



Farmers
National
Company™

SERVING AMERICA'S LANDOWNERS SINCE 1929

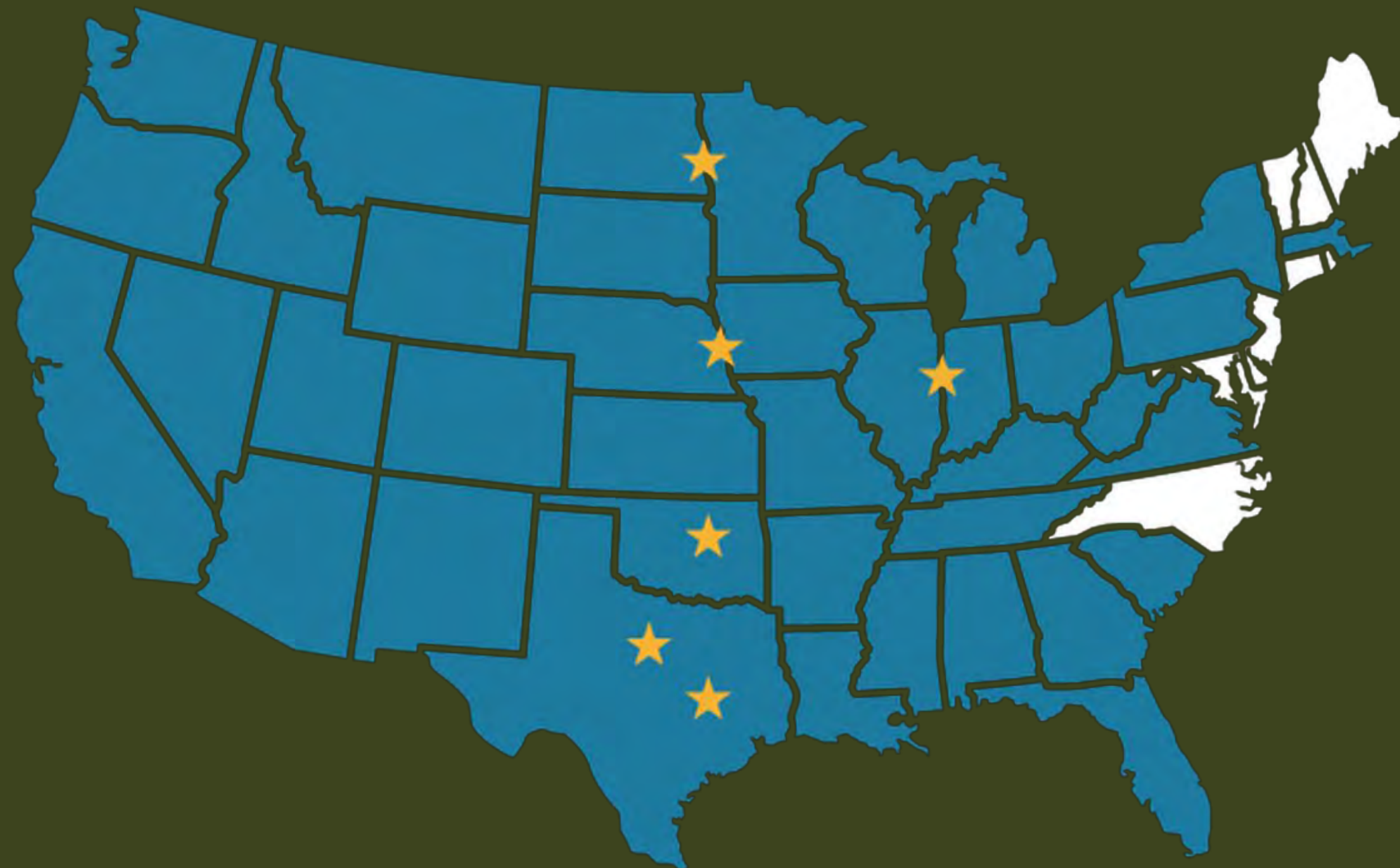


Jay Van Gorden, AFM

Area Sales Manager - Eastern Region

I lead all local and regional Real Estate Sales and Farm Business Development operations within the Eastern Territory. We seek to build relationships within the industry to help further our client's goals and objectives and to enhance growth opportunities.

