMLAND ASSET CLASS VALUE



Source: USDA, TIAA Center for Farmland Research

US Federal Reserve



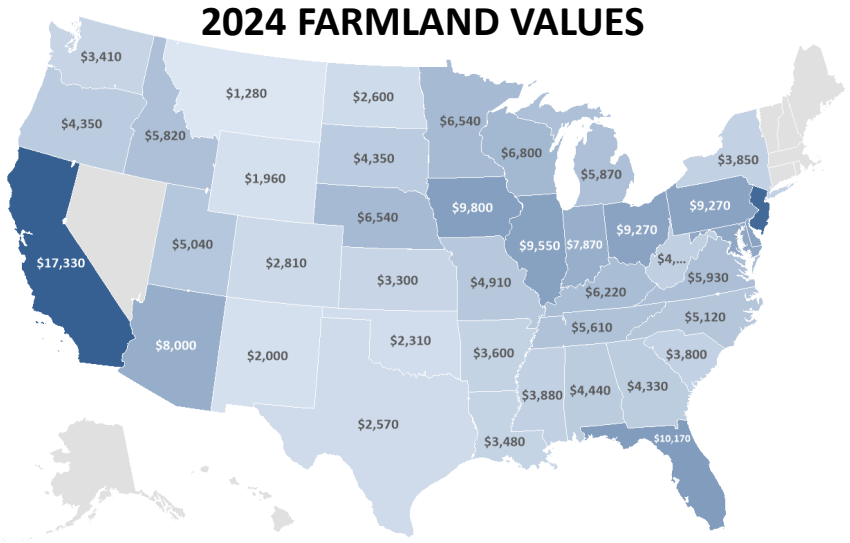
FARMLAND RETURNS IN CONTEXT| 1991-2024

ASSET RETURN CHARACTERISTICS *(1991 - 2024)*

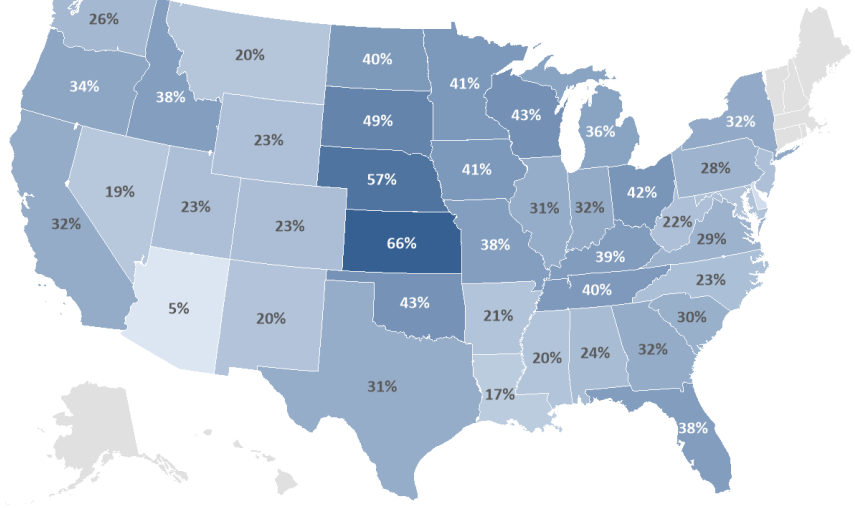
Asset/Index	Annual Ave. Return	Minimum Return	Maximum Return
US Ag 32 States	8.9%	-1.0%	20.7%
Iowa	11.2%	-5.3%	28.9%
Illinois	9.6%	-0.3%	28.8%
California	8.4%	2.6%	35.2%
Washington	12.3%	6.0%	25.0%
Oregon	11.2%	-1.3%	24.2%
Arkansas	9.8%	0.8%	17.7%
TCM10Y	4.1%	0.9%	7.9%
Mort30F	5.9%	3.0%	9.2%
Equity REITS	10.2%	-47.4%	34.6%
Composite REITS	9.7%	-47.5%	33.7%
S&P500	8.1%	-48.6%	29.3%
NASDAQ	11.2%	-52.0%	61.8%
Gold	5.1%	-32.2%	33.0%
CPI	2.5%	0.0%	6.9%

Source: USDA, NCREIF, TIAA Center for Farmland Research

2024 FARMLAND VALUES



2020-2024 VALUE INCREASE



US FARMLAND INVESTMENT THESIS

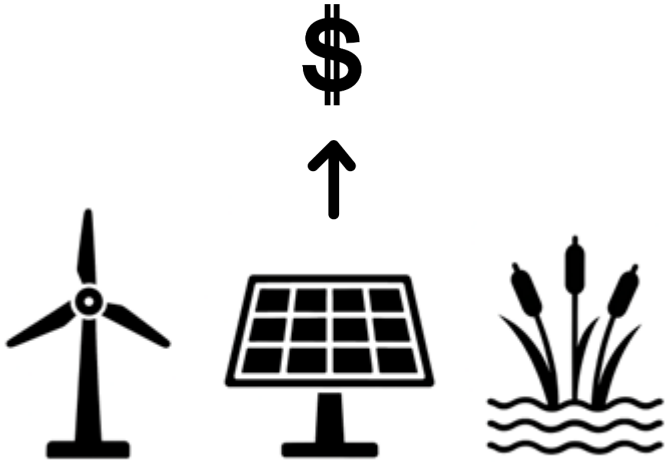
- Positively correlated with inflation
- Negatively correlated with public equities
- Increasing global calorie requirements
- Competitive total returns
- Annual revenue guarantee – crop insurance
- Natural capital upside – energy & ecosystem services

VALUE CREATION IN FARMLAND

Increase crop production revenue

Cap rate compression

Add new revenue streams

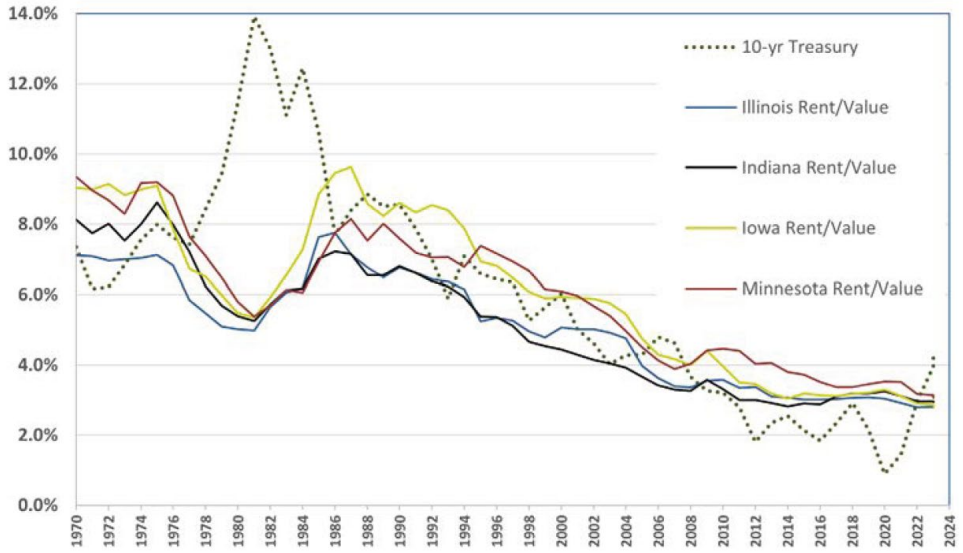


INFLECTION POINT

- Disruptive change in the cost of capital impacting the role in farmland in portfolios
- Two decades of success driven by cap rate compression
- Complicated emerging revenue pathways
- Return challenges in asset class sectors
- Challenges with investment manager business models

Capitalization rate and Treasury rate relationships
Corn Belt states

Source: TIAA Center for Farmland Research

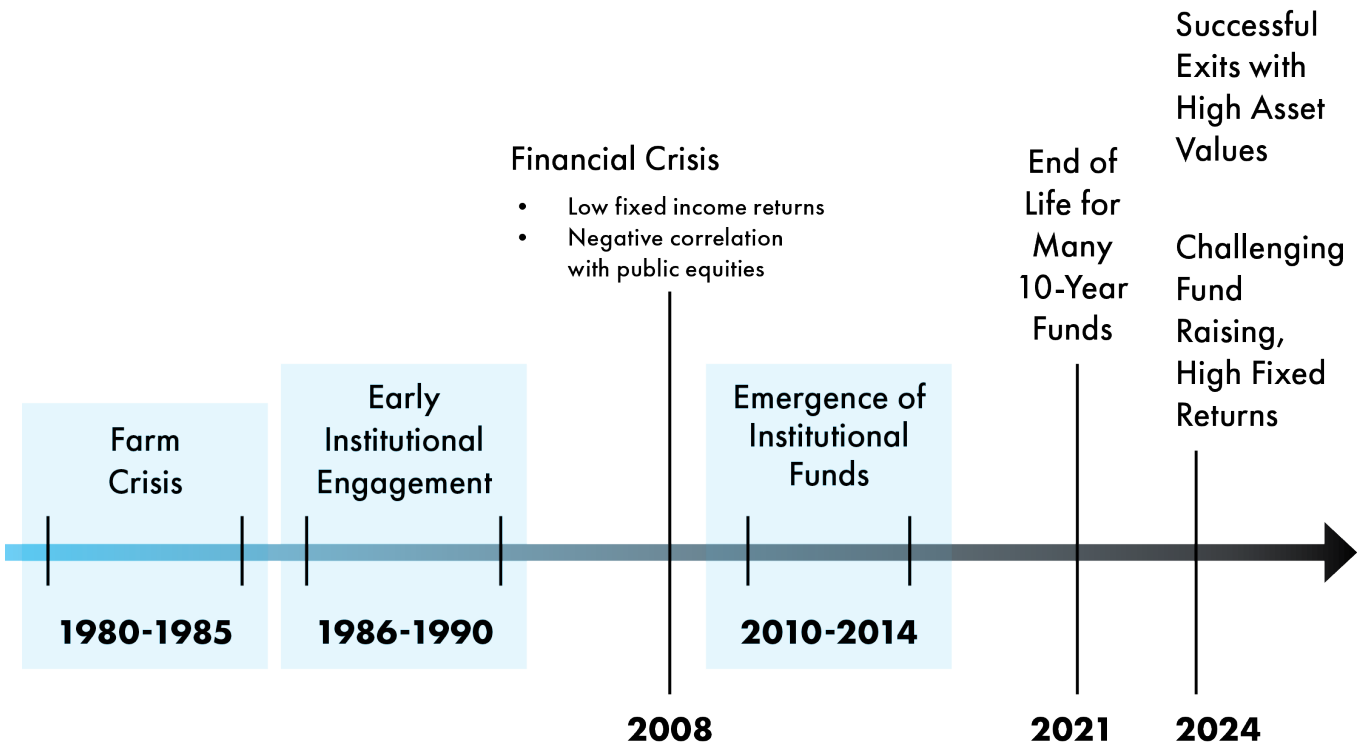


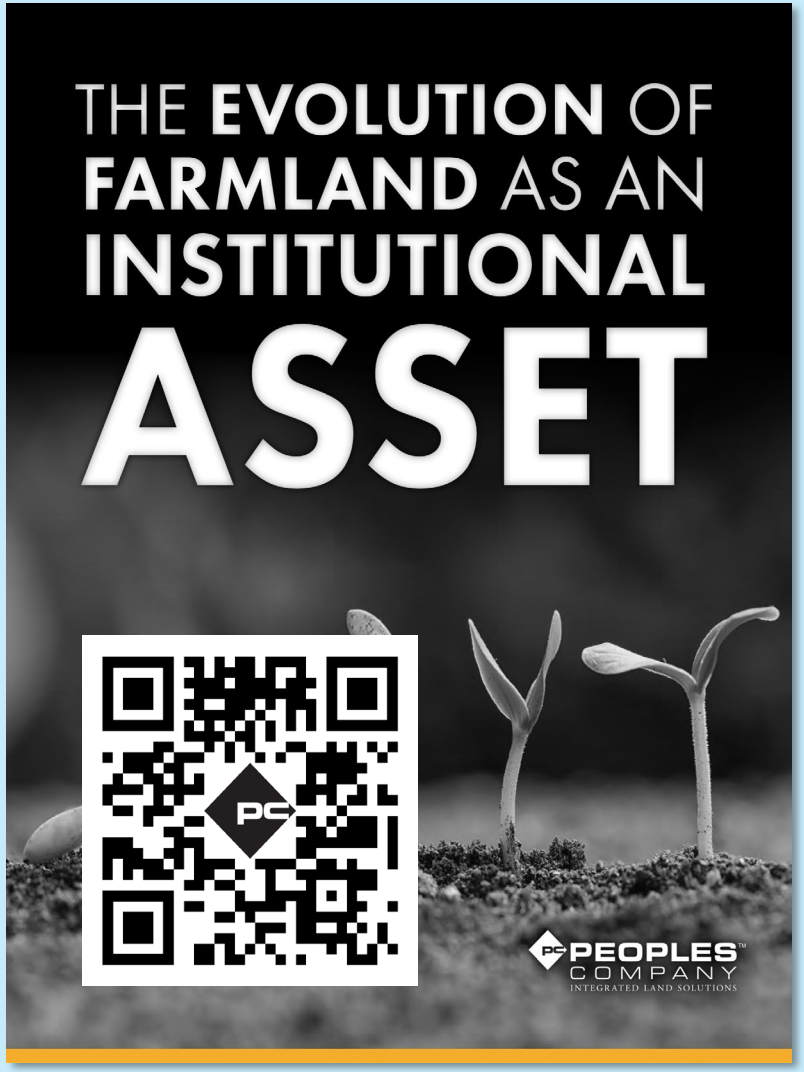
Total Cropland Return by Hold Period

Sources: USDA, NCREIF, and TIAA Center for Farmland Research

	HOLD PERIOD					
Region	**1-Year**	**5-Year**	**10-Year**	**15-Year**	**25-Year**	**1991-Present**
Appalachia	8.98%	7.28%	5.29%	4.49%	6.11%	6.61%
Corn Belt	7.12%	8.82%	5.15%	8.18%	8.99%	9.45%
Delta	7.03%	7.38%	7.18%	8.20%	9.12%	9.19%
Lake	7.01%	8.97%	5.95%	7.44%	8.96%	9.35%
Mountain	3.56%	7.43%	6.43%	6.80%	9.11%	10.87%
Northeast	4.95%	5.04%	6.01%	6.04%	4.65%	3.01%
Northern Plains	8.92%	11.07%	6.06%	11.57%	11.80%	11.12%
Pacific Northwest	9.83%	11.28%	10.07%	10.63%	11.02%	11.70%
California	4.43%	7.80%	7.56%	6.81%	8.47%	8.33%
Southeast	8.30%	7.80%	5.97%	4.37%	6.24%	6.39%
Southern Plains	7.16%	8.39%	6.33%	6.40%	7.80%	7.63%
NCREIF Total Farmland	*2.57%*	*5.56%*	*6.72%*	*9.19%*	*10.95%*	*10.29%*
NCREIF Annual Cropland	*8.61%*	*9.12%*	*6.95%*	*8.93%*	*10.37%*	*9.97%*
NCREIF Permanent Cropland	*-6.00%*	*0.30%*	*5.93%*	*9.44%*	*11.32%*	*10.29%*

