

Midwest U.S. Farmland -- 2014

**Among the Best Farmland in the World
Among the Best Investment Returns in the World**



Farmland Investment Returns Among the Best in the World

- Consistently in the top tier of asset classes for total investment return
 - More than 12% annually over the last 4 years
 - More than 10% annually over the last 10 years

Investment Return Rankings By Asset Type

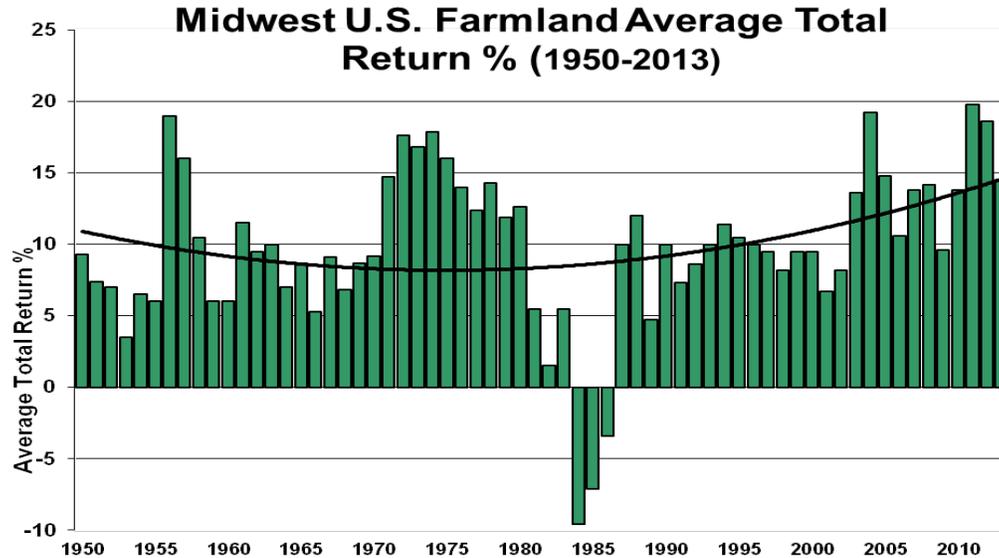
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
HIGHEST ANNUAL RETURN	Illinois Farmland		Internat'l Stocks	Illinois Farmland		Long Term Gov't Bonds		Illinois Farmland		Small Cap Stocks
	Small Cap Stocks	Internat'l Stocks	Large Cap Stocks	Internat'l Stocks	Long Term Gov't Bonds	Illinois Farmland	Long Term Gov't Bonds	Internat'l Stocks	Small Cap Stocks	Large Cap Stocks
	Long Term Gov't Bonds	Small Cap Stocks	Illinois Farmland	Small Cap Stocks	U.S. Treasury Bills	Large Cap Stocks	Small Cap Stocks	Long Term Gov't Bonds	Internat'l Stocks	
	Internat'l Stocks	Long Term Gov't Bonds	Small Cap Stocks	Long Term Gov't Bonds	Internat'l Stocks	Small Cap Stocks	Large Cap Stocks			Illinois Farmland
	Large Cap Stocks	U.S. Treasury Bills	Long Term Gov't Bonds	Large Cap Stocks	Small Cap Stocks	Internat'l Stocks	U.S. Treasury Bills	Small Cap Stocks	Long Term Gov't Bonds	U.S. Treasury Bills
LOWEST ANNUAL RETURN	U.S. Treasury Bills	Large Cap Stocks	U.S. Treasury Bills		Large Cap Stocks	U.S. Treasury Bills	Internat'l Stocks	U.S. Treasury Bills	U.S. Treasury Bills	Long Term Gov't Bonds

Soy Capital Ag Services -2013

- Return is comprised of both current income and capital appreciation
 - Current income is a function primarily of returns to crop farming.
 - Capital appreciation is a combination of the present value of future farm income returns plus future alternative use value.
- Properly managed farmland never wears out or depreciates
 - Commercial buildings will depreciate and become obsolete. Oil wells will be depleted. Companies will come and go. Interest rates will rise and fall. Currencies inflate and deflate.
 - However, farmland's productivity and returns run infinitely into the future -- as long as people eat food and need energy. Land farmed in ancient civilizations – more than 4,000 years ago – remains fertile and productive today when properly managed.

