

# AgImpact Fund

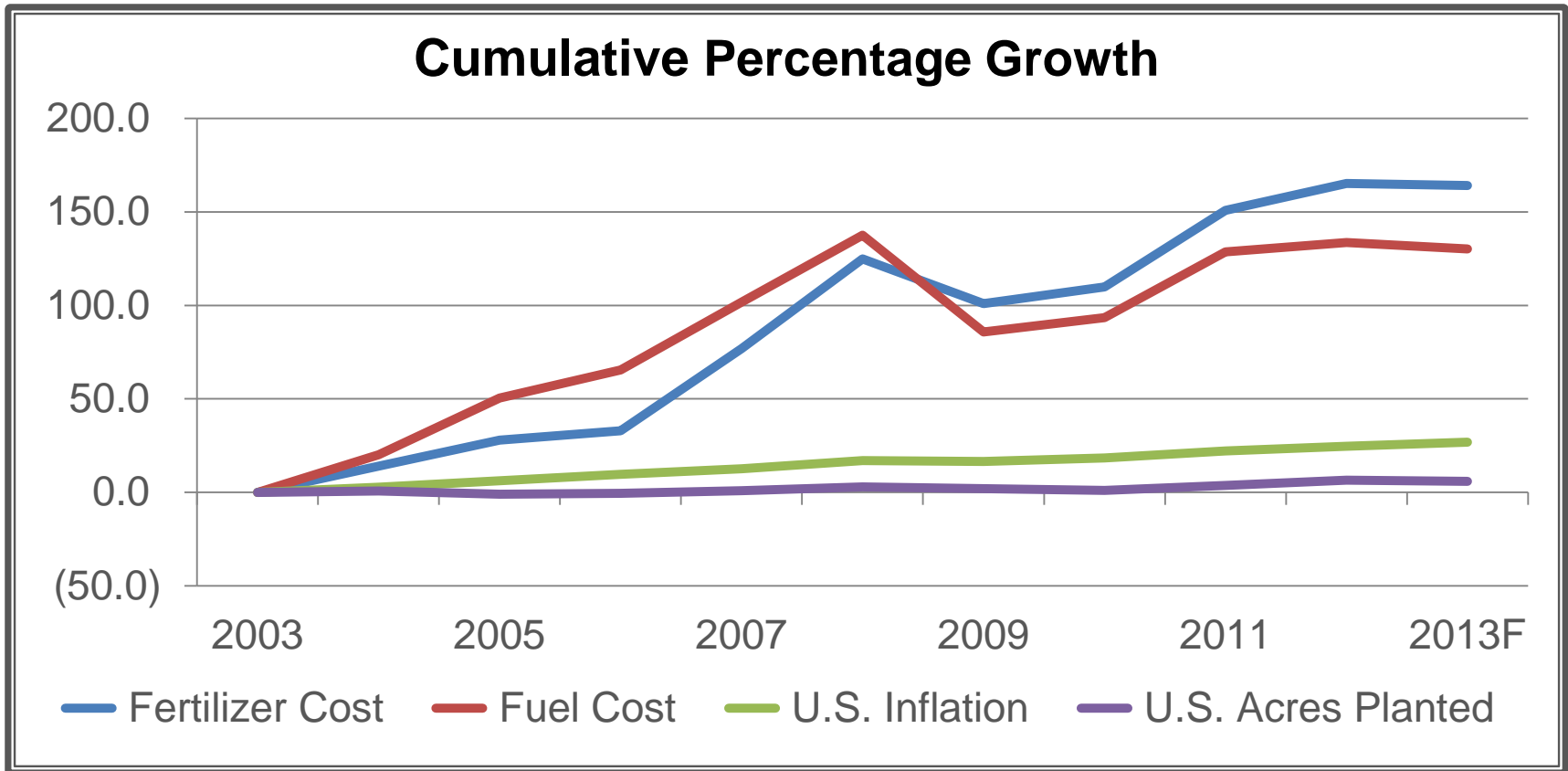
HEALTHY LAND. HEALTHY COMMUNITIES.