INSTITUTIONAL OWNERSHIP





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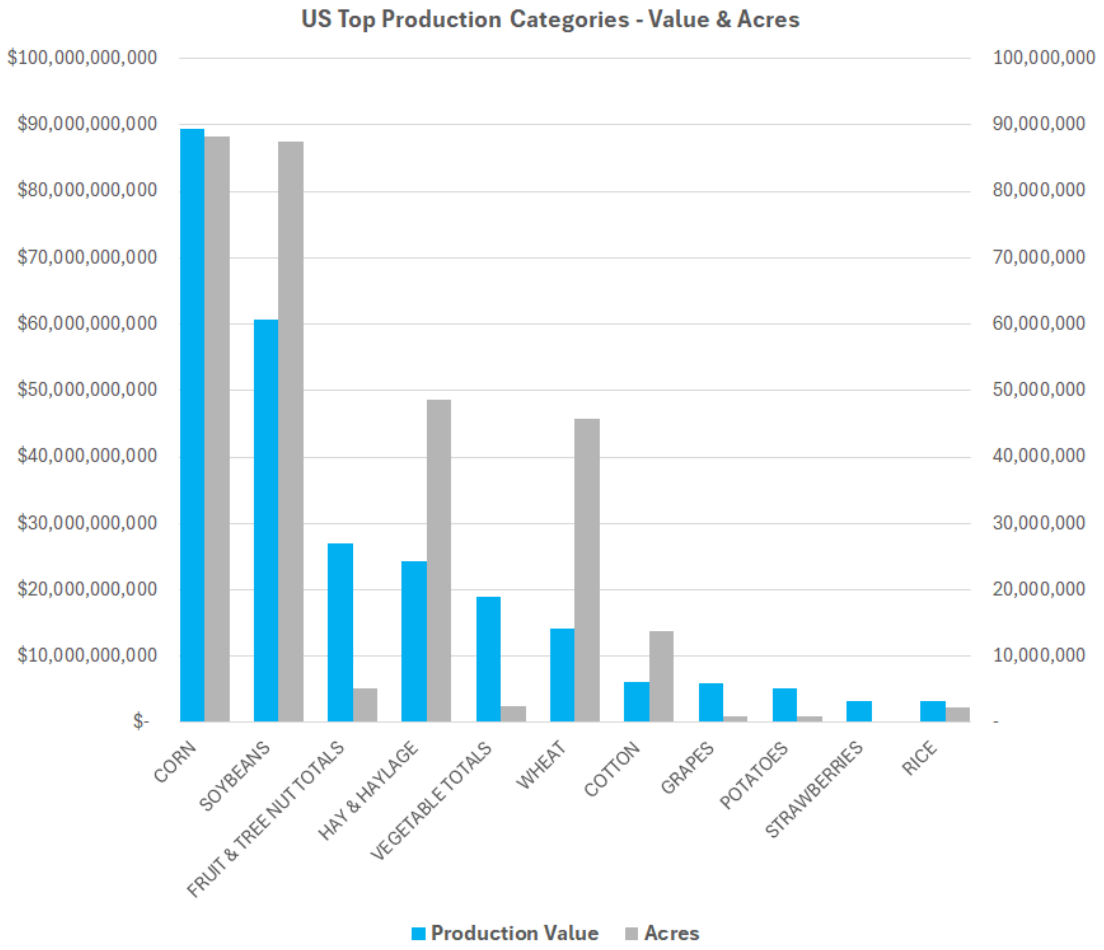
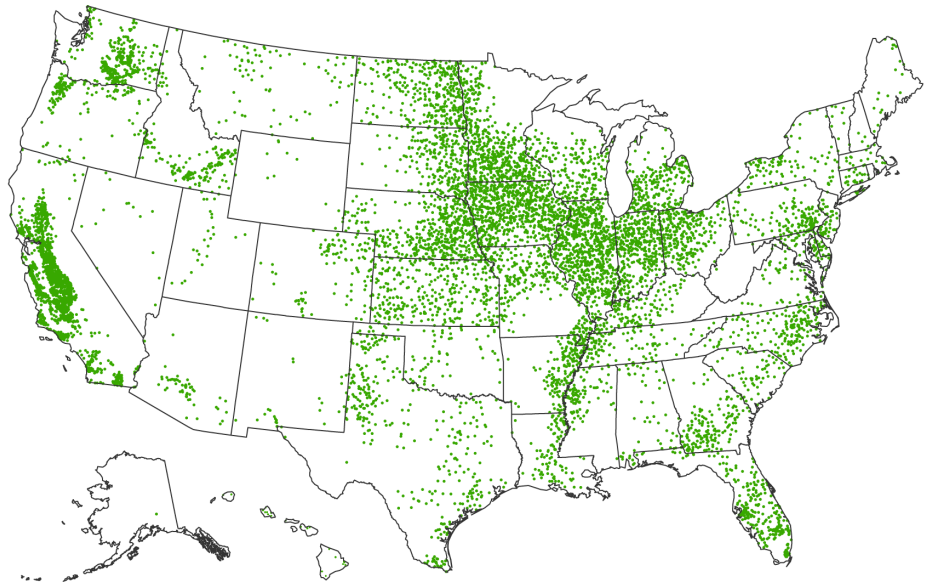
US AG PRODUCTION



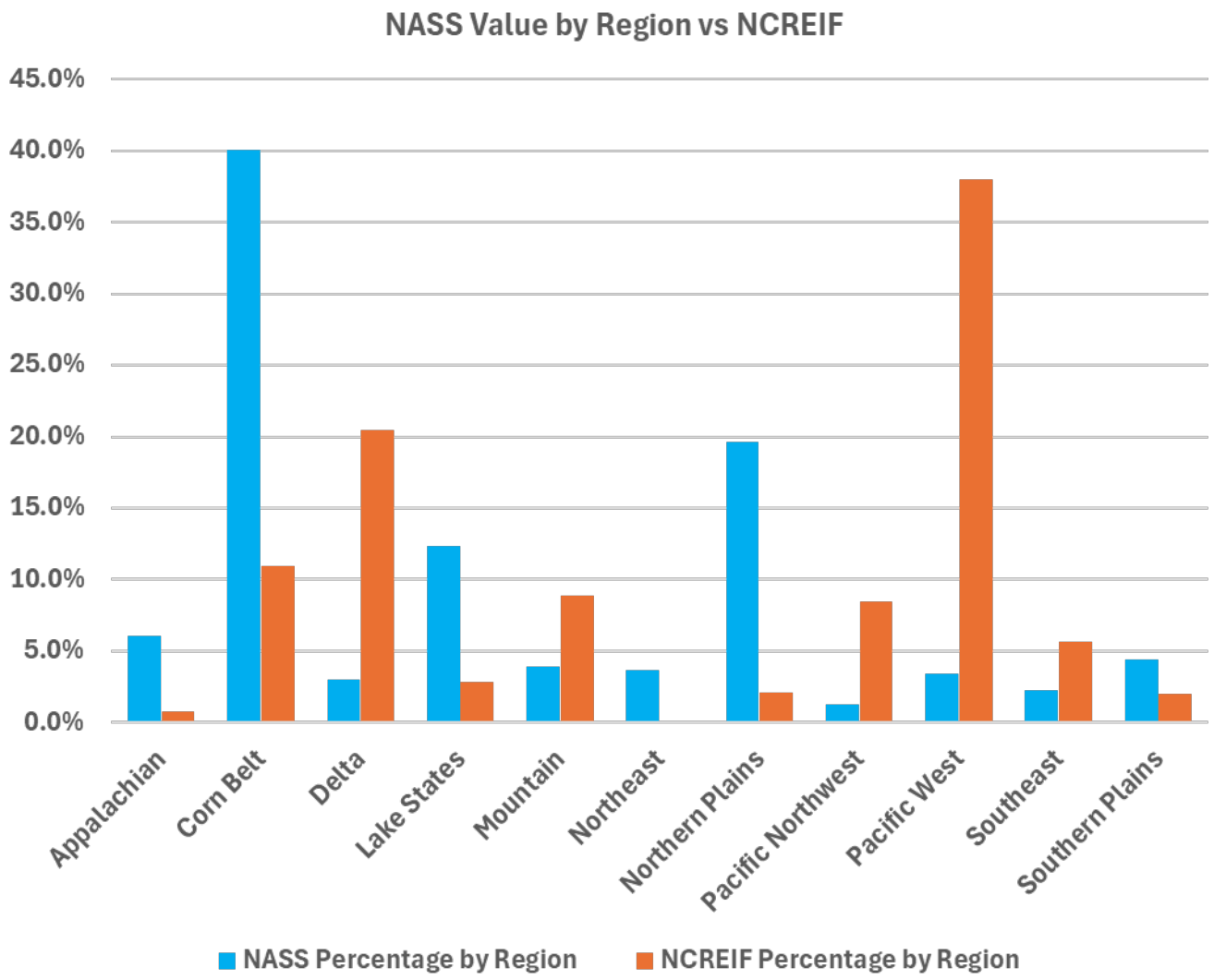
Market value of crops sold in 2017

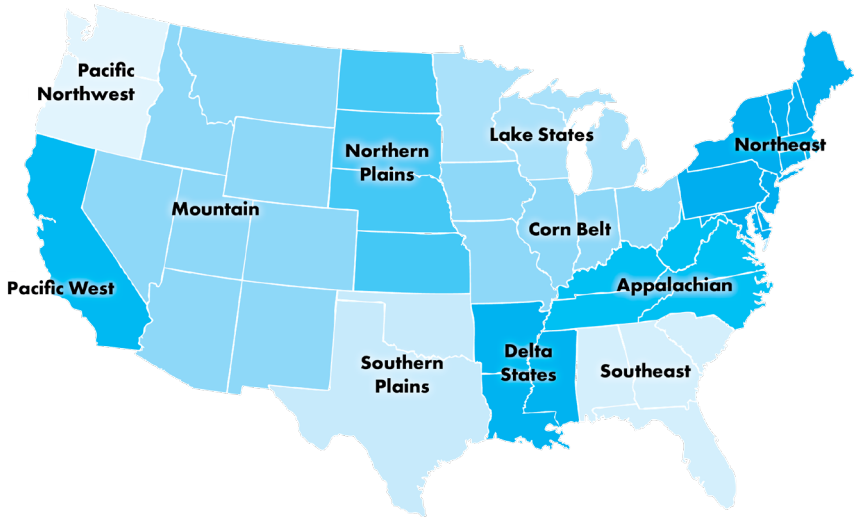


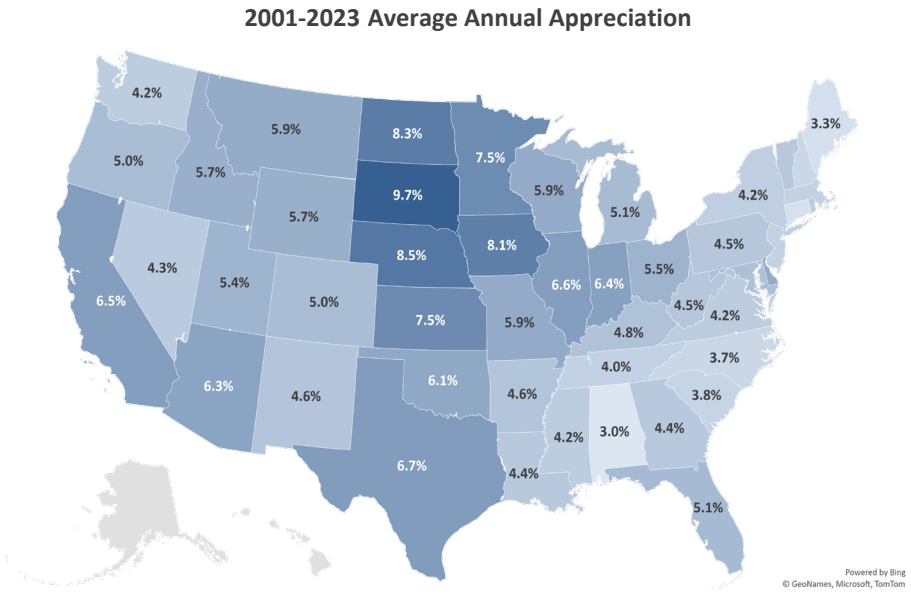
1 dot = $20 million

Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, 2017 Census of Agriculture.