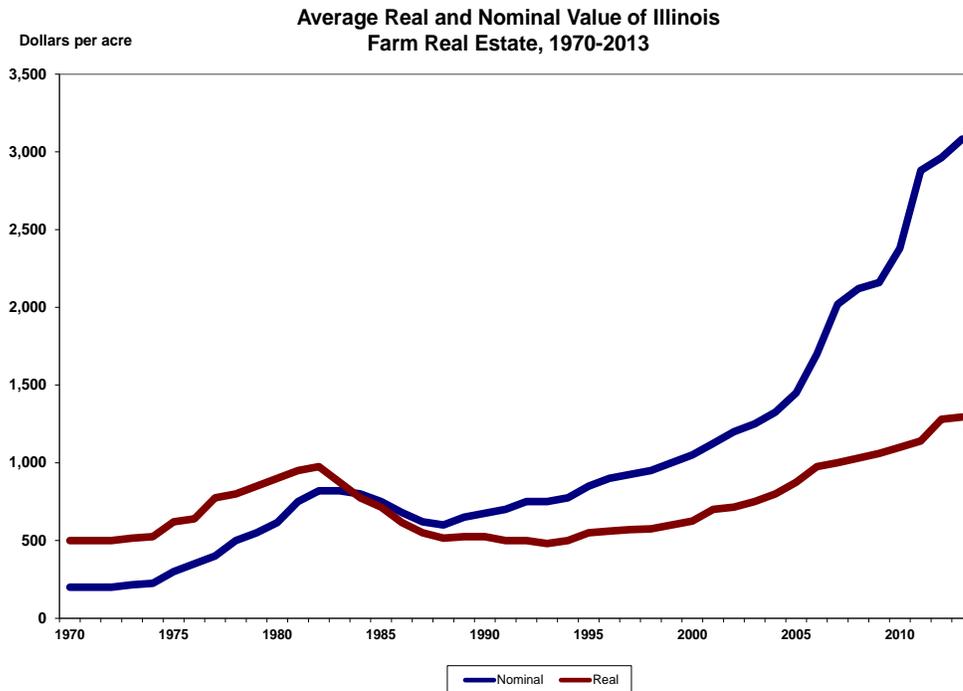
- Consistently demonstrates positive returns

- Only two periods of a few years each (in the 1930's & 1980's) in the last 100 years when total returns have been negative.
- Low volatility; low risk of negative overall returns.



- Real returns

- Real rates of return exceed US Treasury 10- year real rates by more than 5% per annum, returning in a range from 6% to 8% real returns.



- Can reduce portfolio risk

- Returns balance attractively with alternative investments. Farmland assets in typical bond/equity/REIT portfolios can cut risk by 20% for a given level of return. Adding farmland to a diversified portfolio both enhances returns and reduces risk.

- Attractive Risk/Return

- Compared with other asset classes farmland is historically above and left of the Efficient Frontier curve.