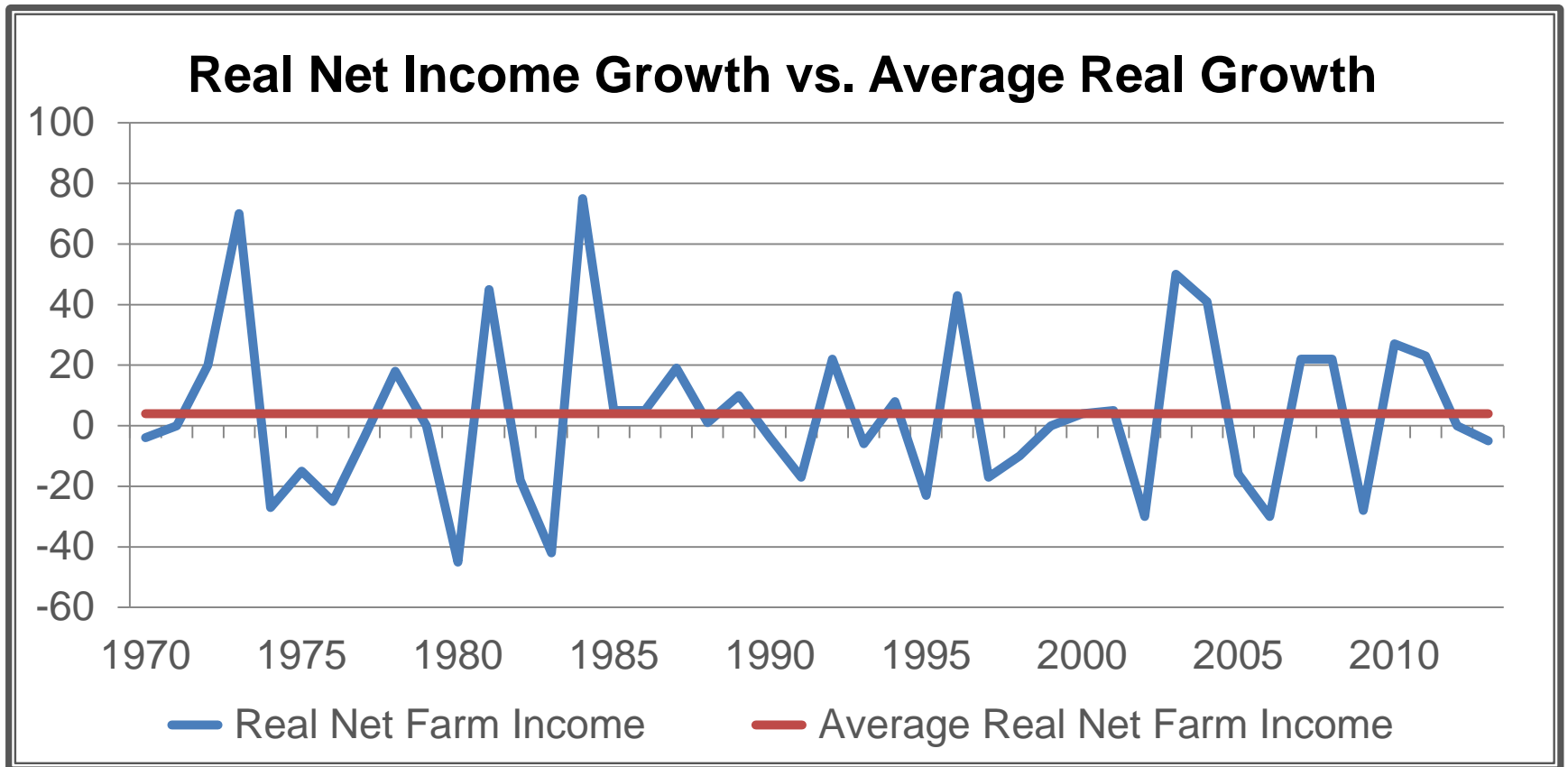
# 1.0 What's Broken



# 1.1 Challenges – Input Costs



# 1.2 Challenges – Volatility



# 1.3 The Outcomes

**2 acres per minute...**



## 1.3 The Outcomes

**2 acres per minute...**  
**7 farms per day...**



## 1.3 The Outcomes

**2 acres per minute...**

**7 farms per day...**

**1.1 million acres...**

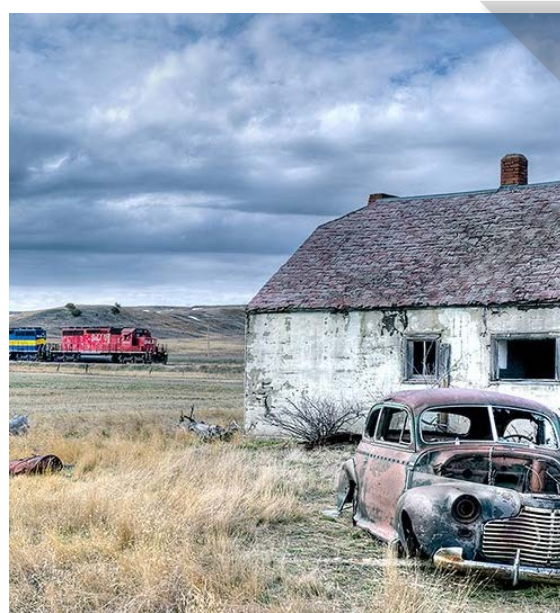


# 1.4 These Outcomes Harm...