FARMLAND OWNERSHIP





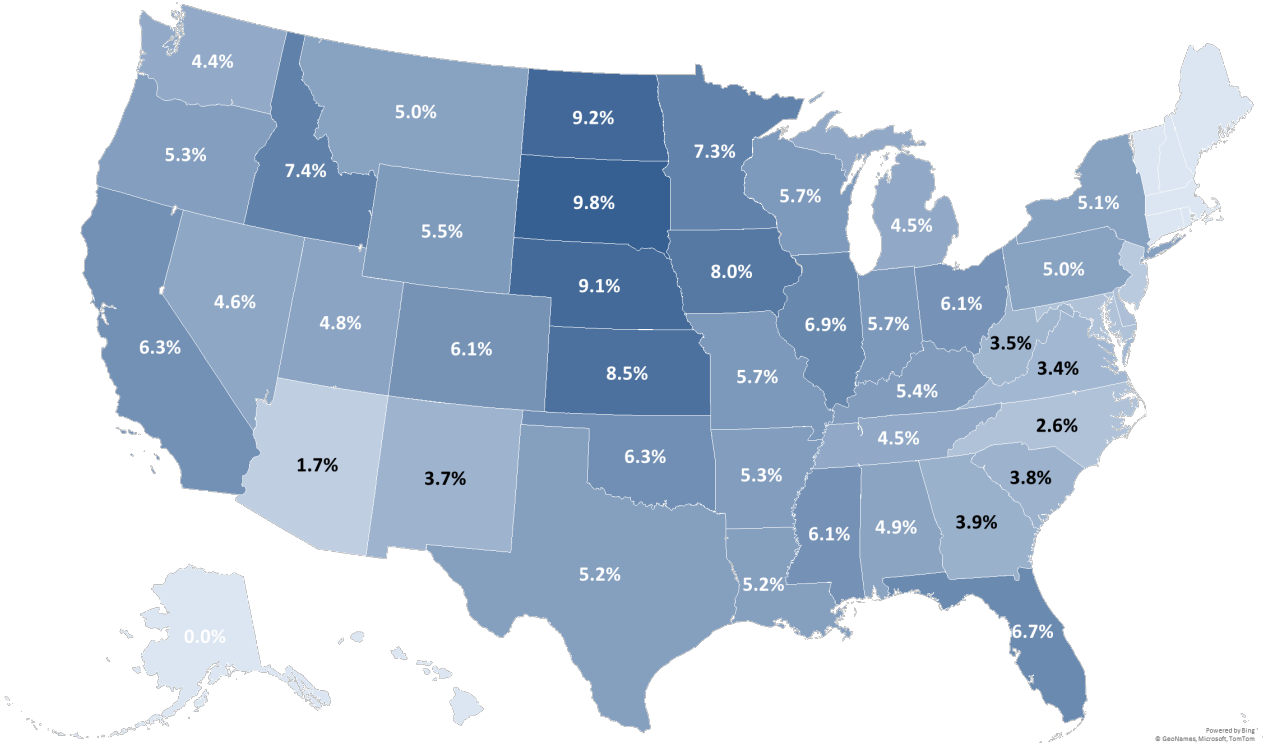


Source: USDA, NCREIF

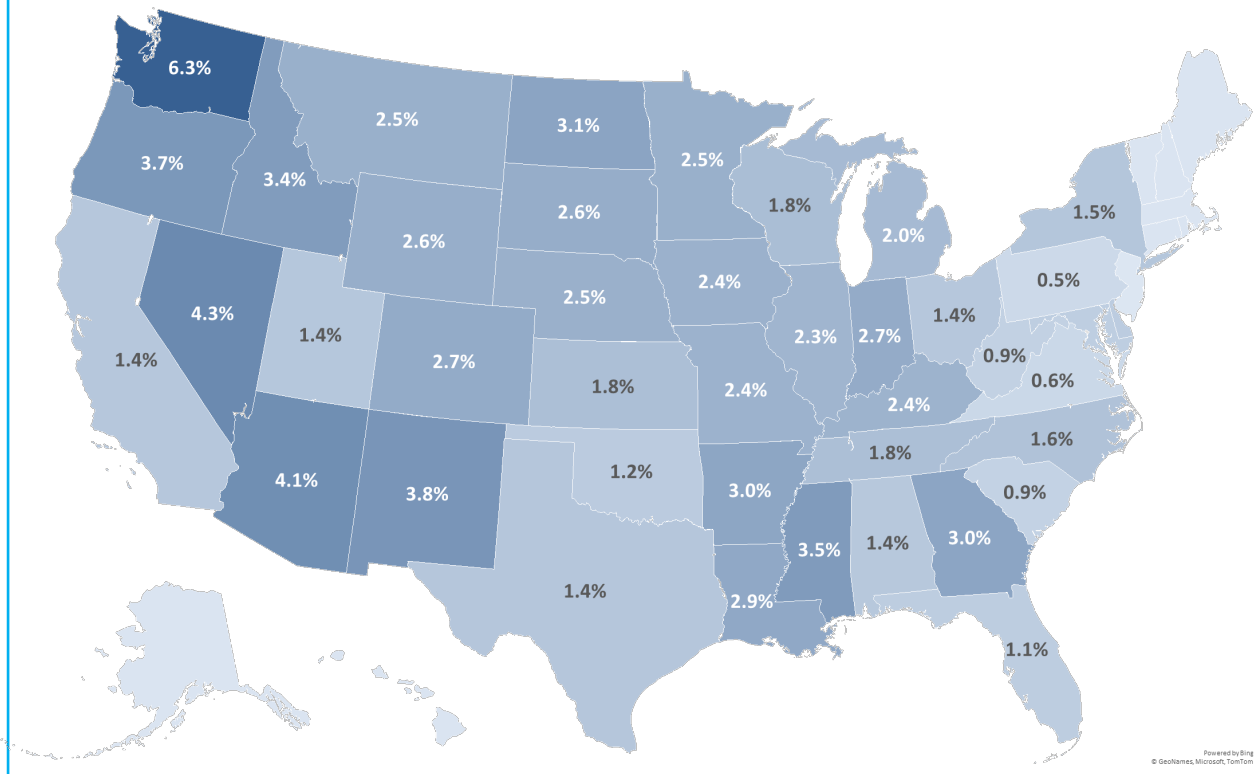
INVESTMENT CAPITAL EXPECTATIONS

Calibrating capital expectations to farmland realities

2005-2024 Average Annual Appreciation



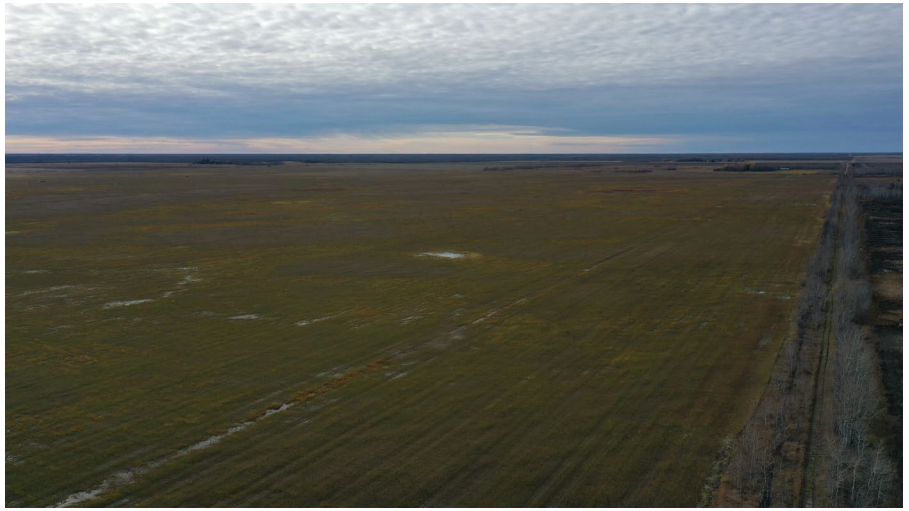
2024 Cap Rates



Source: USDA, TIAA Center for Farmland Research

CHASING CASH YIELD

Organic where it shouldn’t be



Complex direct operations

Specialty market production

Isolated assets

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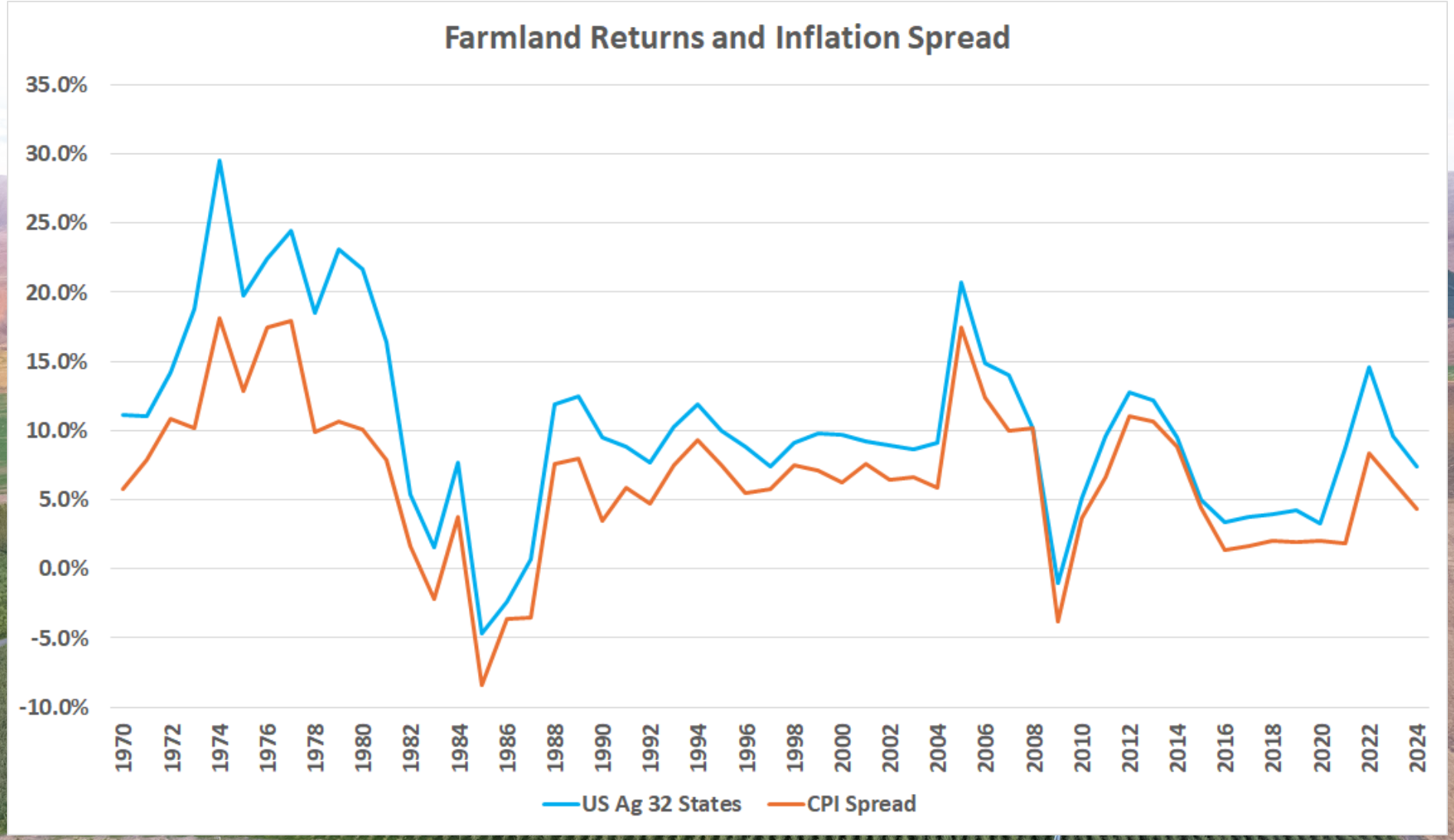
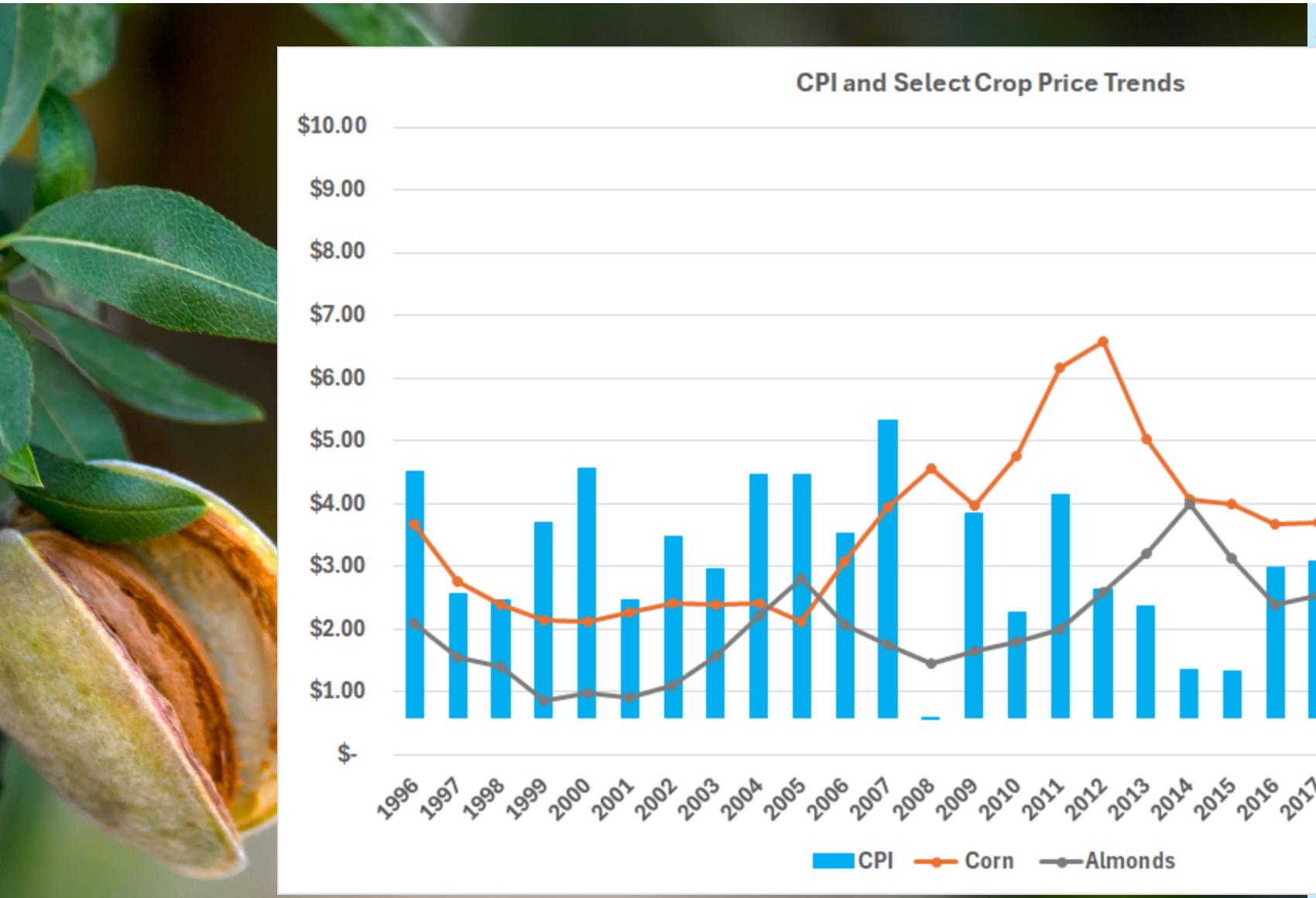
REALITIES OF FARMLAND AND INFLATION

