LandFund Partners: Direct Investment Platform

Overview (2017)

Firm Overview

- LandFund Partners (LFP) acquires and manages high-quality Mississippi River Valley (MRV) farmland for high-net-worth and institutional investors
- **Highly experienced** farm management team manages over $100 million of farmland
- Direct Investment Platform provides a turn-key farmland investment solution for institutions; LFP handles farm management, compliance, administration, and accounting
- **Direct Investment Process:**
  - Investor indicates desired farmland investment amount and enters queue
  - LFP identifies farms and brings due diligence and bid recommendation to Investor
  - Due diligence includes soil analysis, crop history, UAV (drone) flyover of property, etc.
  - Investor approves/defers acquisition
  - LFP closes deal, finds farm tenant, and manages the property on behalf of Investor

Farmland Market

- U.S. Row Crop Farmland has produced an **annualized return of 11% over the past 20 years**\(^1\)
- Why Row Crop Farmland?
  - **Portfolio Diversification:** Returns are non-correlated with major asset classes
  - **Supply / Demand Dynamics:** Long-term macroeconomic demand for food and animal feed, finite supply of land with water resources
  - **Inflation Hedge:** Dollar-denominated crops rise in value during inflationary periods
  - **Current Yield:** Farmland rents provide competitive risk-adjusted current yield

Summary of Terms

- **Minimum Investment:** $5 million
- **Term:** 5-year minimum management contract
- **Management Fee:** 1% of farmland value per annum
- **Incentive Fee:** 10% based on independent third-party appraisal
- **Reporting & Compliance:** Quarterly reports to investor, third-party audits

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\(^1\) 1996-2015 total returns for annual cropland as measured and reported by the NCREIF (National Council of Real Estate Investment Fiduciaries) Farmland Property Index. For further detail on the NCREIF Farmland Property Index please visit [www.ncreif.org/faqsfarmtimber.aspx](http://www.ncreif.org/faqsfarmtimber.aspx)
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**Target Region: Mississippi River Valley**

![Map of Mississippi River Valley](image)

**Why Mississippi River Valley Farmland?**
- MRV farmland costs roughly one-half of what a Midwest farm costs
- Abundant groundwater for irrigation
- Improving seed technology for higher yields
- Diverse crop mix gives farmers flexibility to generate revenue
- Lower transportation costs to export hubs in Gulf of Mexico
- Decades of experience and life-long relationships in target region

**Relative Value of Mississippi River Valley Farmland**

- LandFund Partners has purchased Mississippi River Valley farmland at a 42% discount to Midwest farmland when considering production value per acre

<table>
<thead>
<tr>
<th>Item</th>
<th>Iowa</th>
<th>Illinois</th>
<th>Phillips Co. Arkansas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price per Acre (2015)</td>
<td>$8,200</td>
<td>$7,650</td>
<td>$5,000*</td>
</tr>
<tr>
<td>Corn Yield per Acre (Bushels)</td>
<td>168.6</td>
<td>163.0</td>
<td>178.9</td>
</tr>
<tr>
<td>Cost per Acre per Bushel (WAPI)</td>
<td>$48.6</td>
<td>$46.9</td>
<td>$27.9</td>
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</tbody>
</table>

*Actual LandFund Partners purchase price, September 2015.

**Notes:**
- Corn yields are 5-year historical averages for 2011-2015 period.
- WAPI: Weighted Average Productivity Index describes cost per acre per bushel. Low WAPIs indicate better production value.
- Sources: USDA National Agricultural Statistics Service (http://quickstats.nass.usda.gov); LandFund Partners purchase data.

**For More Information**

<table>
<thead>
<tr>
<th>Lexington, KY</th>
<th>Nashville, TN</th>
<th>Helena, AR</th>
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<tbody>
<tr>
<td>John R. Farris, Founder &amp; President</td>
<td>Chris Morris, Managing Director</td>
<td>Billy Ussery, Director of Farm Operations</td>
</tr>
<tr>
<td>859-317-1999</td>
<td>615-830-2226</td>
<td>870-338-0270</td>
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