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Farm & Ranch Management
Real Estate Sales
Energy Management
Appraisal
Insurance
Consultations
Forestry Management
Hunting Lease Network
FNC Securities

As a Fiduciary, it is extremely important to know your assets.



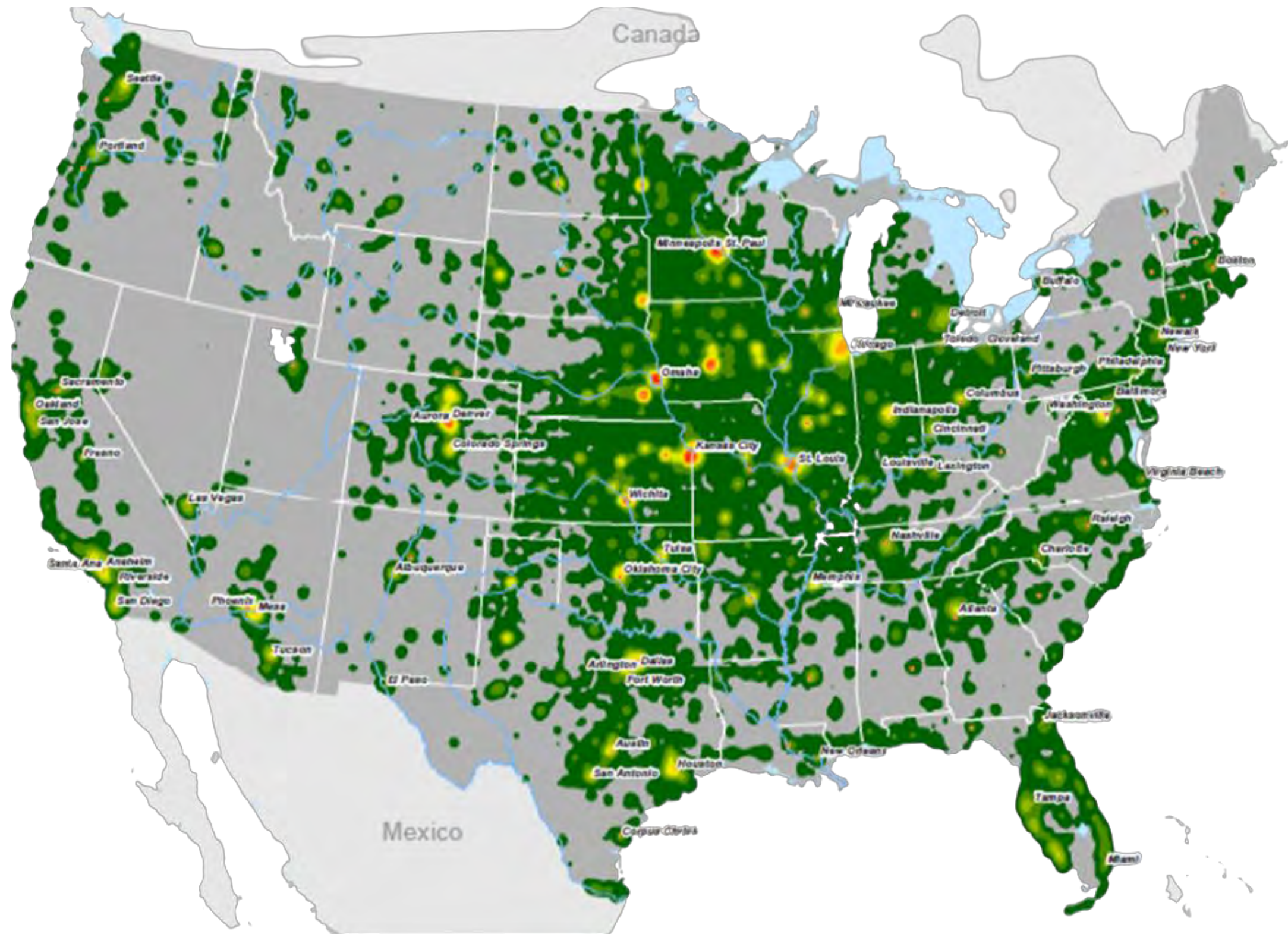
What are Unique or Special Assets?