FARMLAND CORRELATION WITH INFLATION

Source: USDA, TIAA Center for Farmland Research



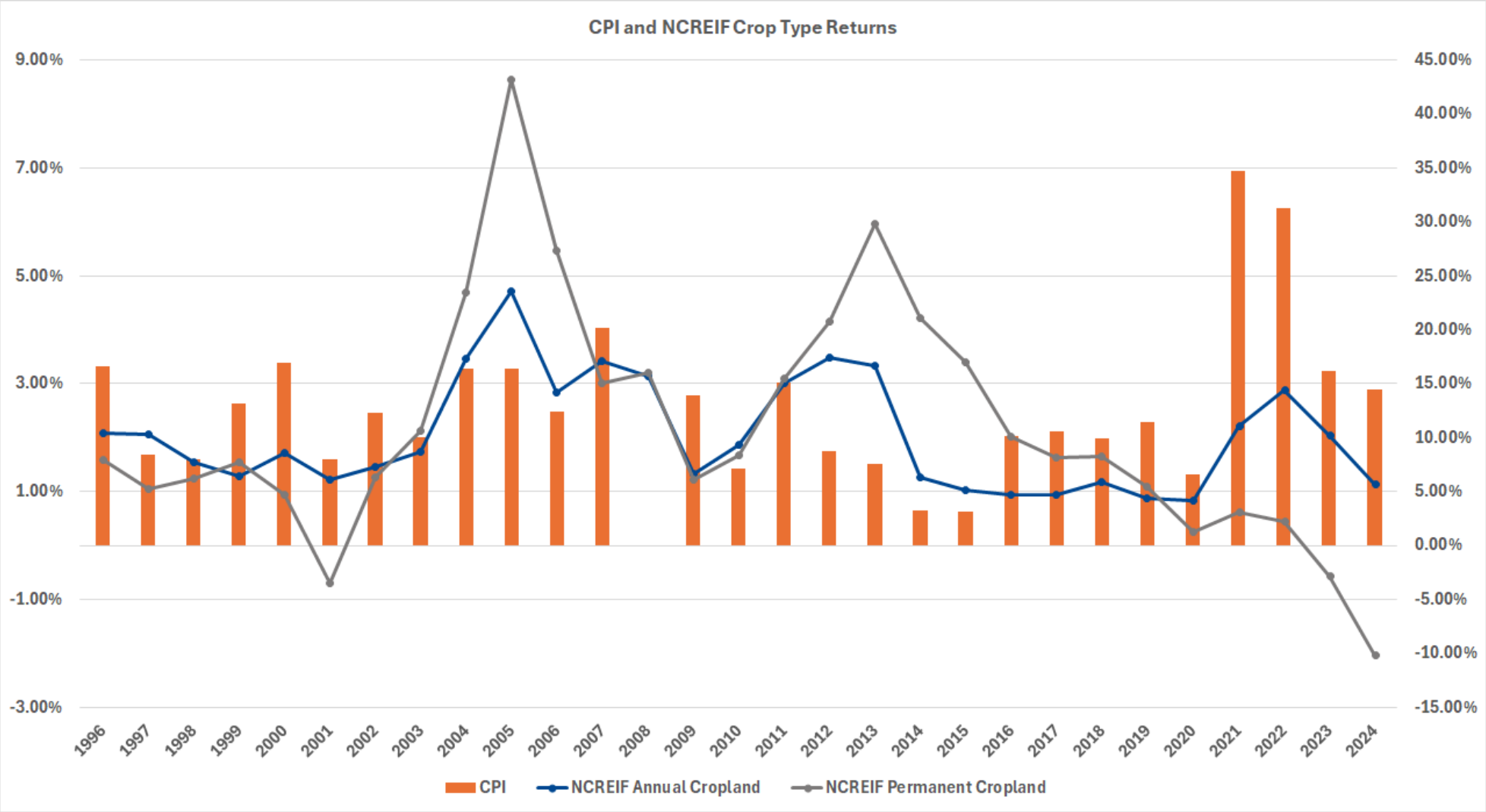
INFLATION AND SELECT COMMODITIES



Source: USDA, TIAA Center for Farmland Research

INFLATION AND NCREIF RETURNS

Source: USDA, NCREIF, TIAA Center for Farmland Research



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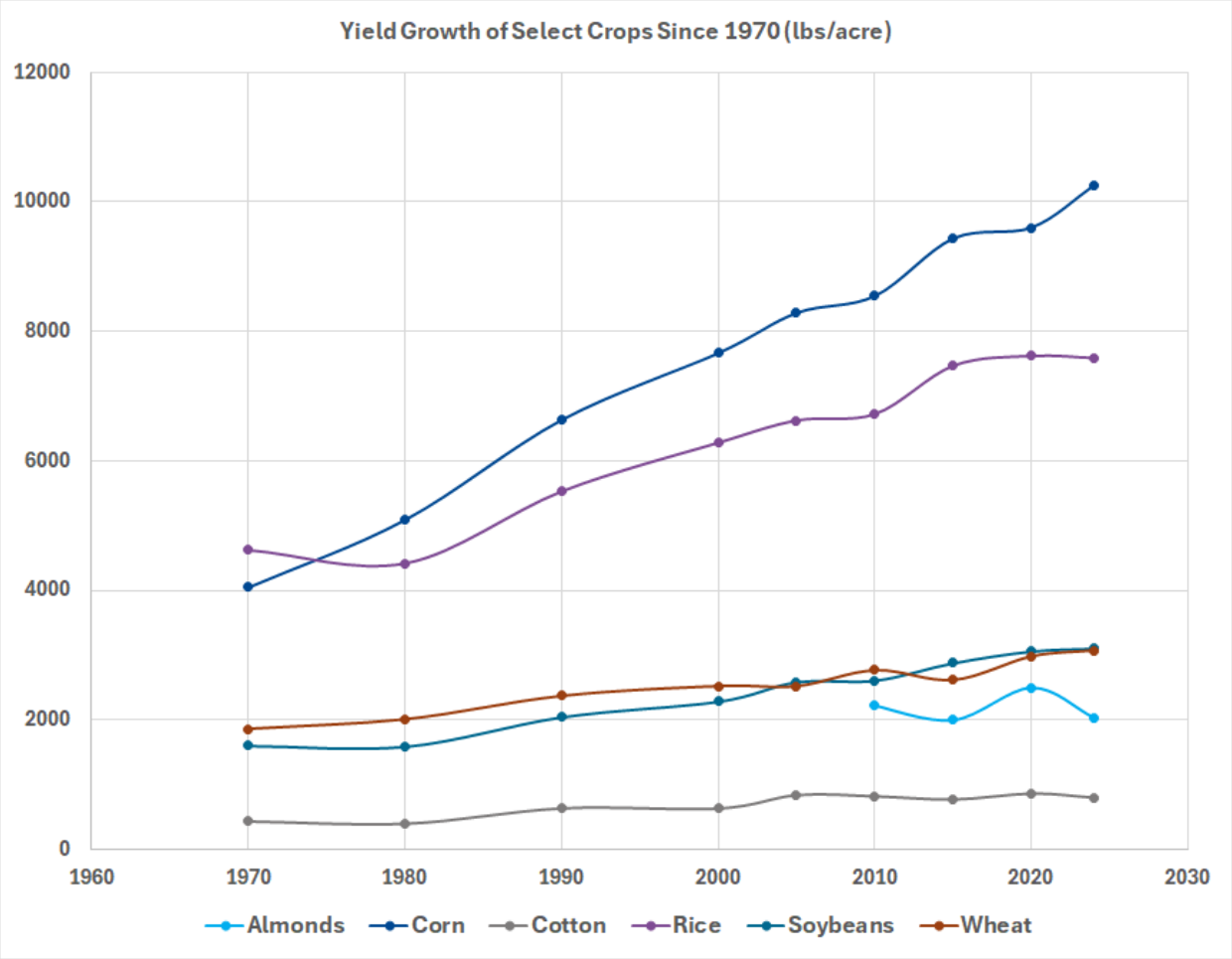
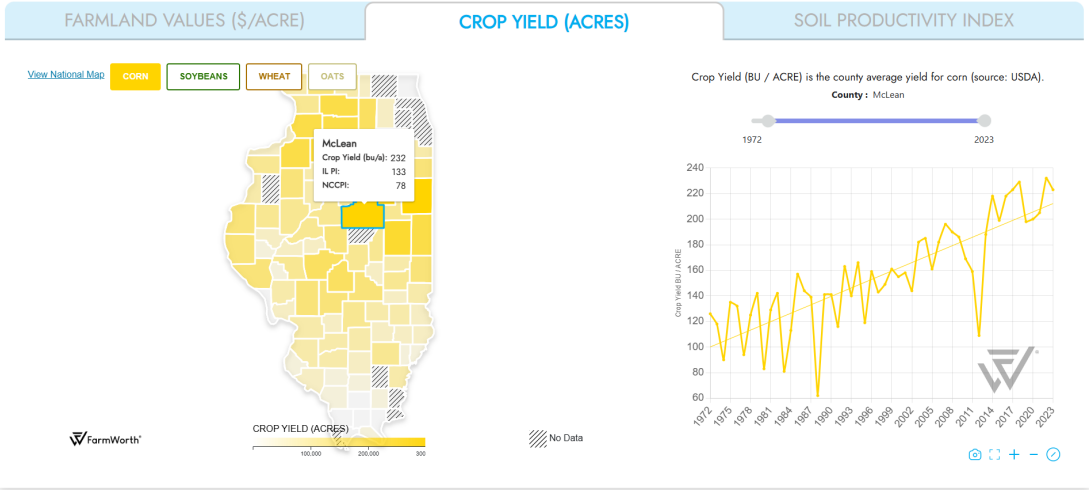
UNDERSTANDING REVENUE GROWTH

YIELD GROWTH



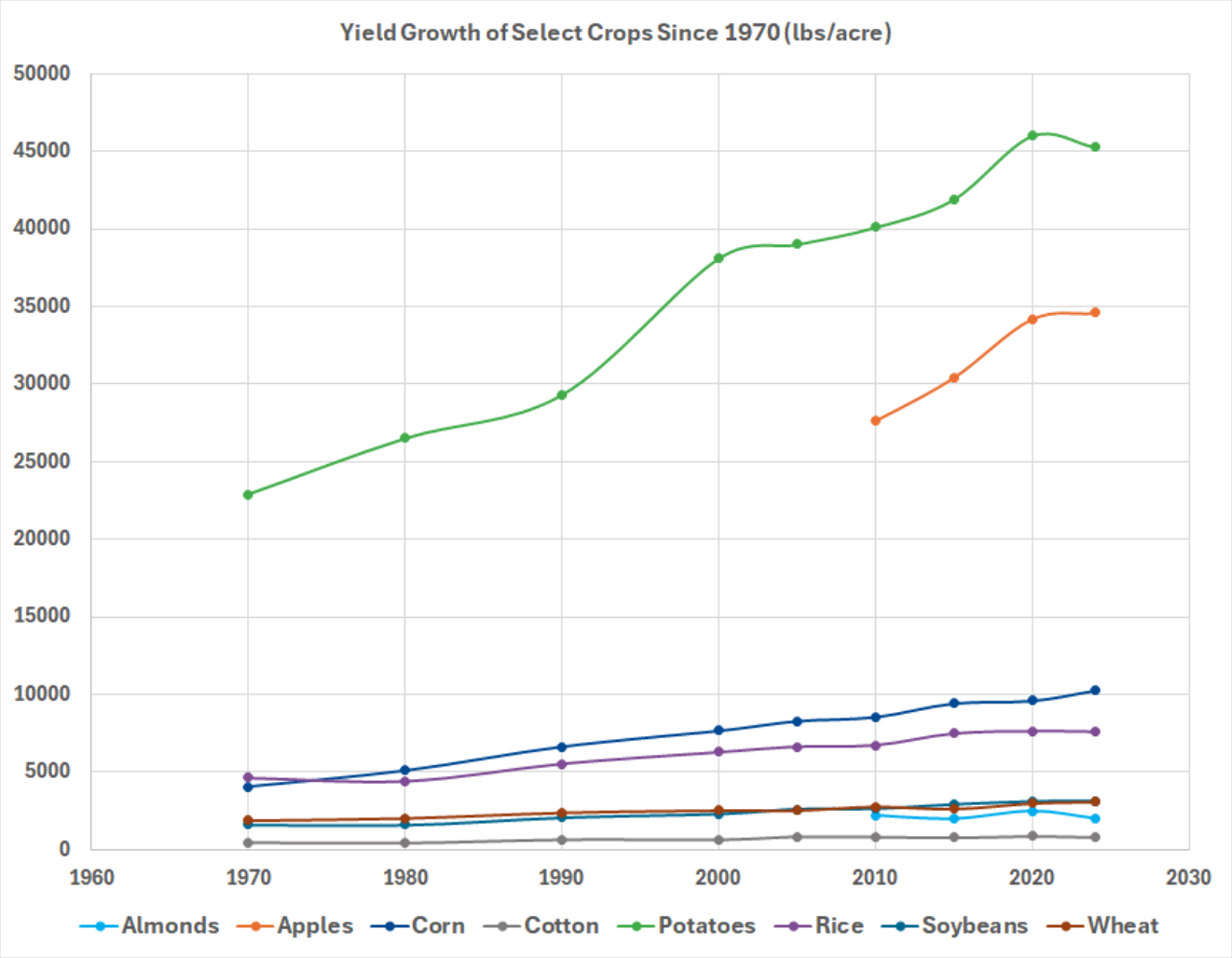


ILLINOIS CORN EXAMPLE

Year	1970	2024	10-Year Gain
Yield (bu/ac)	74	218	27
Price ($/bu)	$5.00	$5.00	$5.00
Revenue ($/ac)	$370.00	$1,090	$135.00
Rent ($/ac)	$130.00	$382	$47.25
Cap Rate	2.5%	2.5%	2.5%
Implied Value ($/ac)	$5,180	$15,260	$1,890

Source: USDA

YIELD GROWTH



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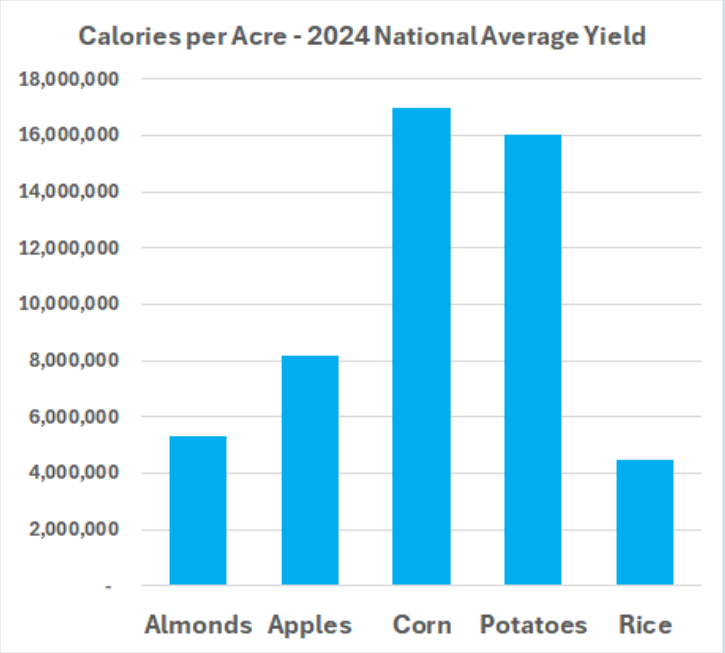
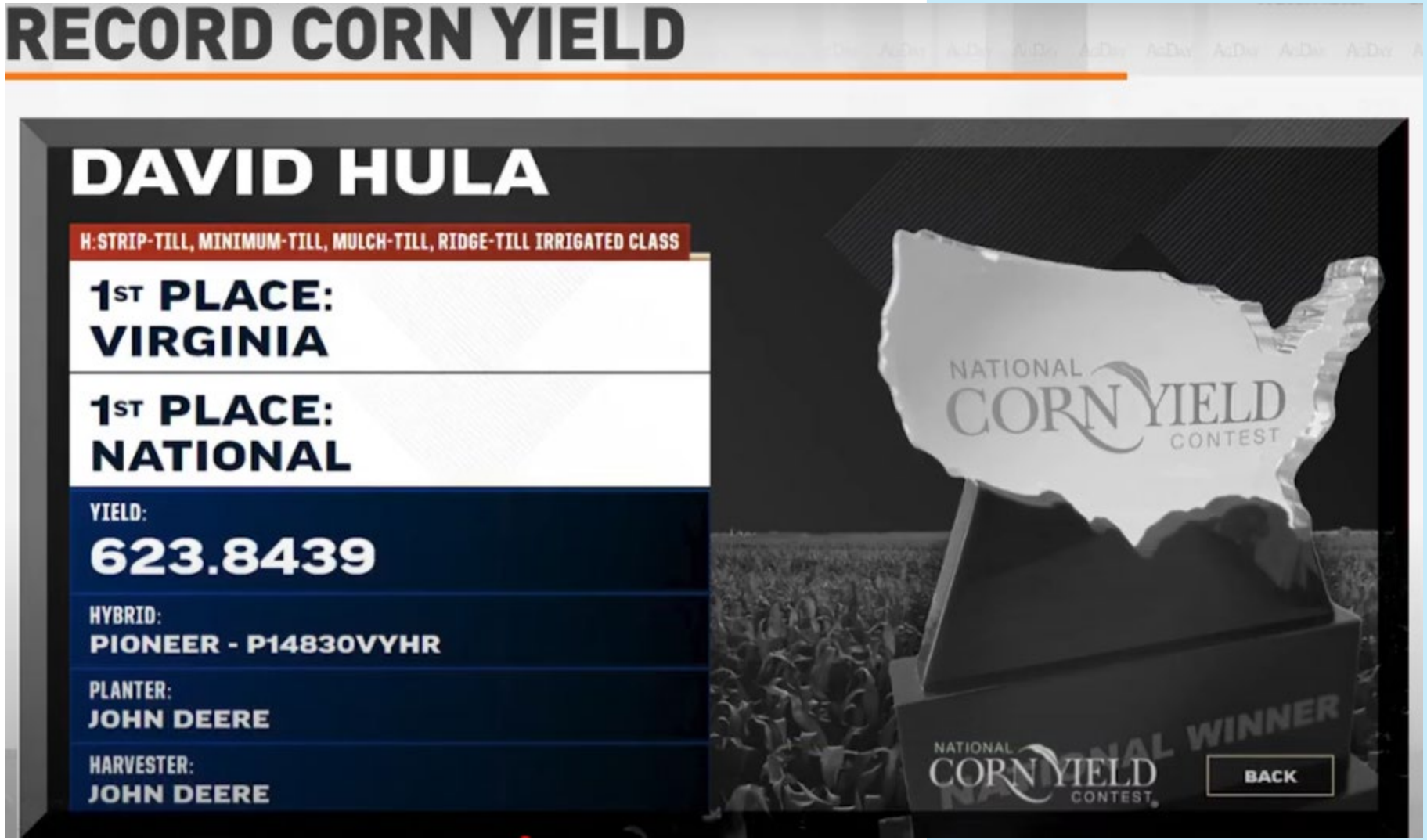
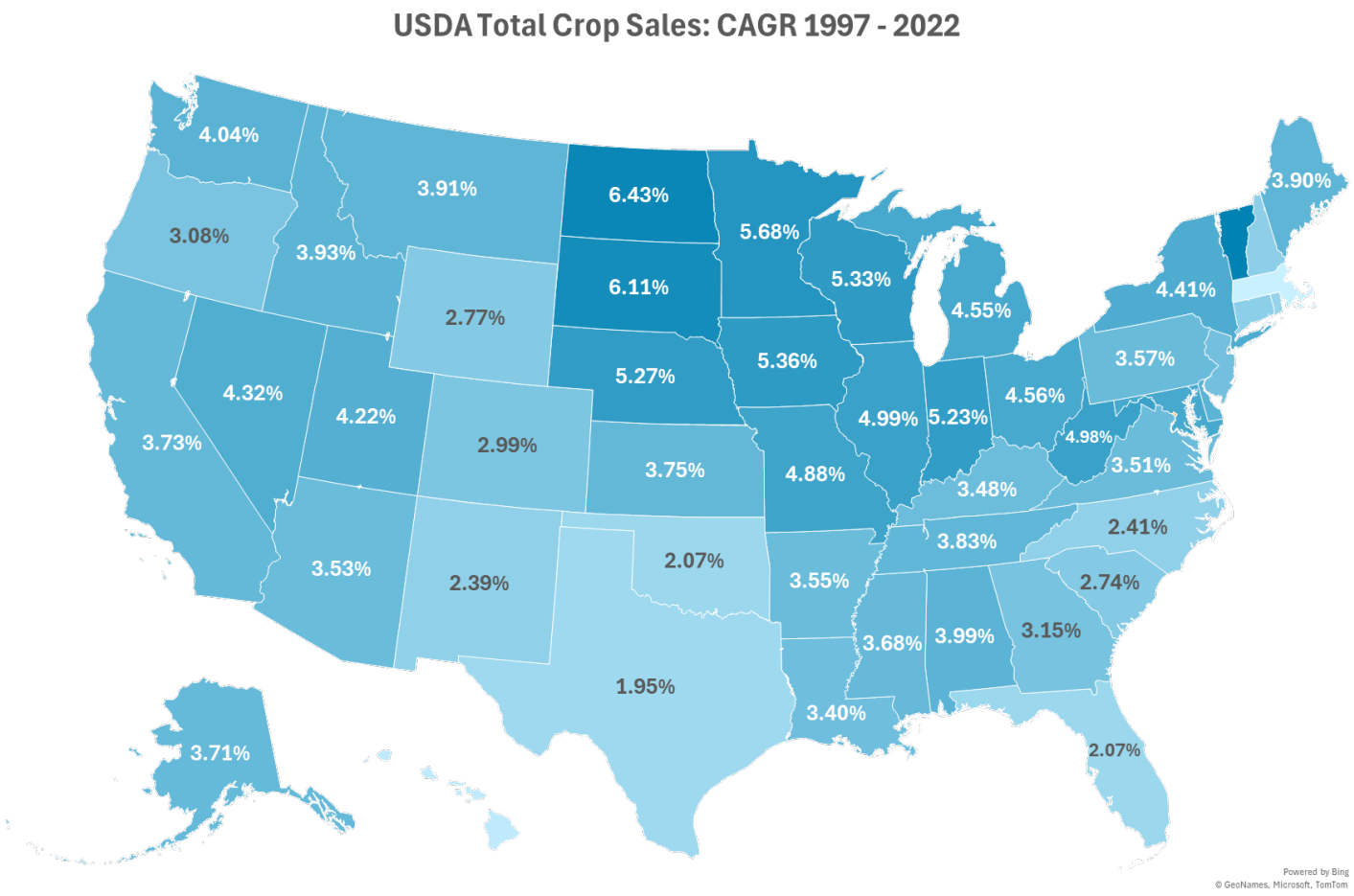