**The Farmer**



**The Rural Economy**



**The Environment**



# 2.0 How We Help

**AgImpact Fund partners with landowners through:**

1. Sale-leaseback recapitalizations
2. Expansion lease financing
3. Value-added consulting



# 2.1 Key Differentiation

**Organic &  
Transitional**



**Producer  
Partnership**



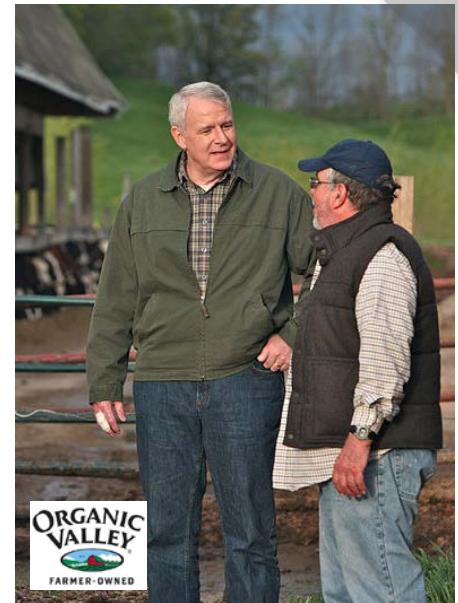
**Regional  
Focus**



# 2.2 The Pilot Project

## Sale-leaseback Recapitalization

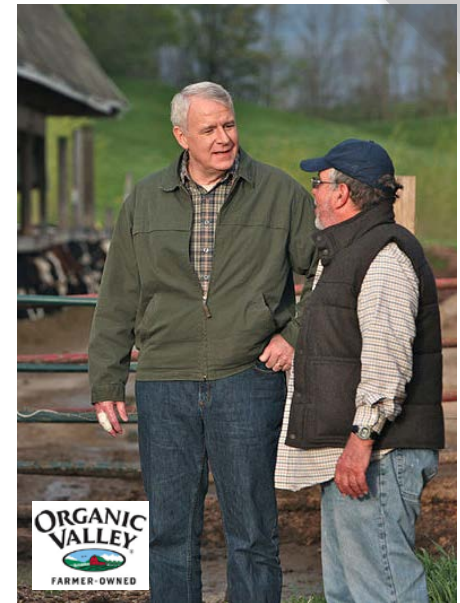
Acreage	170
Price Per Acre	\$4,800 (80% of market)



