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MW Murray Wise
ASSOCIATES LLC

THE WISE AG UPDATE

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

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COMMENTARY: WHY THE BEST AUCTION ISN'T ALWAYS AN AUCTION..

BY HARRISON FREELAND

In the 2023 Spring edition of The Land Report, Murray Wise Associates was named one of the top auction houses in the country. This is a well-earned achievement – after all we have auctioned thousands of acres of farmland as well as recreational and timber land. We have even auctioned grocery stores, a marina, ranches, grain facilities, and plenty of other types of properties with great success.

It is safe to say that we truly believe in the auction process bringing the best outcome when selling highly sought after assets such as farmland. In fact, I believe that sometimes that best auction isn't even an auction. What I mean by that is that sometimes to bring the most value to a property, it is best to have the auction process without having the physical auction with everyone in the room and the auctioneer chanting as bids come in.

So how do we do this? We will run either a one-shot sealed bid process or a two-staged sealed bid process. These processes are very similar to our typical auction process up until the point when we would have the auction, but they offer different advantages to the seller. Let me explain how this process works.

In either a one-shot sealed bid process or two-staged bid process, we will have a marketing campaign similar to that of an auction. We place ads in local and industry newspapers and magazines as well as geo-targeted online ads. The property will have signs with information posted on it and a brochure or information

memorandum will be distributed to potential purchasers. However, there isn't an auction date, rather there is a bid deadline. This is a date by which potential purchasers must submit their bids by.

In a one-shot sealed bid process the buyer only gets one opportunity to bid their best price. We present the bids to the seller, and they choose the one they wish to accept.

In a two-stage bid process we again present the bids to the seller, and they select which ones they wish to continue to pursue, and we then enter into the second stage of the process allowing more competition among the bidders until a second deadline is met and the bids are finalized. Once the bids are finalized it is the same as a one-shot sealed bid deadline where the seller will select the bid they wish to accept.

Why would we suggest this process over a live auction, or why would we propose a two-stage sealed bid process over the one-shot sealed bid process? There are several reasons.

Typically, if a property has a limited buyer base, we will suggest a sealed bid process. Some examples of this include large farming operations in small growing regions, large scale facilities such as greenhouses for which there may only be a few buyers, or farms in which there is a long-term lease, and many local farmers may not participate as they won't be able to farm it for several years.

A live auction works best when the room is full of people wanting to buy what is being auctioned. Competition is what creates value




WHY THE BEST AUCTION ISN'T ALWAYS AN AUCTION.. (CONT. FROM PG. 1)

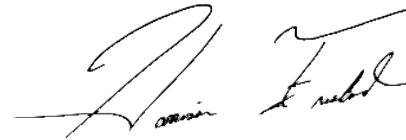
in auctions and leads to record prices.

A sealed bid sale is a way to create competition to help get to that auction value when you may not be able to at a live auction. A bidder must bid what they perceive the property is worth, otherwise risk being outbid.

Another factor in determining which process to use is the complexity of what is being sold. A two-stage process may be best for more complex or private transactions as this allows for some of the due diligence materials to be held back until the second stage of the process. This allows for a seller to know a potential purchaser is legitimate before sharing confidential information, such as detailed financial statements, with potential purchasers that the seller may not want shared publicly.

This process can also be beneficial when offers may not be apples to apples. This can be common in distressed sales or in situations where one offer may be on an entire farming operation and another offer received may be on just a couple of farms owned by the seller. This gives the seller a chance to review and counter each offer until they have received the offer they wish to accept.

I believe fiercely that an auction brings out the best possible value in an asset. I think we have proven this over the past three decades and we have the accolades to back it up. This is why when we sell a property, no matter how unique or atypical, we try to bring that competition and process to the project so that we can exceed our seller's expectations. 



Harrison Freeland, Vice President

CALIFORNIA WATER UPDATE

- *Some Groundwater Sustainability Plans Approved*

The implementation of the Sustainable Groundwater Management Act continues in California with the review of the Groundwater Sustainability Plans that have been submitted. The Department of Water Resources had approved just 6 of the 119 GSPs prior to the start of this year. However, DWR approved 20 more since the start of the year, while they have ruled 23 as inadequate, 14 as incomplete and 56 remain in review. Perhaps the most important GSP to be ruled inadequate is that of Kern County which encompasses one of the largest nut growing areas of California. For the subbasins with approved plans, this will provide some certainty to growers about future availability of groundwater.

- *Highest Water Allocations in California since 2006*

While floods due to heavy rain and snowfall made news earlier this year in California, it has led contractors in the Central Valley Project to receive 100% of their allocation. Recently the State Water Project upped their allocation from 75% to 100% which is the first time since 2006 that the SWP has had a 100% allocation.

CELEBRATING LOCAL ENTREPRENEURS

Murray Wise Associates would like to congratulate the Parkland College students who presented their business plans at the CobraVenture pitch showcase. Rebecca Smith was named the winner by the judges and was honored at the V Dale Cozad Entrepreneur of the Year banquet and has received funding for her business, Mobile Matrimony From Murray Wise Associates.