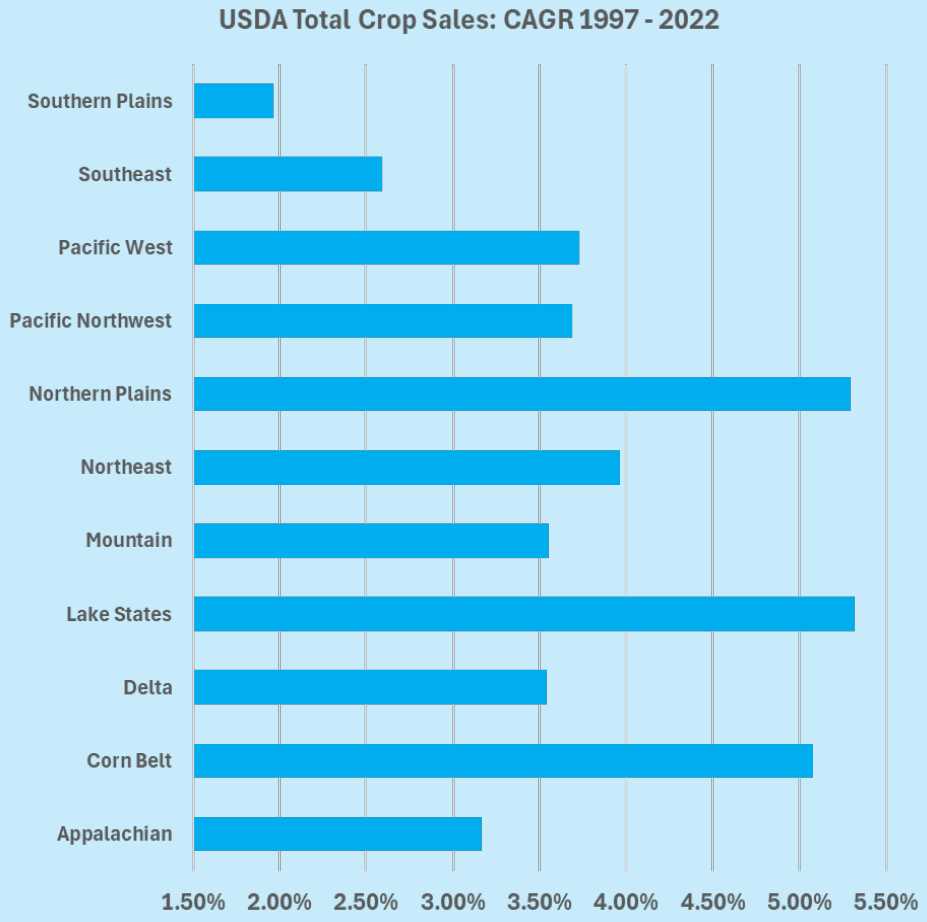
THEORETICAL MAXIMUM CORN YIELD



CROP REVENUE GROWTH



Source: USDA



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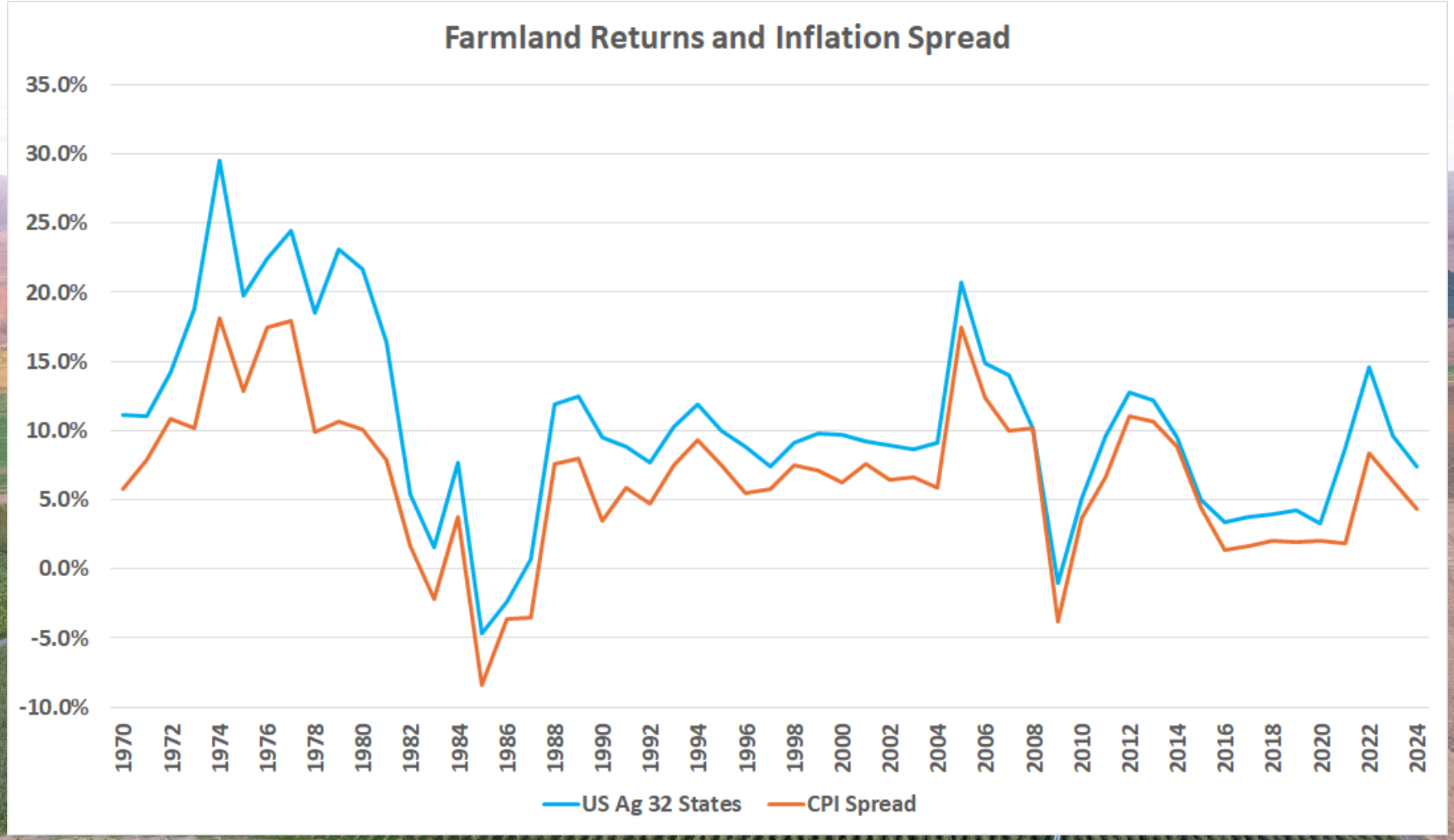

INFLATION AND NCREIF RETURNS

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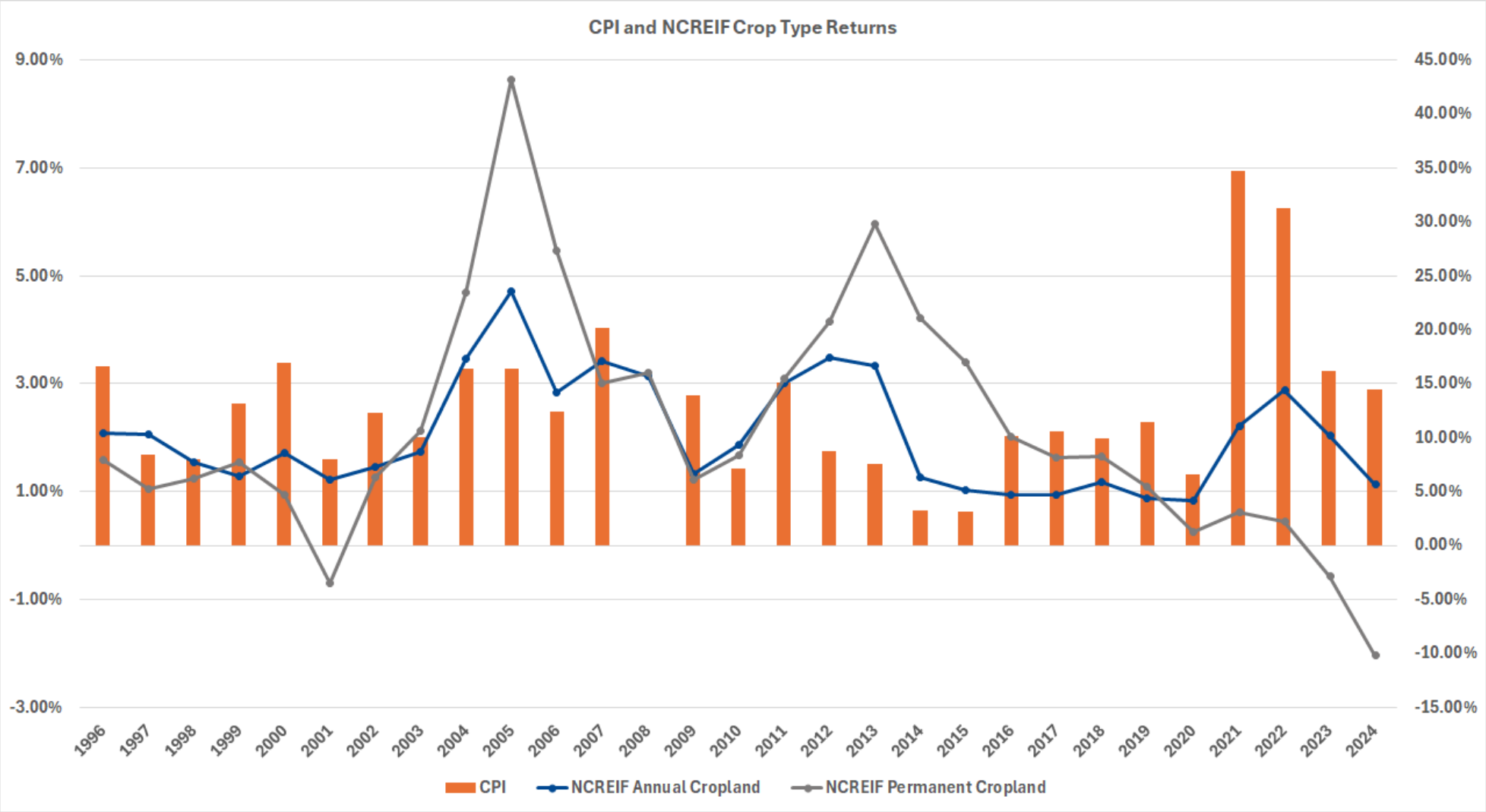

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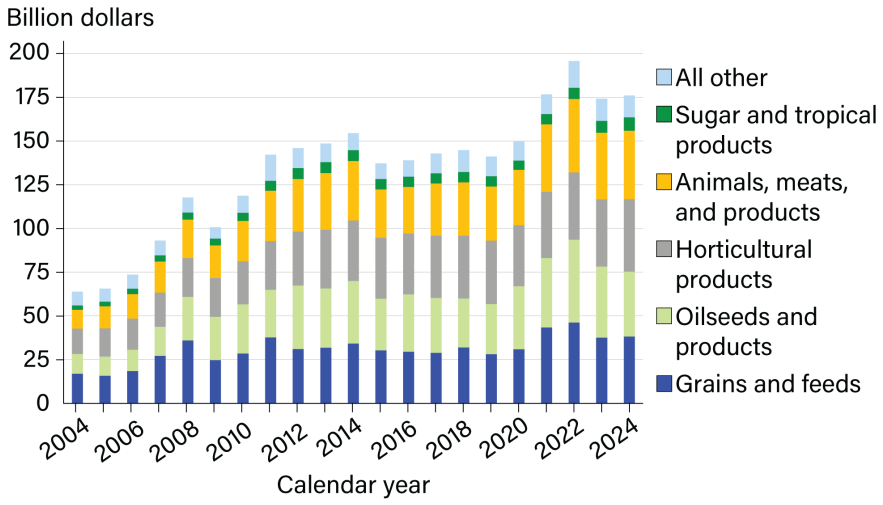
TARIFFS AND OTHER MARKET DRIVERS