# 2.2 The Pilot Project

## Sale-leaseback Recapitalization

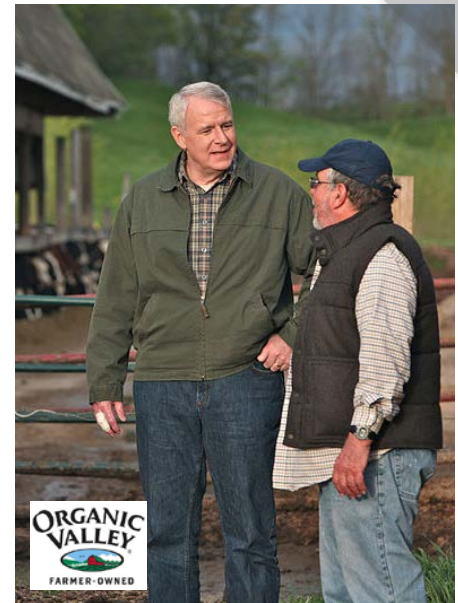
Acreage	170
Price Per Acre	\$4,800 (80% of market)
Annual Base Lease	5.5%



# 2.2 The Pilot Project

## Sale-leaseback Recapitalization

Acreage	170
Price Per Acre	\$4,800 (80% of market)
Annual Base Lease	5.5%
10-year Projected IRR	7.8%
Additional Features	<ul style="list-style-type: none"><li>• Percentage Rent</li><li>• Repurchase Option</li></ul>