MWA IN THE NEWS

- *Parkland College Scholarship Winner*

Parkland Agriculture Marketing class students all turned in an estimate on the Champaign County Farmland Auction held by MWA on March 28, 2023. The winning prize at stake was a scholarship students could use towards their education. The winner out of the class of students would be chosen based off the sale price per acre of the 70-acre parcel in St. Joseph Township.



The auction concluded on March 18th, and a scholarship winner was chosen! The winner was Ben Cresap, of White Heath, Illinois. His estimate was \$17,875.50 per acre. The tract sold on March 28th for \$20,100 per acre. Although Ben did not guess the price per acre exactly, he was the closest to the sale price and deemed the scholarship recipient. Elizabeth Strom was happy to present the scholarship to Ben, who will continue his education at Parkland for another year before returning to the family farm.

- *MWA in the Media*



In April, Eric Sarff participated in an interview with the National Association of Farm Broadcasters. Eric spoke about the decline of farmland acres, farmland markets, and MWA's newest publication; The MWA Land Review. Eric discussed that despite external factors, the demand for farmland is still prevalent.

“There’s still a lot of demand from all classes of buyers, from farmers and local investors all the way up to the large institutional buyers. Values are holding strong despite raising interest rates. We’ve had multiple sales where we’ve had 30-plus

bidders registered for a sale, and that’s, to be honest, stronger than we’ve probably ever seen, and we’ve had up to 50 bidders in a room. And some of that’s due to offering online bidding now, which makes a lot more convenient for bidders. The result is the same. The demand is extremely strong still for farmland. In the Midwest, we’ve had good sales, and in other parts of the U.S. as well, and demand is really strong across the board.” Murray Wise Associates is in the midst of another exciting year in the farmland auction business. To listen to the full interview, scan the QR code.

- *The MWA Land Review*

Calli Robinson and Austin Hornstein have worked diligently to put together our newest publication, The MWA Land Review. The publication highlights land sales in Central Illinois and North Central Iowa. Visit our website MurrayWiseAssociates.com to subscribe to receive the bi-monthly publication to your email inbox. The sales included in the publication are what we are seeing in the highlighted regions regarding recent land transactions. Although the lists are not inclusive to every sale in the highlighted regions, our hope is to share sale data to area attorneys, landowners, farmers, and investors. The newest edition will be released on July 15th!



THE WISE AG UPDATE

CURRENT LISTINGS | UPCOMING AUCTIONS | RECENT TRANSACTIONS

Upcoming Auctions

- Kit Carson Co., CO/Wallace & Sherman Co., KS** - 6,181± Ac - August 8th at 10 AM
- Sedgwick, Yuma, and Phillips Co., CO** - 1,949± Ac - August 9th at 10 AM
- Washington & Yuma Co., CO** - 800± Ac - August 9th at 4 PM
- Macon Co., NC** - 282± Ac - August 17th at 11 AM

Recent Transactions

- Madison & Pierce Co., NE** - 957± Ac - \$8,610,470 (\$9,000/Ac)
- Merrick Co., NE** - 161± Ac - \$1,172,688 (\$7,250/Ac)
- Humboldt Co., IA** - 309± Ac - \$3,788,313 (\$12,250/Ac)
- Fulton Co., IL** - 16.55± Ac - \$206,875 (\$12,500/Ac)
- Fulton Co., IL** - 95± Ac - Pending
- Jackson Co., FL** - 1,637± Ac - Pending
- Cumberland Co., NJ** - 1,026± Ac - \$4,600,000

Available Properties

- Vermilion Co., IL** - 78± Ac - \$748,885 (\$9,500/Ac)

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

This communication includes "forward-looking statements" within the meaning of the federal securities laws, including, without limitation, statements with respect to the outlook of Farmland Partners Inc. ("FPI") and Murray Wise Associates LLC ("MWA") and proposed and pending farmland auction, brokerage, financing and asset management activities. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" or similar expressions or their negatives, as well as statements in future tense. Although FPI and MWA believe that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, beliefs and expectations, such forward-looking statements are not predictions of future events or guarantees of future performance and actual results could differ materially from those set forth in the forward-looking statements. Any forward-looking information presented herein is made only as of the date of this communication, and FPI and MWA do not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

EASTERN COLORADO FARMS LAND AUCTION

Murray Wise Associates is proud to cooperate with Hall and Hall for the sale of 8,930± acres in Eastern Colorado and Northwest Kansas. These auctions will take place for two days, August 8th and 9th. The farms consist of quality irrigated and dryland and several tracts offer extra income via wind leases. These properties are the perfect investment opportunity as they would be wonderful to add to an existing operation. Call us today at (800) 607-6888 for more information or visit our website to learn more.



Farmland Auctions, Investments, & Management



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