TARIFF IMPACTS ON FARMLAND

- Cost of production from fertilizer imports:
  - ~90% of potash
  - ~30% of nitrogen
  - ~10% of phosphate
  - A 25% tariff increase would result in 6%-10% total cost of production increase
- Export share of specific crops:
  - Corn: 10%-20%
  - Soybeans: ~50%
  - Wheat: ~50%
  - Tree Nuts: ~70%

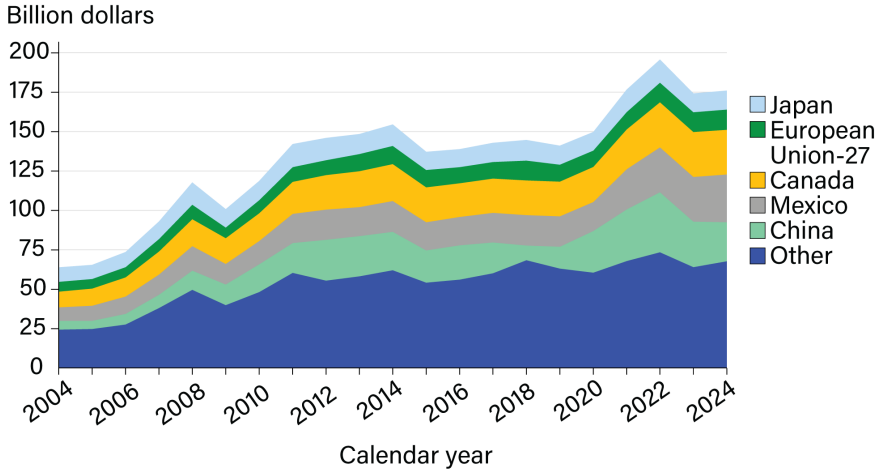
U.S. agricultural exports, 2004–24



Note: Values are not adjusted for inflation.

Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census.

Top five markets for U.S. agricultural exports, 2004-24



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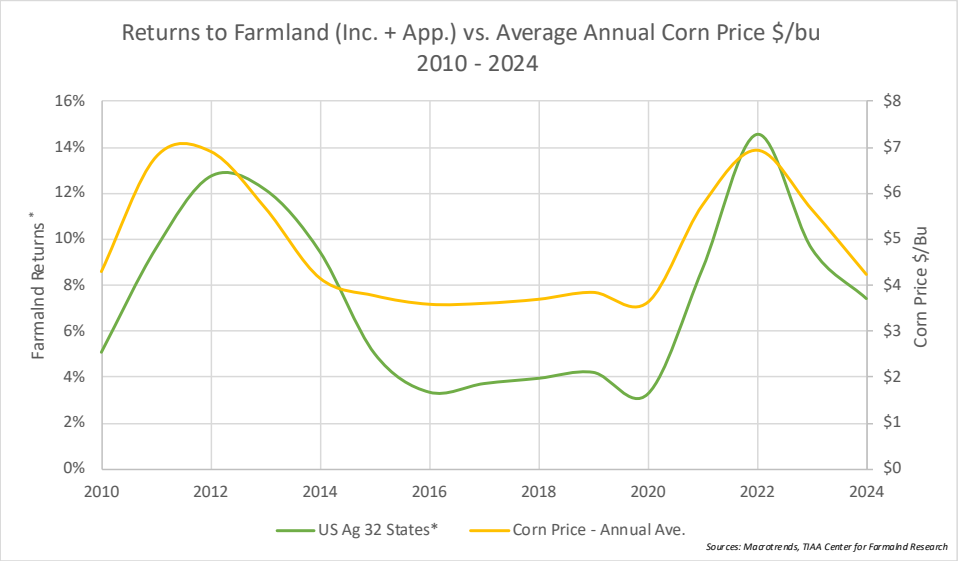
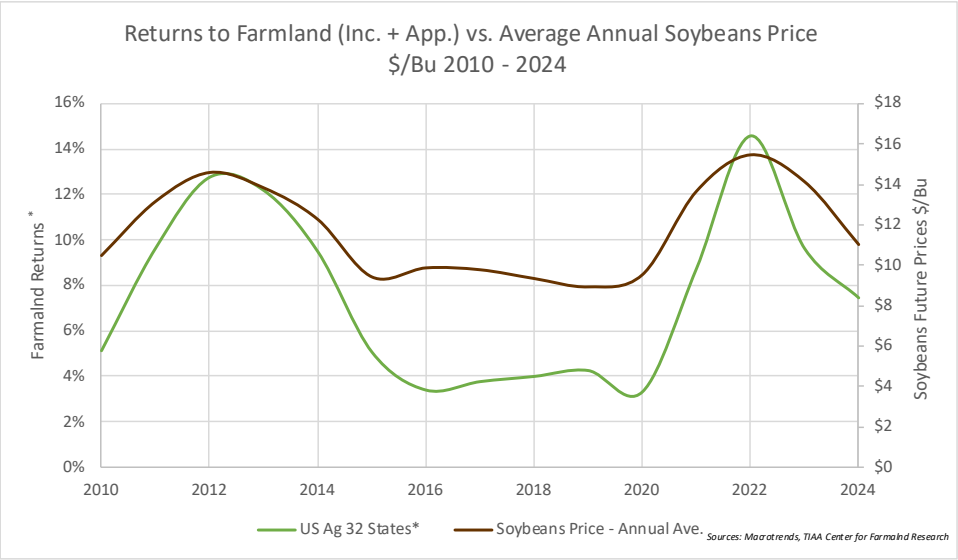
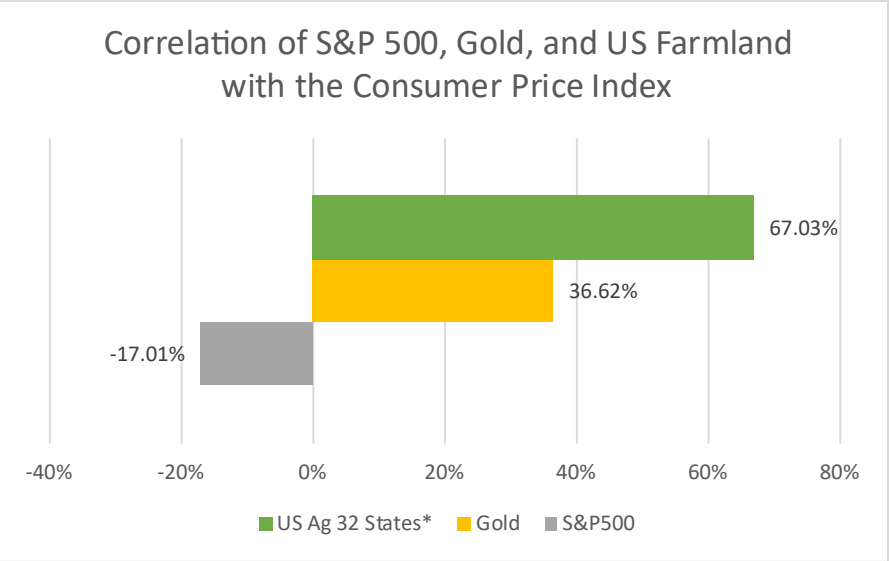
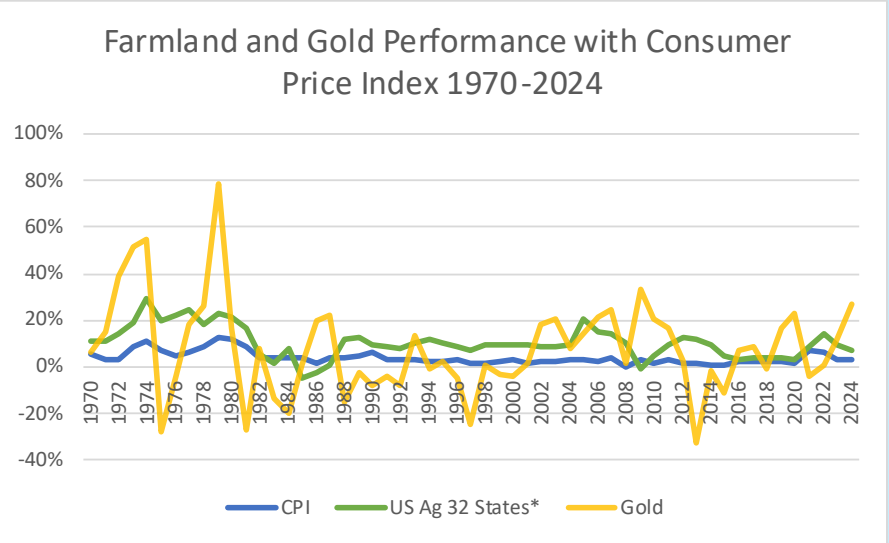
TARIFF IMPACT ON FARMLAND

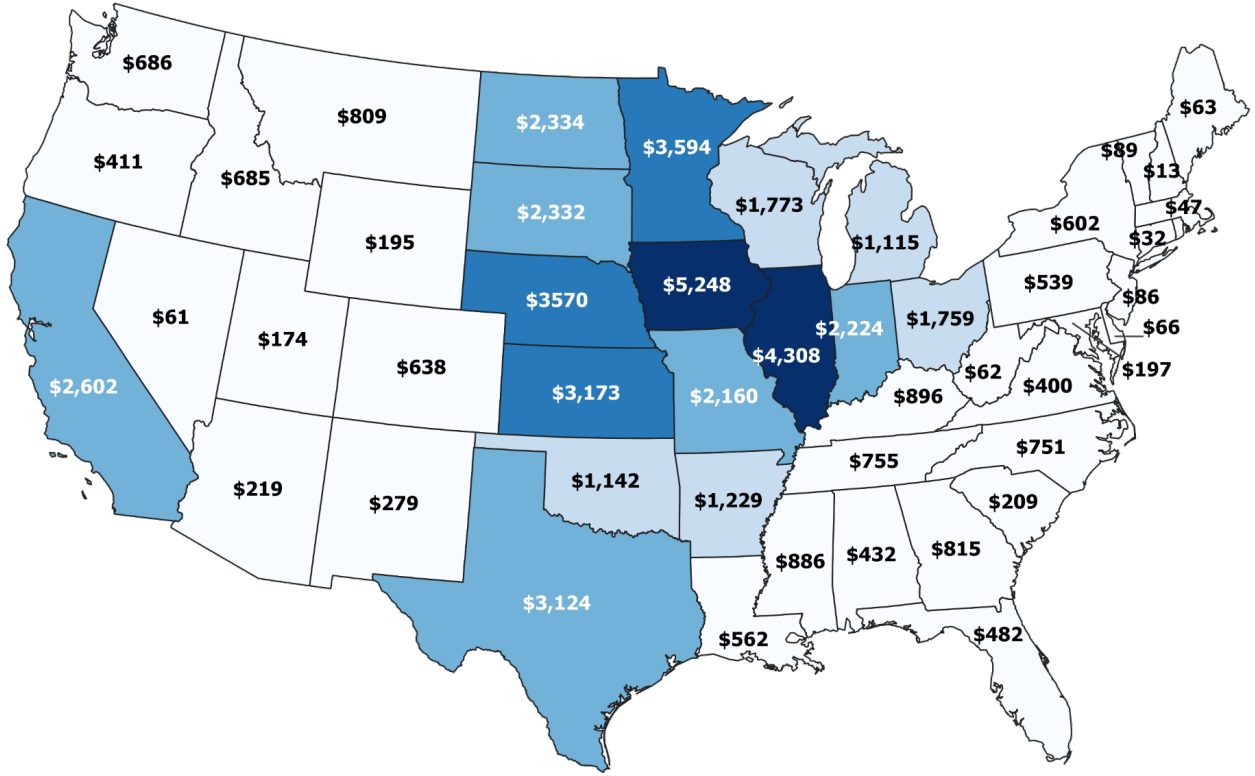








TARIFFS IMPACTS IN FARMLAND



- MFP and CFAP Programs: $53.9B distributed
- Commodity price run
- Interest rates

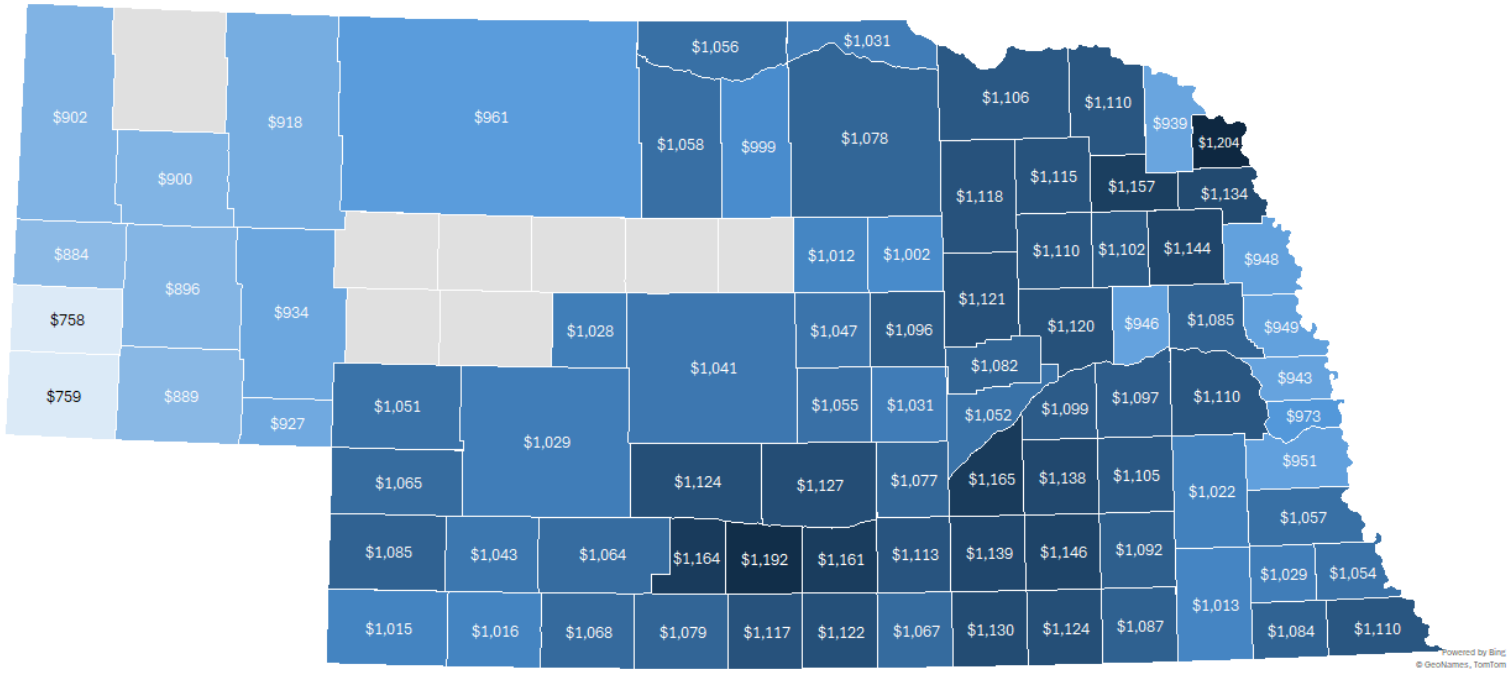
Source: USDA, Ag 360 Insurance, & Chicago Fed