# 3.0 Collaborative Impact

## Social Impact:

1. Increase Sam's **profit**
2. Stimulate **local economy**
3. Provide more **healthy milk**

## Environmental Impact:

4. Reduce **soil erosion**
5. Improve **grazing practices**
6. Reduce **chemical use**



# 4.0 How It's Structured

## Fund Profile

Fund Size

\$50 mm

Term

10-15 years



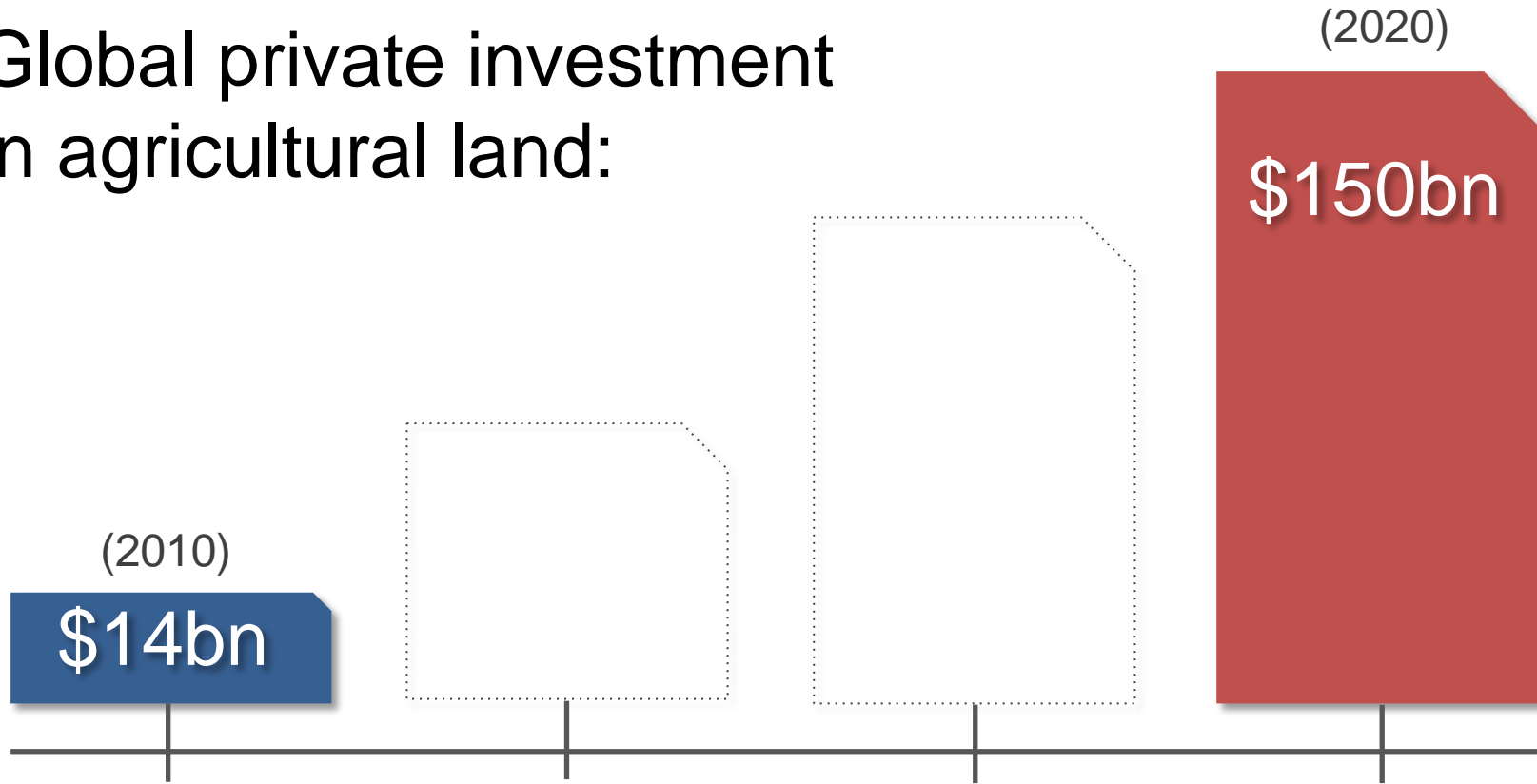
# 4.0 How It's Structured

<b>Fund Profile</b>	
<b>Fund Size</b>	\$50 mm
<b>Term</b>	10-15 years
<b>Target Gross Return</b>	8-10%
<b>Management Fee</b>	1.5%
<b>Carried Interest</b>	15% with 8% Preferred Return
<b>Target Investors</b>	HNWIs, family offices, PRIs, institutions

