

Q2
2021



IN THIS ISSUE

P1 Commentary:
*Farm Management More
Important Than Ever
Before*

P2 Our Newest
Team Member

P2 From the
Archives

P3 "Past Thoughts"
*I Still Take Pride and
Pleasure in Farming*

P4 Current Listings,
*Upcoming Auctions,
Recent Transactions and
MWA News Highlights*



THE WISE AG UPDATE

Your source for farmland & agribusiness transaction news by Murray Wise Associates LLC

COMMENTARY: FARM MANAGEMENT MORE IMPORTANT THAN EVER BEFORE

BY JOHN KIRKPATRICK

When I sat down to write this commentary, I thought of a number of topics I could discuss: the great value we have found for both investors and operators through a number of sale-leasebacks, how land values have increased substantially over the past twelve months and why, or the dry weather we have had here in Iowa to start the growing season.

However, I thought this would be a good time to share a few of my thoughts on why farm management for absentee landowners is more important now than ever.

This time last year corn was under \$4.00 a bushel, plus a lot of uncertainty due to the pandemic. A month later, a derecho hit Iowa impacting crops across the state. A couple of months later there was a presidential election with far reaching implications for the corn belt. Now, corn is over \$6.00 a bushel and land prices have spiked as inflation fears have investors turning to farmland as a hedge. To say that the past 12 months have been an emotional roller coaster for farmers would be an understatement. The same would be true for many landowners, depending on their farm lease structure. If you're a landowner with either a crop share lease or a custom farm arrangement, then you probably have been checking commodity prices daily and riding the same roller coaster as many farmers have. For those landowners under a cash rent agreement, their farm has been both out of sight and out of mind. As commodity prices have ticked higher and higher this year they've

watched from the sideline – with money left on the table due to their cash rent lease with no bonus component.

There are several different ways to lease your farm as a landlord, each with a different risk/return profile. Custom farming and share leases have the most skin in the game for the landlord, with the potential for the landlord to lose money in a lean year. However, both of these methods offer the greatest return in good years. Whereas a cash rent or a cash rent with a bonus lease structure offer up-front payments from an operator to lease the land from a landlord, meaning there is a minimum return realized at the beginning of the growing season. This offers the least amount of risk but potentially lower returns in years where

Custom Farming

Share Lease

Cash Rent + Bonus

Cash Rent


Risk

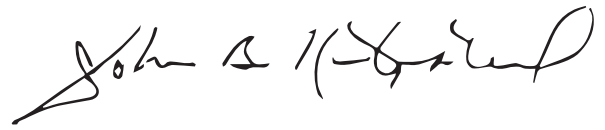
both prices and yields are high. A popular hybrid option, a cash rent lease with a bonus payment component, offers the landlord the opportunity to participate in the upside if

FARM MANAGEMENT (CONT. FROM PG. 1)

commodity prices increase, as we have experienced thus far in 2021.

A farm manager can tailor the lease to your risk profile and offer expert advice - not only on how to lease the farm not only on how to lease the farm but offer access to the area's best operators. Farm managers also deliver peace of mind as the farm transitions to the next generation. A farm manager can make estate transitions much easier for families as they can offer knowledge and experience to heirs that do not have the desire or expertise to manage the family farm. A

farm manager's ultimate task is to lease the farm in a manner that best fits the landowner's risk profile while overseeing the long-term health of the land. 



John Kirkpatrick, Executive Vice President

OUR NEWEST TEAM MEMBER

Murray Wise Associates is pleased to welcome Clayton Miller as our newest Senior Associate

Clayton joins us following his studies and graduation from Illinois Wesleyan University in Bloomington, IL, where he earned his degree in accounting. He is a native of Central Illinois and grew up on a family farm just outside of Arcola. Clayton has deep ties to the local community and is very passionate about agriculture. We are looking forward to the many contributions that Clayton will bring to our business - assisting in marketing efforts for auctions, farm management, budgeting, and financial reporting. Clayton will work out of our Champaign office.



FROM THE ARCHIVES

I grew up on a farm in Ontario and have always considered myself a farmer at heart. The commentary on the next page is one that I wrote in 1999. Reflecting back – what was true then, is still true now: I still take pride and pleasure in farming. This past year, my good friend John Dowson was kind enough to let me take control of one of his John Deere combines for an afternoon to harvest a few rows on one of my farms in Central Illinois. To say this was one of the highlights of 2020 for me would be quite the understatement. I have always loved the part of my job where I get to be on a farm, whether it is an almond orchard in California or Australia, an orange grove in Florida, or some of the best row crop farmland in the world – located within the “T” states (Illinois, Indiana, and Iowa). This is something that hasn’t changed and never will.