Specialty Assets Include:

- **Real Property**
 - **Farm and Ranch**
 - **Timber Interests**
 - **Renewable Energy**
 - **Mineral Interests**
- Closely Held Businesses
- Notes and Mortgages
- Tangible Assets and Collectibles

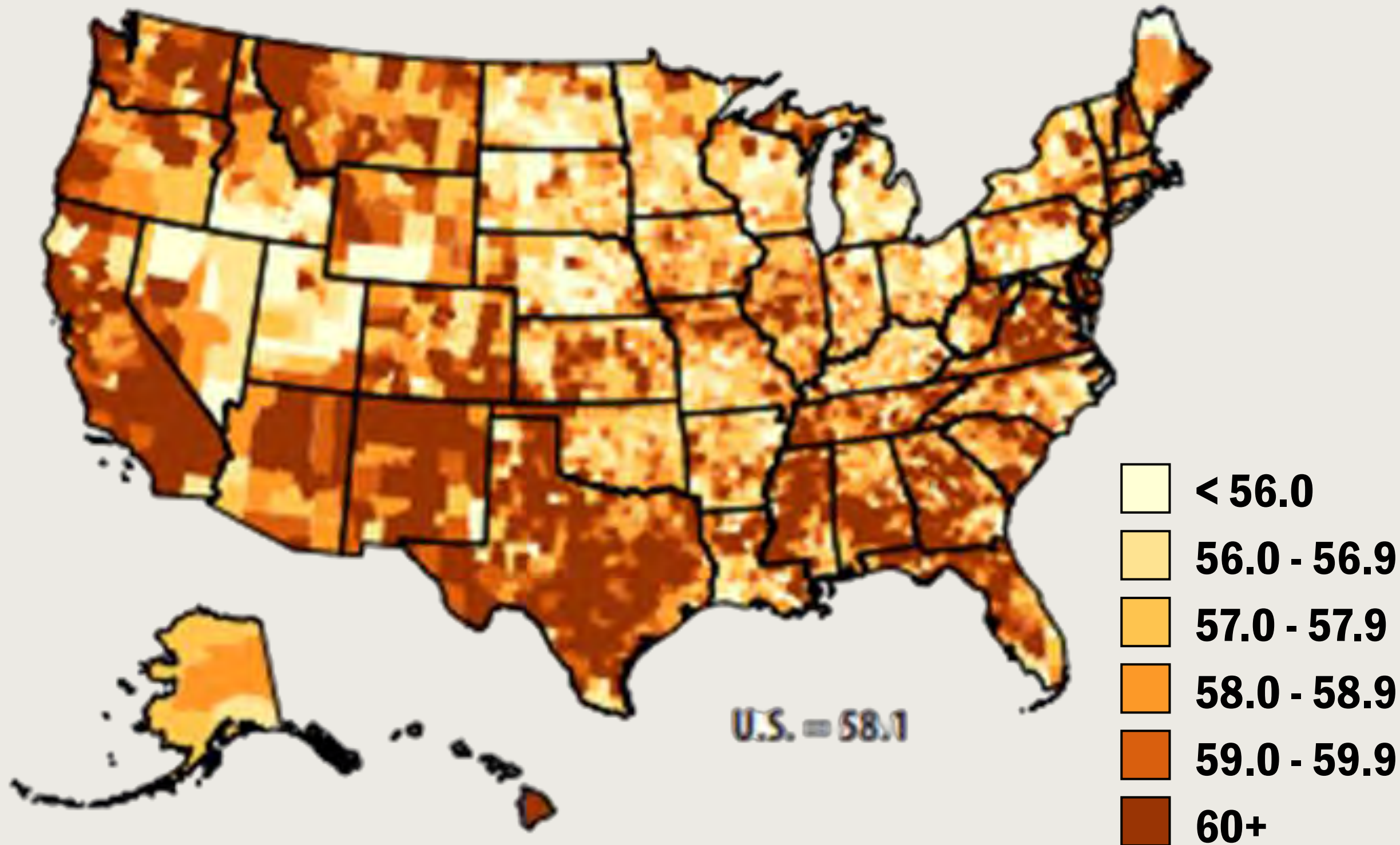


Non-Operating Landlords



- **41% of US Farmland**
- **62% of Midwest Farmland**