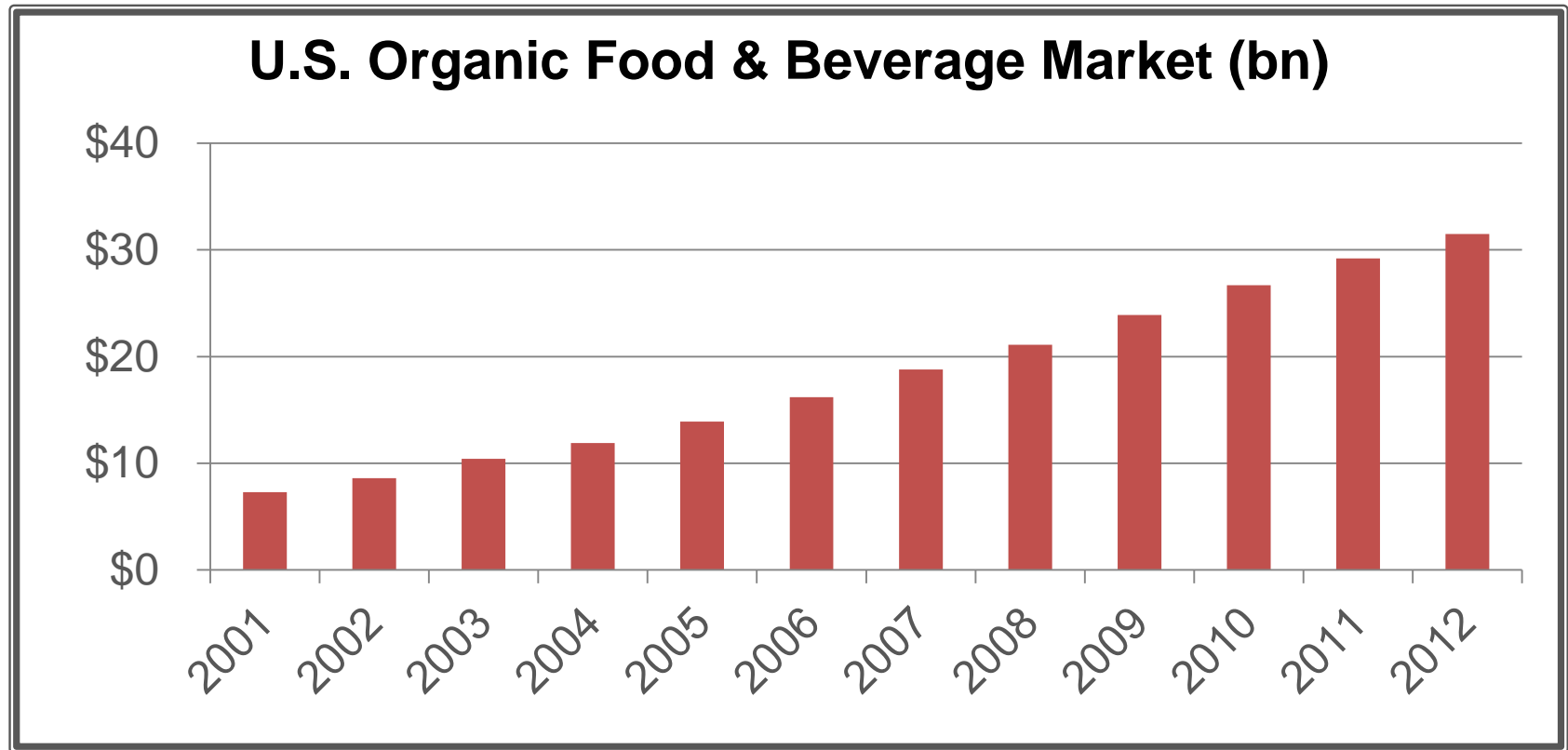


# 5.0 Demand from Investors

Global private investment  
in agricultural land:



# 5.1 Demand from Consumers



# 6.0 David Nicola

- Credit Hedge Fund Portfolio Manger
- Investment Banking Analyst
- The Nature Conservancy
- Grasslands, LLC
- MBA (2013)



# 6.1 Jack Beuttell

- CRE Global Sustainability Manager & Investment Associate
- Ranchlands Group
- International Farming Corp.
- Master of Environmental Management & MBA (2014)

Hines



# 7.0 Summary

- Farmers need more flexible options
- We provide a viable alternative
- Strong investor demand
- Credible management
- **Live pilot deal!**





# Appendix



# 8.0 Next Steps...

- Continue conversations with pilot investors (**May**)
- Perform Stage II DD on pilot deal (**June**)
- Execute transaction (**August**)
- Begin raising money for GP (**September**)
- Begin raising money for fund (**September**)
- Close on fund (**December 2014**)



# 9.0 Financials - Assumptions

<b>Acreage</b>	<b>170</b>
<b>Market Price Per Acre</b>	<b>\$6,000.0</b>
<b>Purchase Price Per Acre</b>	<b>\$4,800.0</b>
<b>Purchase as % of Market</b>	<b>80.0%</b>
<b>Year Land Sold</b>	<b>10</b>
<b>Base Rent (% of Purchase)</b>	<b>5.5%</b>
<b>Percentage Rent*</b>	<b>10.0%</b>
<b>Baseline Revenue (\$ in '000s)</b>	<b>\$428.5</b>
<b>Current Milk Production (cwt)</b>	<b>13.6</b>
<b>Max Milk Production (cwt)</b>	<b>20.0</b>
<b>Current Milk Price</b>	<b>\$31.5</b>
<b>Max Milk Price</b>	<b>\$34.5</b>

\*Percentage Rent: Additional rent payment based on revenue that exceeds baseline revenue (\$28.5K)



# 9.1 Financials – Base Case

Scenario	Base			
		Base	Low	High
Production (cwt)	16.8	16.8	13.6	20.0
Milk Price	\$33.0	\$33.0	\$31.5	\$34.5
Inflation	2.0%	2.0%	0.0%	4.0%
Revenue (\$ in '000s)	\$554.5	\$554.5	\$428.5	\$690.0
Land Sale Price Per Acre	\$5,851.2	5,851.17	4,800.00	7,105.17