Matt Searcy (left), Murray Wise (right)

"PAST THOUGHTS"

I STILL TAKE PRIDE AND PLEASURE IN FARMING

By Murray Wise

September 1999


I have a friend whose father is an engineer with a large Midwestern manufacturer of heavy equipment. He is responsible for all aspects of plant maintenance for one of the company's larger facilities: everything from plant protection to power production from setting machine lines to purchasing fire control equipment. This fellow, now approaching retirement, was raised on a farm and loved tinkering with the machinery. That enjoyment of machines led, in turn, to his academic pursuit of a degree in mechanical engineering. After graduating from Iowa State, he began his career with real, hands-on responsibility for making machines run, for making mechanical devices perform. And over time he was rewarded for his skill and commitment with promotions and greater responsibilities until he reached his present level of management. His department employs hundreds of people and his budget runs in the millions of dollars. Still, in an ironic twist, he's not as happy as he was when he was working with wrenches and tinkering with wrecked machines.

Now, I'm no engineer and God knows I'm happy doing what I do, but there some parallels in our two backgrounds on which I've been reflecting lately. I also grew up on a farm, but it was the growing, the nurturing of crops from the soil which fascinated me as opposed to the machinery. Iowa State was also in my career building plans as I enrolled at Ames to learn more about agriculture. After graduating, I farmed my own ground, worked with a division of Continental Grain, and became a partner in a traditional farm management and brokerage firm. Eventually, I founded Westchester Group and I've been gratified by the tremendous growth we've enjoyed over the past decade. And, frankly, most of you who know me also know the company and I have both prospered . . . not only financially but

also in the sense that prosperity related to successful individual projects and outstanding returns on our clients' investments. Still, when I think about the things I truly enjoy about the business of agriculture, it is often the simple, basic act of causing something to grow which comes to mind. In Florida we have developed and now manage thousands of acres of citrus trees . . . and I can't just discuss the financial reports and challenges which need to be dealt with when I visit these groves. No, my background comes to the surface. When I can, I leave the meeting rooms and offices and walk the rows of beautiful fruit laden trees which I've had some hand in growing. I touch the foliage, cut open an orange, and smell the earth itself. I'm very proud of what we've done. . . of what we've grown.



From left, Murray Wise, Frank Holley and Pierre deWet inspect progress of plantings at newly developed Naranja Farm in Highlands County.

I may have been successful in another career or maybe not, but despite the fact that fate has taken a long way from my production roots, I'm still enamored of the idea of farming. That's why I brought this topic up. I'm proud that some part of me is still a farmer and I want all of you to know it. 

Murray B. Wise



THE WISE AG UPDATE

CURRENT LISTINGS | UPCOMING AUCTIONS | RECENT TRANSACTIONS

Upcoming Auctions

Henry Co., IL - 40± Ac - Aug 11th (Online Only)
Mason Co., IL - 40± Ac - Sep 1st (In Person & Online)
Douglas Co., IL - 16± Ac - Sep 2nd (Online Only)
Steele Co., MN - 187± Ac - Sep 8th (Online Only)
Murray Co., MN - 148± Ac - Sep 8th (Online Only)
Chariton Co., MO - 261± Ac - More information coming soon
Morgan & Washington Co., OH - 509± Ac - More information coming soon
Edgar Co., IL - 326± Ac - More information coming soon

Visit MurrayWiseAssociates.com or call (800) 607-6888 for details.

Recent Transactions

Winnebago Co., IL - 154± Ac - \$825,000 (\$5,357/Acre)
Shelby Co., IL - 79± Ac - \$849,250 (\$10,750/Acre)
Hancock Co., IA - 200± Ac - \$2,240,000 (\$11,200/Acre)
Pamlico Co., NC - 4,529± Ac - Sale Pending



We have properties available in these states. Call for more information!

NEWEST VICE PRESIDENT

Harrison Freeland joined us as a Senior Associate in 2014 after graduating from Illinois Wesleyan University. He has since been an integral part of our team participating in over \$850 million in transaction value over the past eight years. Congratulations Harrison. Well done and well deserved.

MurrayWiseAssociates.com

Farmland Auctions, Investments, & Management



1605 South State Street, Suite 110 / Champaign, Illinois 61820 / Bus: (217) 398-6400 / FAX: (217) 352-9381
214 North Main Street / P.O. Box 537 / Clanton, Iowa 50525 / Bus: (515) 532-2878 / FAX: (515) 532-2870
4309 Clayton Road / Naples, Florida 34103 / Bus: (239) 430-6240 / FAX: (239) 430-4663

 **Murray Wise**
ASSOCIATES LLC