Average Age of Producers by County, 2022



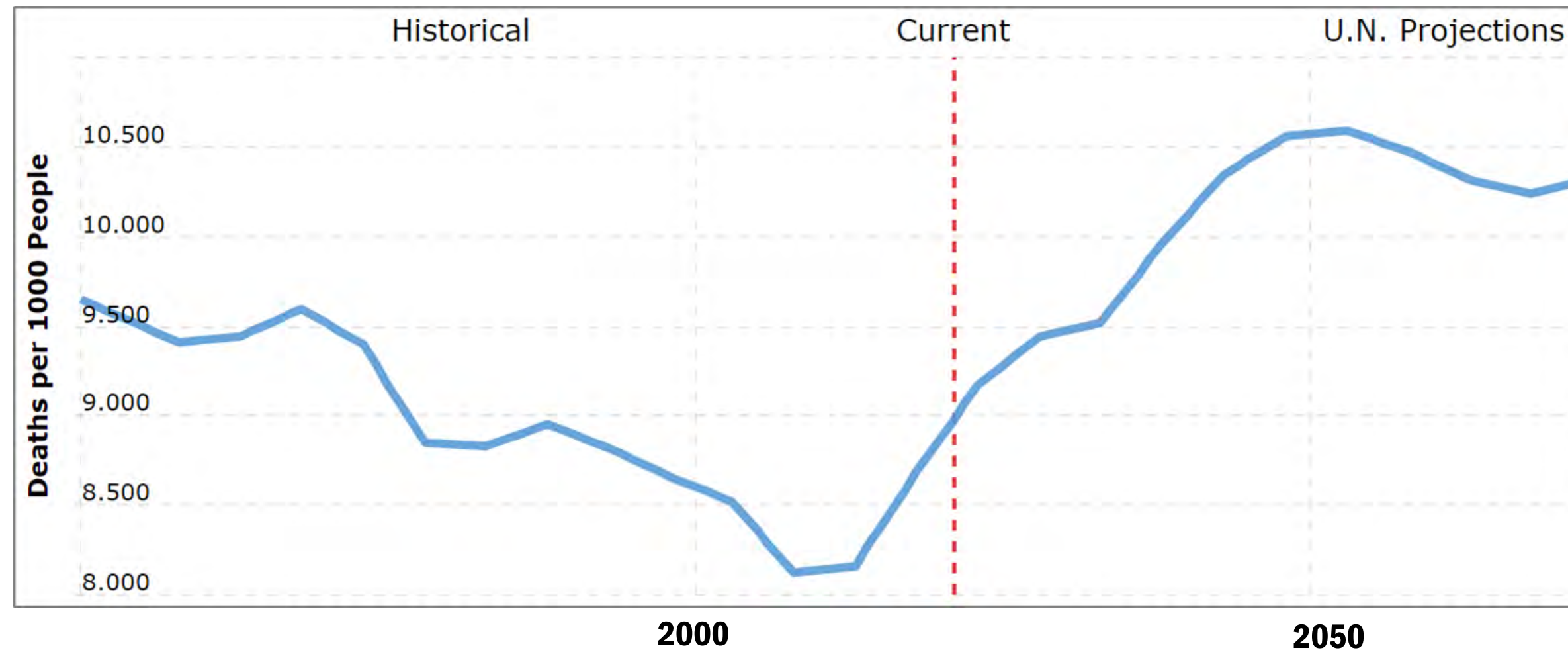
The average age of all U.S. farm producers in 2022 was 58.1 years, up 0.6 years from 2017, continuing a long-term trend of aging in the U.S. producer population. Producers also tend to be experienced; they have been farming an average of 23.4 years.