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Real Estate Purchase &amp; Sale</b>											
Land Purchase	(816,000)	-	-	-	-	-	-	-	-	-	-
Legal & Closing Costs	(15,000)	-	-	-	-	-	-	-	-	-	(18,285)
Land Sales											994,699
<b>Revenue</b>											
Base Rent	-	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880
Percentage Rent	-	12,595	13,150	13,710	14,275	14,847	15,424	16,006	16,595	17,189	17,790
<b>Expenses</b>											
Real Estate Taxes & Accounting	-	(5,000)	(5,100)	(5,202)	(5,306)	(5,412)	(5,520)	(5,631)	(5,743)	(5,858)	(5,975)
<b>Annual Cash Flow</b>	(831,000)	52,475	52,930	53,388	53,849	54,314	54,783	55,255	55,731	56,211	1,033,109

Investor IRR	7.8%
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# 9.2 Financials – High Case

Scenario	High			
		Base	Low	High
Production (cwt)	20.0	16.8	13.6	20.0
Milk Price	\$34.5	\$33.0	\$31.5	\$34.5
Inflation	4.0%	2.0%	0.0%	4.0%
Revenue (\$ in '000s)	\$690.0	\$554.5	\$428.5	\$690.0
Land Sale Price Per Acre	\$7,105.2	5,851.17	4,800.00	7,105.17

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Real Estate Purchase &amp; Sale</b>											
Land Purchase	(816,000)	-	-	-	-	-	-	-	-	-	-
Legal & Closing Costs	(15,000)	-	-	-	-	-	-	-	-	-	(22,204)
Land Sales											1,207,879
<b>Revenue</b>											
Base Rent	-	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880
Percentage Rent	-	26,150	27,530	28,938	30,373	31,838	33,332	34,855	36,409	37,994	39,611
<b>Expenses</b>											
Real Estate Taxes & Accounting	-	(5,000)	(5,200)	(5,408)	(5,624)	(5,849)	(6,083)	(6,327)	(6,580)	(6,843)	(7,117)
<b>Annual Cash Flow</b>	(831,000)	66,030	67,210	68,410	69,629	70,869	72,128	73,409	74,710	76,032	1,263,051

<b>Investor IRR</b>	11.0%
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# 9.3 Financials – Low Case

Scenario	Low			
		Base	Low	High
Production (cwt)	13.6	16.8	13.6	20.0
Milk Price	\$31.5	\$33.0	\$31.5	\$34.5
Inflation	0.0%	2.0%	0.0%	4.0%
Revenue (\$ in '000s)	\$428.5	\$554.5	\$428.5	\$690.0
Land Sale Price Per Acre	\$4,800.0	5,851.17	4,800.00	7,105.17

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Real Estate Purchase &amp; Sale</b>											
Land Purchase	(816,000)	-	-	-	-	-	-	-	-	-	-
Legal & Closing Costs	(15,000)	-	-	-	-	-	-	-	-	-	(15,000)
Land Sales											816,000
<b>Revenue</b>											
Base Rent	-	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880	44,880
Percentage Rent	-	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>											
Real Estate Taxes & Accounting	-	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
<b>Annual Cash Flow</b>	(831,000)	39,880	39,880	39,880	39,880	39,880	39,880	39,880	39,880	39,880	840,880

Investor IRR	4.5%
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# 10.0 Farmer Financials

<u>Sale Proceeds</u>	<u>\$816,000</u>
Taxes Paid*	(\$63,750)
Loan Repayment	(\$550,000)
<u>Additional Investments</u>	<u>(\$25,000)</u>
<u>Net Proceeds</u>	<u>\$177,250</u>

\*Original land purchase price of \$2,300 per acre in 1979



# 11.0 Exit Opportunities

- Sale to farmer
- Sale to agriculture investment fund
- Sale to neighboring farmer or family members



# 12.0 Impact Metrics

<b>Environmental Impact</b>	<b>Metrics</b>
Preservation of farmland	Number of acres under management
More organic farmland	Number of acres certified or in transition
Soil creation	Volume soil organic matter
<b>Social Impact</b>	
Farmer income	Increase in farmer income
Farmer debt	Reduction in farmer debt
Rural jobs	Number of jobs created
Healthful foods	Amount of organic food produced