RISK MANAGEMENT – FEDERAL CROP INSURANCE PROGRAM

United States Department of Agriculture

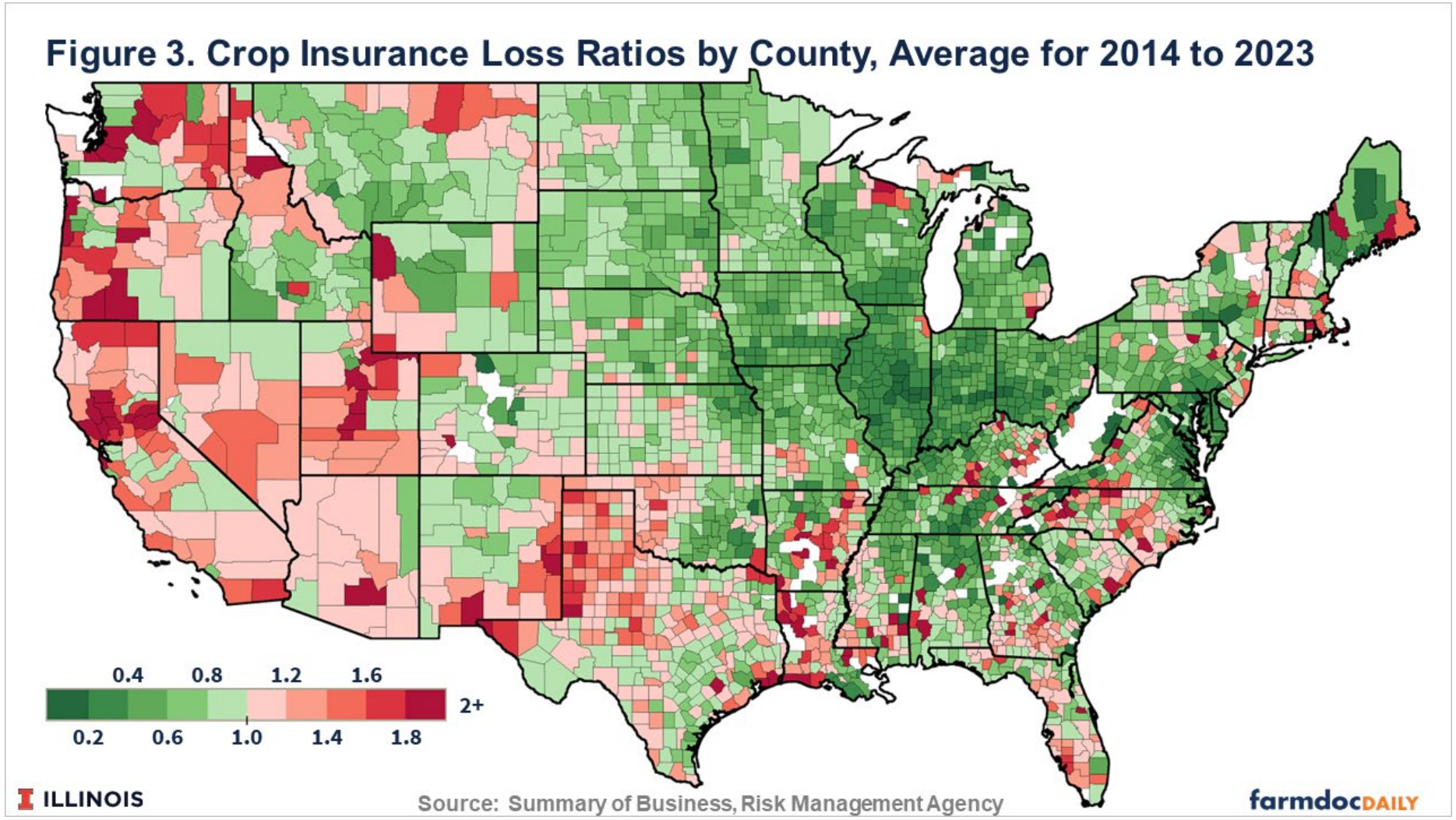
Risk Management Agency

Nebraska 2023 Irrigated Corn Minimum Revenue Guarantee ($/acre)



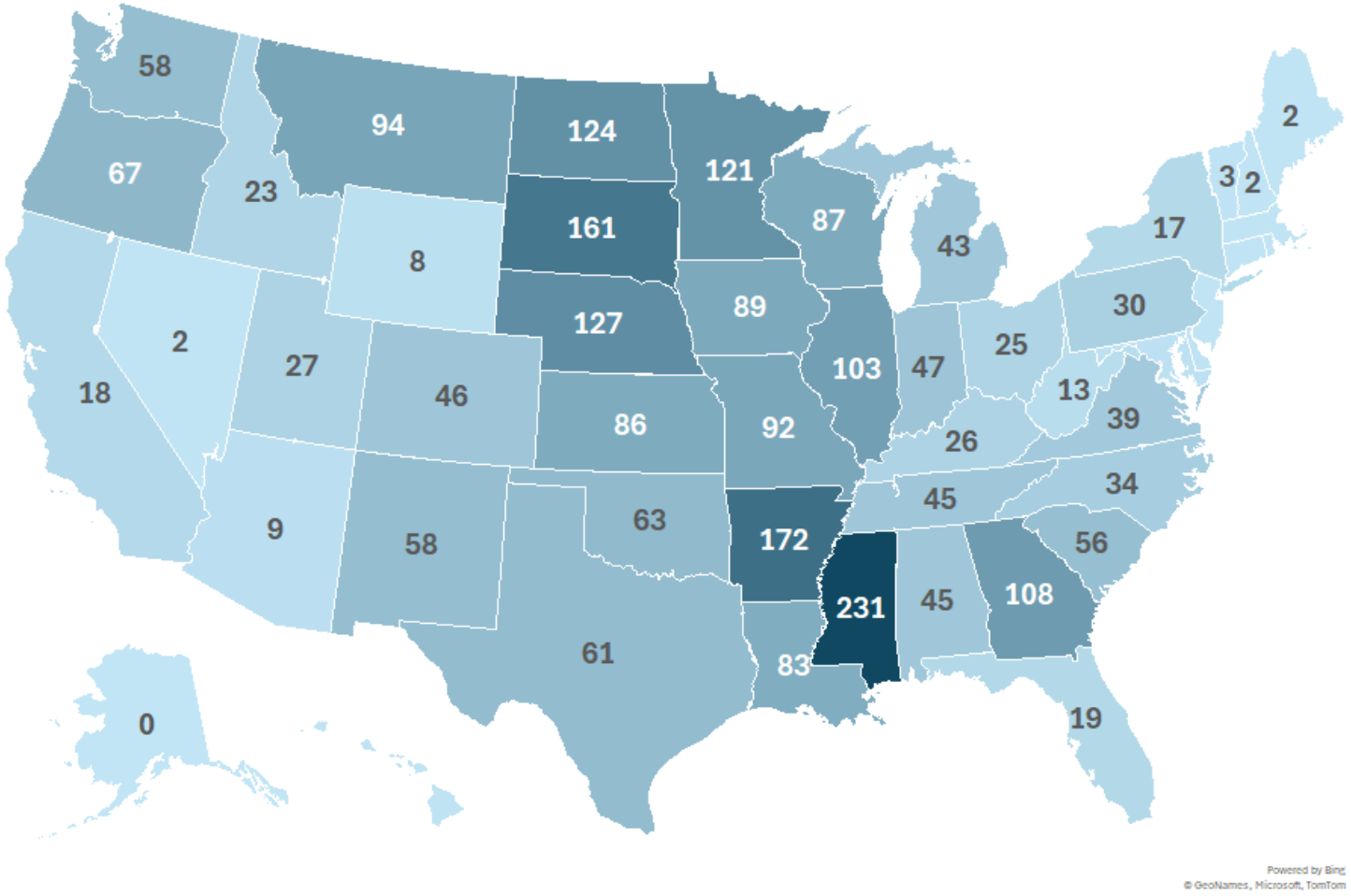
Source: USDA Risk Management Agency

FUNDING THE CROP INSURANCE INFRASTRUCTURE

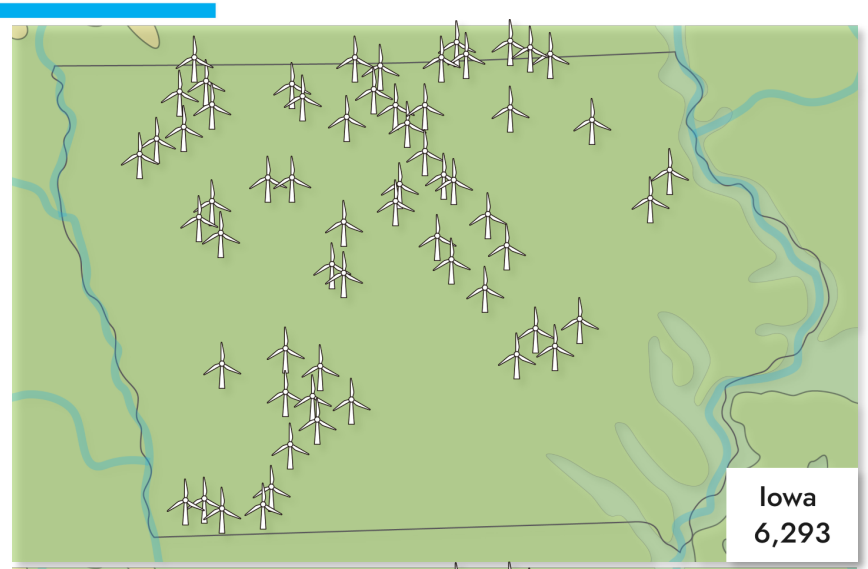


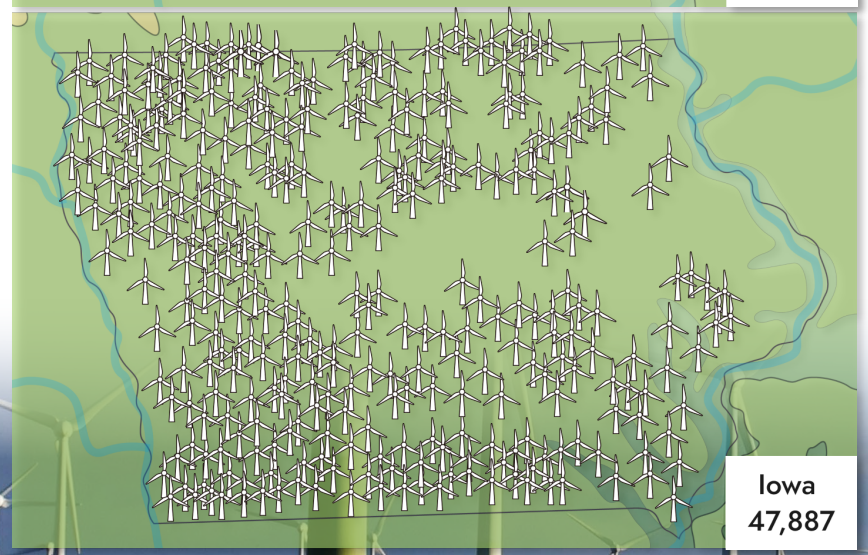
USDA PROGRAMS

Total CSP Benefits by State ($1,000,000's)