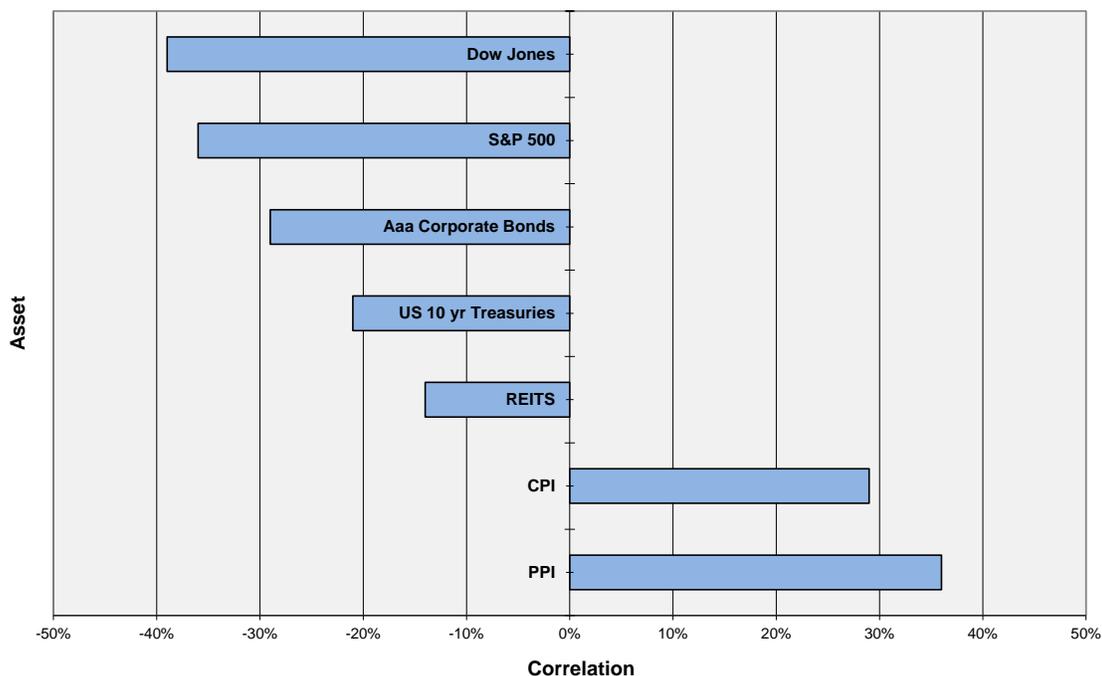
- Positive correlation with inflation

- The land value component of return has a 94% correlation with inflation going back to the 1800's. The products of Midwest U.S. farmland – primarily corn, soybeans, wheat, and related products -- have long been recognized as inflation hedges. This is particularly true today with growing worldwide demand for food and energy. Products of farmland's production are crucial to meeting this demand for expanding worldwide markets.

- Negative correlation with stocks, bonds, and most REITS

- Opportunity for beta returns in all price cycles. Farmland is negatively correlated because the drivers of its return are unique to this tangible real estate asset class. Less influenced by the credit cycle, more by area demographics, macro-economic environment, and commodity price and production cycles.

Correlation of Investment Returns with Illinois Farmland (1970-2013)



- Land is secure against theft, withstands fires, floods, storms
 - When you invest in farmland, you can walk on it, see it, feel it. It's very difficult to embezzle U.S. farmland acreage. Natural disasters can wipe out businesses, buildings, and personal property, but it takes an incredible act of nature to permanently destroy good farmland.
 - The physical security of farmland ownership is very reassuring.



- Farmland can be the ultimate “green” and “socially responsible” investment



- It's satisfying to hold an investment that serves a worthy, wholesome, morally sound purpose -- helping contribute to the feeding, clothing, sheltering, and providing energy needs for the people of the world.

- Carbon sequestration and land based crop production will continue to play a major role in the world's environmental balance.
- Suited to wind energy in certain areas of the Midwest.



Farmland Investment – Challenges and Solutions

There are a number of challenges for investment in Midwest U.S. farmland. Soy Capital Ag Services is an ideal partner to help provide solutions for investors.

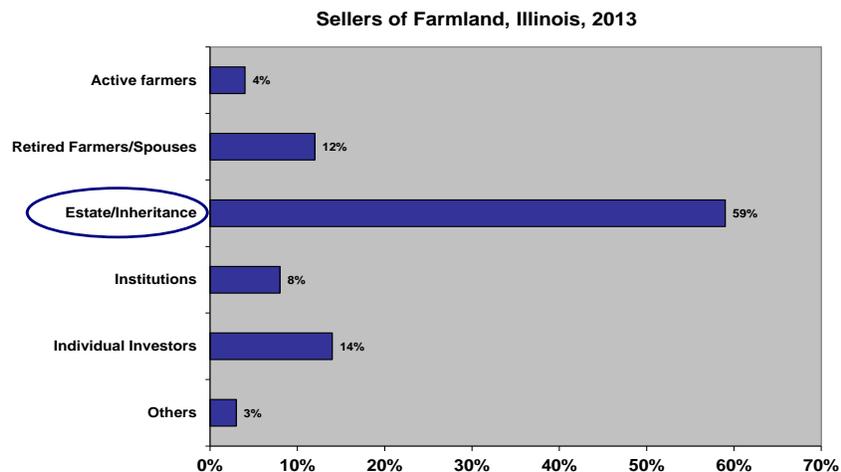
Farmland trades in an imperfect market. Opportunity for both beta and alpha returns if bought, managed, and sold right. Soy Capital brings the management capabilities, experience, qualifications, and expertise together to acquire, manage, and liquidate farmland investments for best advantage.

Relatively high transactional costs to acquire and liquidate. Best returns accrue to investors over longer holding periods -- patient capital. Attractive to investors with long term liabilities and other more distant investment horizons. Barriers to entry can be a competitive advantage once Investors are “in”.