On average, producers are older in southern states and younger in Midwestern states.

Transfer of Wealth: Demographics

US Death Rate

United Nations - World Population Prospects

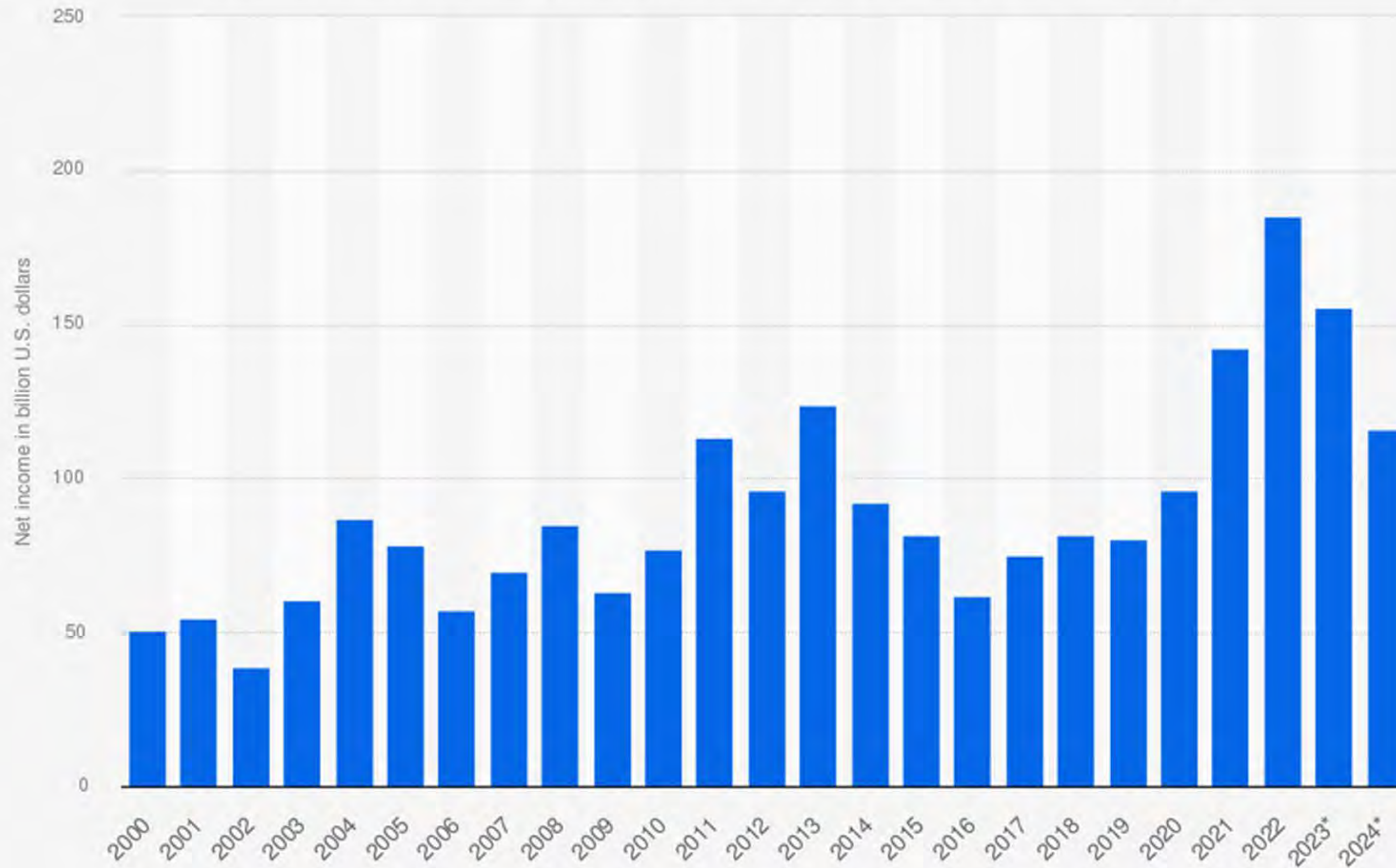


- **Look for at least 40%+ of acres agricultural land to change hands at least once in the next 10-20 years***