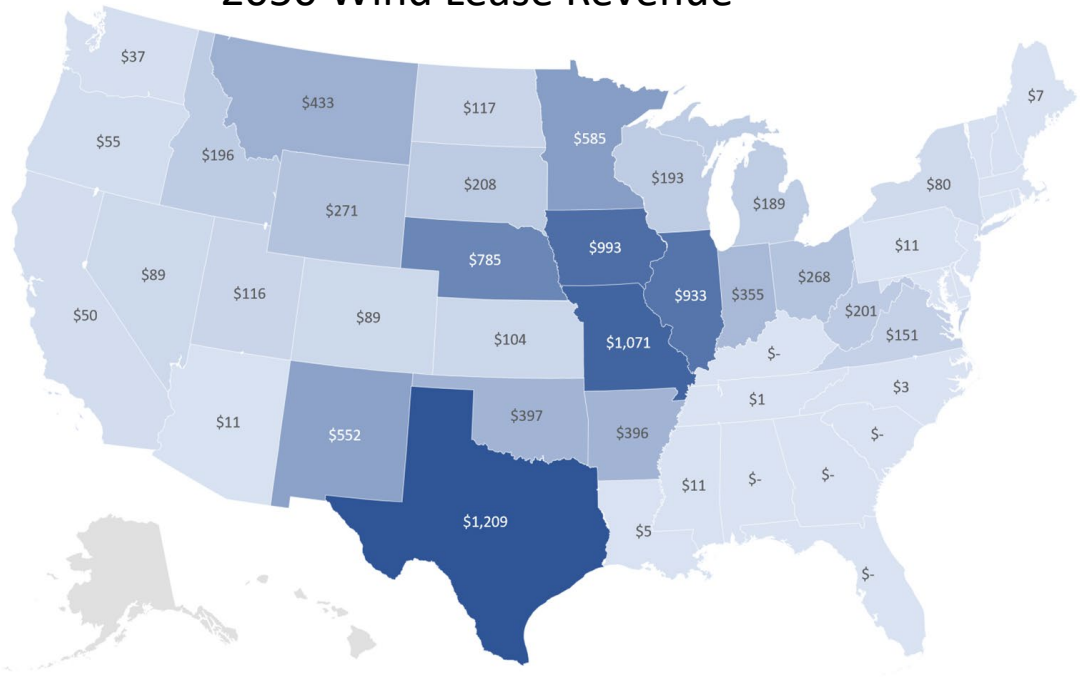
WIND TURBINES IN IOWA



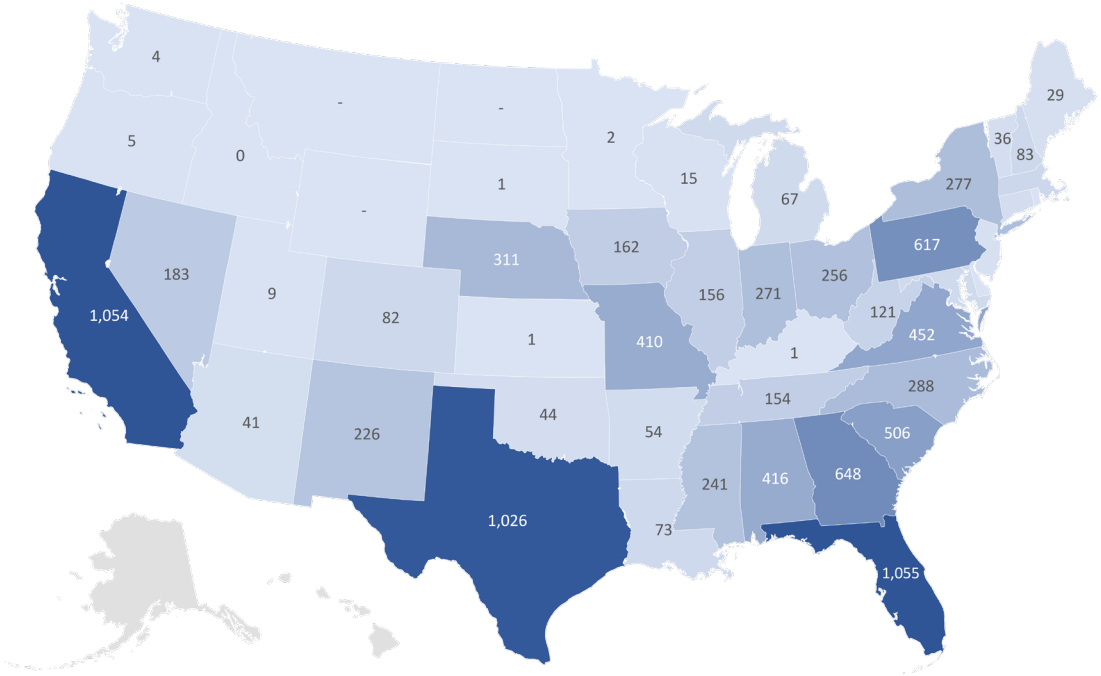


ENERGY TRANSITION REVENUE

2050 Wind Lease Revenue ($1,000,000's)



2050 Solar Acres by State ($1,000's)



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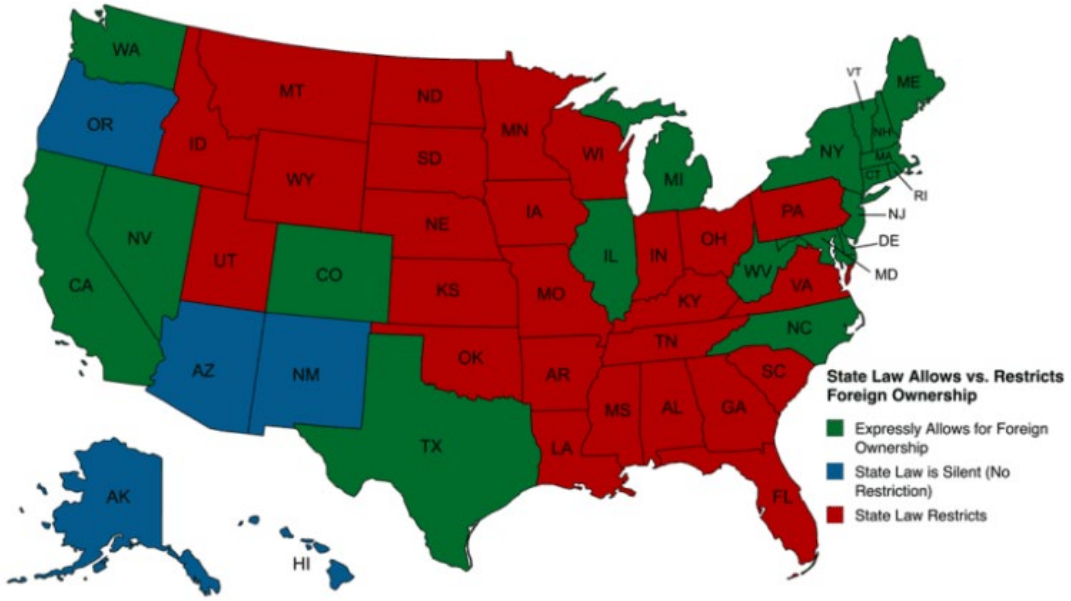
LEGAL ISSUES IN FARMLAND

FOREIGN OWNERHSIP OF FARMLAND

- *Agricultural Foreign Investment Disclosure Act*
- *State Reporting Requirements*



Source: National Agricultural Law Center, Statues Regulating Ownership of Agricultural Land

FOREIGN OWNERSHIP CASE STUDY – ARKANSAS

- Ark. Code Ann. § 2-3-111
  - Requires any foreign person required to report pursuant to AFIDA to also file the AFIDA report with the Arkansas Department of Agriculture.
  - Civil penalty up to 25% of the fair market value for failure to file.
- Ark. Code. Ann. § 18-11-110
  - Restricts prohibited foreign party, including controlled business by a prohibited foreign party, from owning land in the state of Arkansas.
- Ark. Code. Ann. §§ 18-11-110(c), 18-11-804(b)
  - Prohibited foreign party or prohibited foreign-party-controlled business entity required to divest of the agricultural land within 2 years.
  - Failure to divest may result in judicial foreclosure.

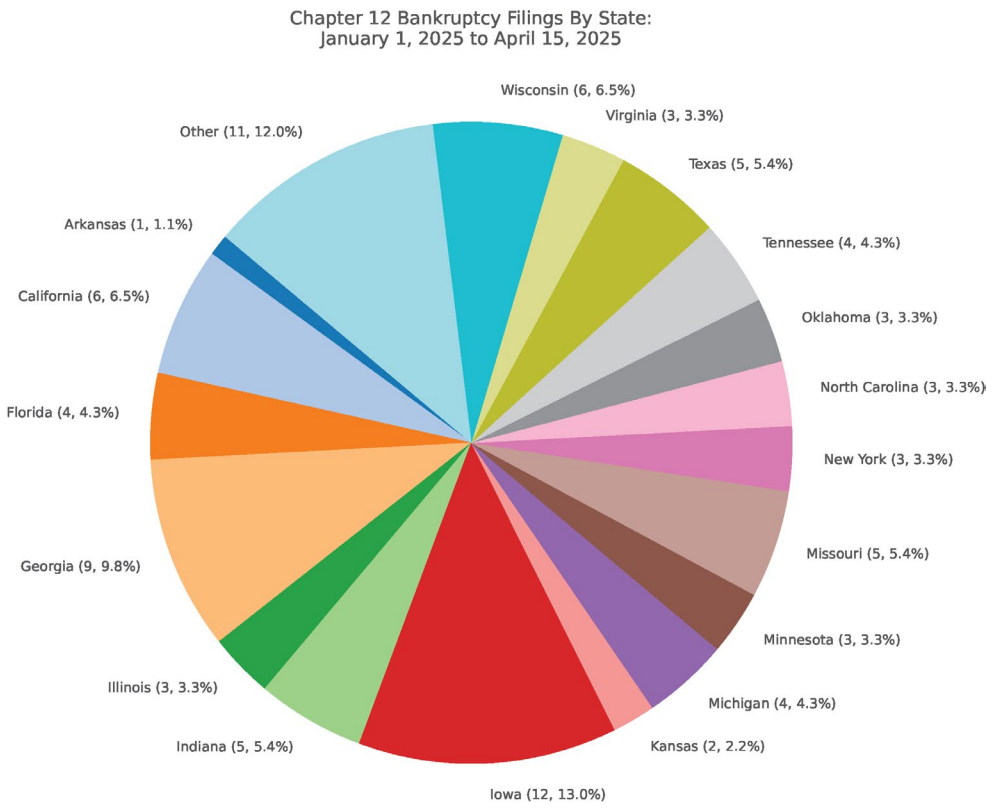
FOREIGN OWNERSHIP CASE STUDY – ARKANSAS, *cont'd*

- **Northrup King Seed Co./Syngenta Seeds**
  - Owned land in question since 1988.
  - China National Chemical Corporation (ChemChina) acquired majority interest in Syngenta Seed in 2017.
  - Syngenta Seed's AFIDA filing on March 8, 2022, identified a foreign person that indirectly holds a significant interest in the owning the land is from China.
  - Syngenta Seeds did not provide the state of Arkansas the AFIDA filing until June 30, 2022.
    - Arkansas imposed the maximum civil penalty, resulting in a $280,000 fine for failure to file the AFIDA filing in the request time period.
  - Northrup King Seed Co. must divest by August 1, 2025. Failure to divest may result in judicial foreclosure.

- ***Jones Eagle LLC v. Arkansas Department of Agriculture, et al.*, No. 4:24-cv-00990 (E.D. Ark. 2024)**
  - Engaged in the business of operating a data center, including mining digital assets.
  - U.S. District Court granted Jones Eagle's preliminary injunction enjoining the defendants from enforcing Arkansas Act 636 of 2023, Ark. Code §§ 18-11-110(c), 18-11-804(b), and Arkansas Act 174 of 2024.
  - Defendants have appealed and filed their brief on May 12, 2025.

FINANCIAL DISTRESS

- 2024 Chapter 12 Bankruptcies up 55% from 2023.
  - 216 cases filed in 2024.
- Three-Month Period Ending March 31, 2025:
  - 88 total Chapter 12 Bankruptcy filings.
- Total debt must not exceed $12,562,250 for a family farmer to qualify for Chapter 12.
- Large operators may not qualify for Chapter 12.
- Ad Hoc Government Assistance.



Source: CourtLink, Peoples Company Tracked

FARMLAND TRANSACTION LEGAL TRENDS

- Transactions are resulting in more “friction.”
- Due diligence:
  - Phase I ESA
  - Survey
- Limitation of Liability
  - Excluding fraud or willful misconduct.
- Farm Lease Scrutiny:
  - Payment Terms; Security Interest
- Section 180 Deduction

FARMLAND TRANSACTION LEGAL TRENDS - EASEMENTS

- Easements:
  - Non-possessory interest in land
  - Appurtenant Easements vs. Easement in Gross
  - Dominant and Servient Estate
  - Easements and the Doctrine of Merger

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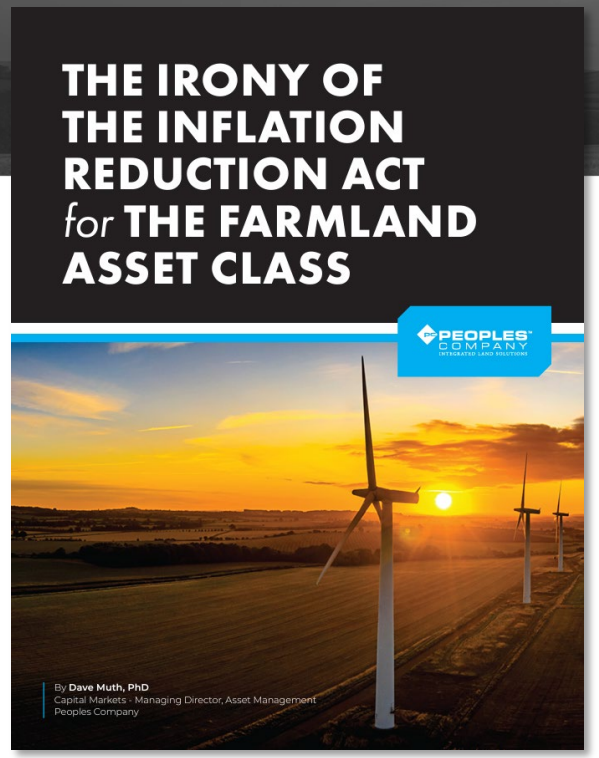
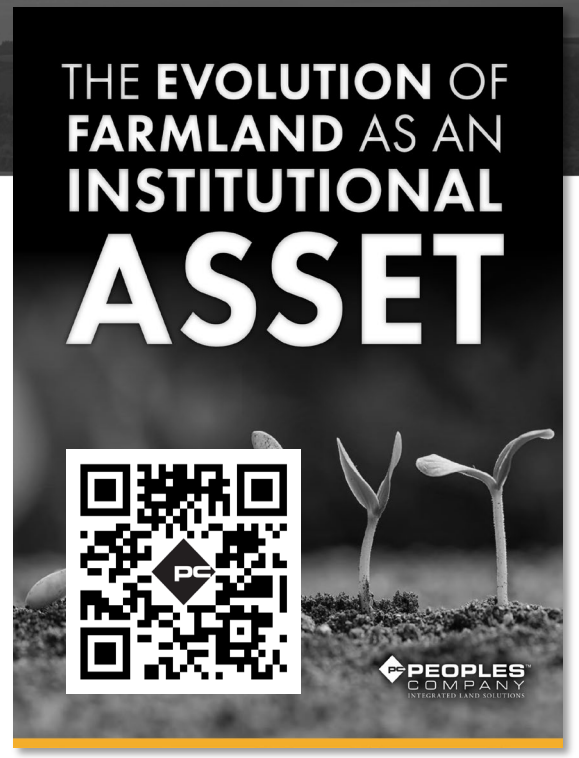
THANK YOU!



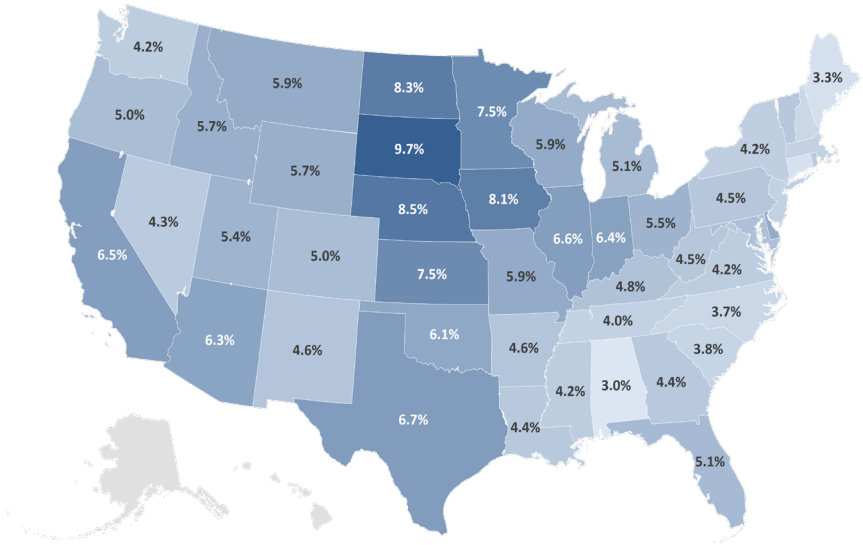


PeoplesCompany.com

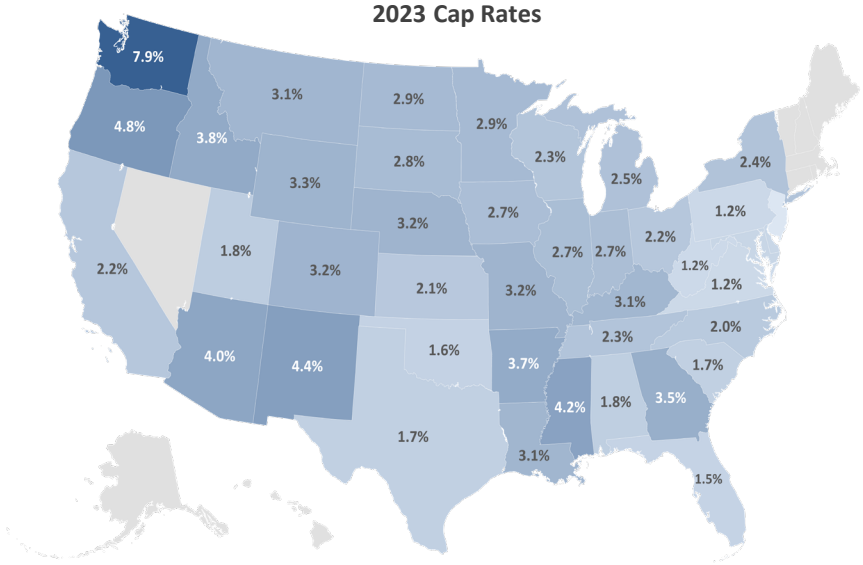
FUNDAMENTALS OF FARMLAND PERFORMANCE

- Capital Gains Driven Asset Class
- Consistent Performance on 10+ Year Hold Period
- Premier Real Asset Inflation Hedge
- Stable Income
  - *Zero Vacancy*
  - *Annual Revenue Guarantee*

2001-2023 Average Annual Appreciation



2023 Cap Rates



Source: USDA, TIAA Center for Farmland Research