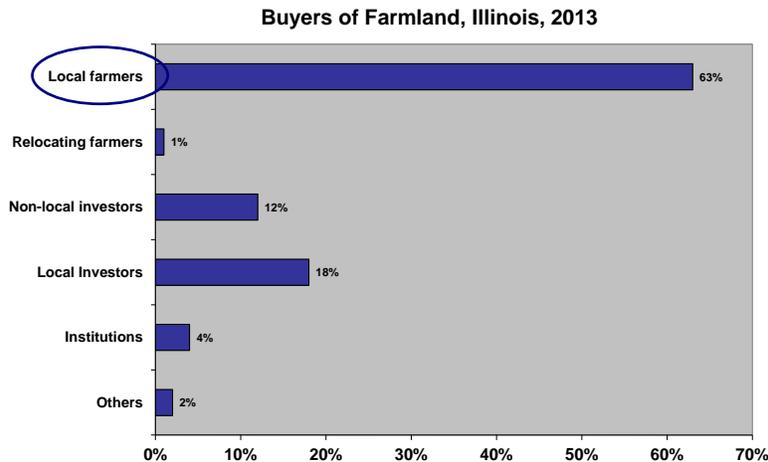
Relatively illiquid. Requires specialized abilities to build and liquidate portfolios, rewards patient capital. The time will come when adequately sized portfolios may address the liquidity issue and reward those who participate in building the solution.

No public exchange. Sellers and buyers can be difficult to identify and engage in negotiation.

Who’s Selling ? Current sellers of farmland are typically estates, and individuals. Often sellers are at “life-change” periods of life – inheritance, retirement, illness, etc. In late 2012 expectations of capital gain tax increase was one motivator to sell. Types of sellers currently in the market are:



Who's Buying ? Currently local farmers and individual investors are the drivers of farmland buying demand. Individual investors may act on their own or in investment groups. They may or may not live locally in the area where the farmland is located. The market is not currently heavily influenced by 1031 Exchange traders. Types of buyers, by percentage, currently active in the market are:



Soy Capital Ag Services has been actively working throughout Illinois and other Midwest states for decades. We know the buyers, sellers, and owners that are holding. How to best work with these important people, is part of the value our service brings to clients.

We see more inter-generational transfers and sale offerings of farmland wealth over the next decade as an opportunity.

Investment unit size can be a “fit” for both large and smaller investments.

Generally purchase amounts for commonly available Midwest farmland units are between a million and several million dollars.

It takes work to efficiently and smartly buy or sell a farm, or to effectively build and manage farmland units into investment portfolios. It requires time, specialized expertise, specific knowledge of the area land market, an adequate scope and scale of operation, and an effective network of contacts, among other skills and capabilities.

Capacity is not a problem, in context, for large investors. The total U.S. farmland market is currently about 16% the size of the U.S. stock market, 58% of the municipal bond market, and about equal to all publicly traded REITS.

We hope you will find investing in Midwestern U.S. farmland as enjoyable and rewarding as we do at Soy Capital Ag Services.

Whether you are looking for portfolio diversification, an inflation hedge, an “income and growth” asset, or simply the intrinsic value of being able to touch, see, and control your investment, farmland can meet those objectives for you.

SOME FARMLAND INVESTMENT KEY POINTS

- ▶ **COMPELLING RISK/RETURN CHARACTERISTICS**
- ▶ **PORTFOLIO DIVERSIFICATION ADVANTAGES**
- ▶ **EXCELLENT REAL RATES OF RETURN**
- ▶ **CONSISTENT YIELD**
- ▶ **SMALL ALLOCATION RESULTS IN PORTFOLIO BENEFITS**
- ▶ **LARGE ENOUGH MARKET**
- ▶ **STRAIGHTFORWARD "CASH" ACCOUNTING -- TRANSPARENCY**
- ▶ **POSITIVE CORRELATION WITH INFLATION**
- ▶ **STABILITY FROM LOW LEVERAGE IN THE INDUSTRY**
- ▶ **ESSENTIALLY ZERO LEASING VACANCY RATES**
- ▶ **LASTS ALMOST FOREVER**
- ▶ **EXCELLENT MATCH FOR LONG TERM LIABILITIES**
- ▶ **HIGH DEGREE OF PRINCIPAL PROTECTION**
- ▶ **"GREEN" AND "SOCIALY RESPONSIBLE"**
- ▶ **LIKE "GOLD WITH A COUPON"**
- ▶ **BOTH CURRENT INCOME & ASSET APPRECIATION**

■ At Soy Capital Ag Services we look forward to working with you to meet your goals for your farmland, and for your personal investment returns.

■ Find out more about Soy Capital Ag Services at website: www.soycapitalag.com

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