- **150+ million acres will transfer to new non-operator landowners**



AG. ECONOMIC BAROMETER

U.S. net farm income from 2000 to 2024 (in billion U.S. dollars)



Sources

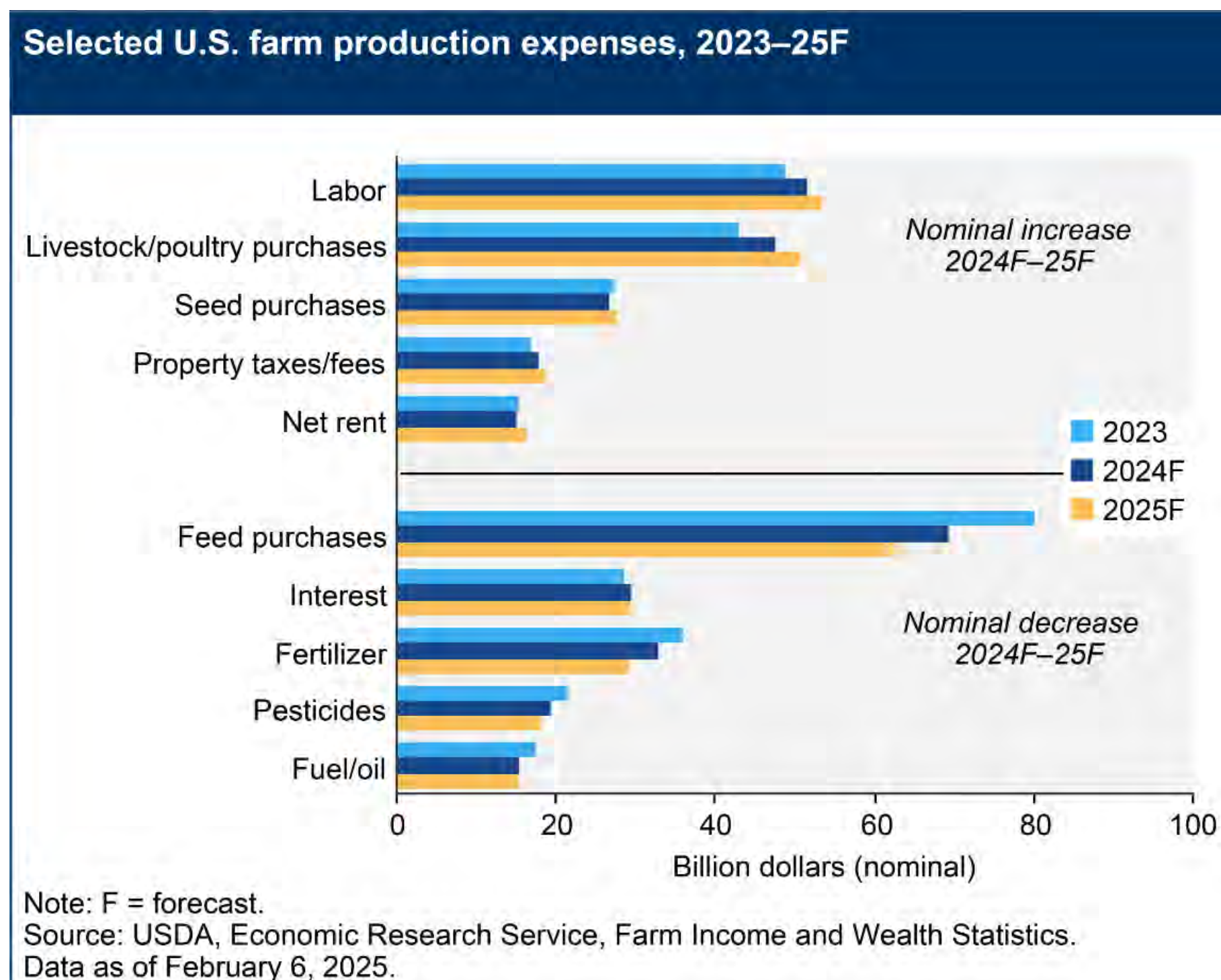
US Department of Agriculture; Economic Research Service

© Statista 2024

Additional Information:

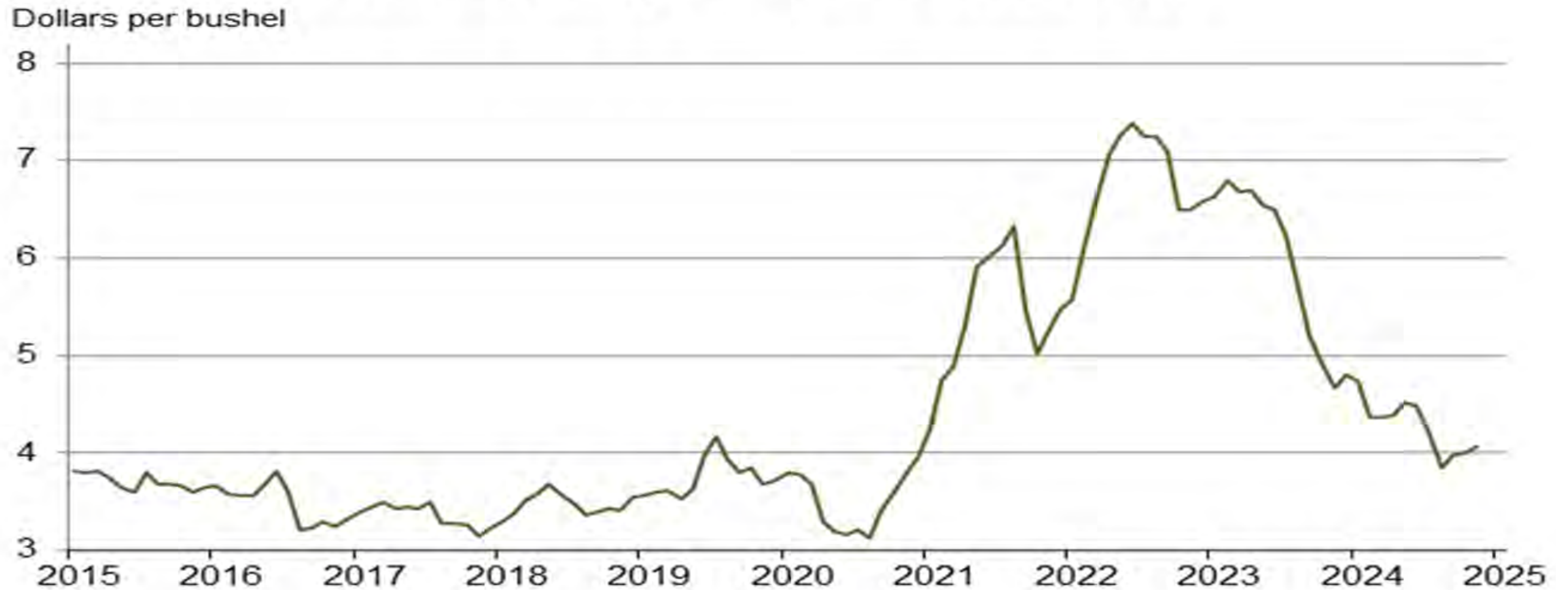
United States; US Department of Agriculture; Economic Research Service; 2000 to 2023

Farm Production Expenses

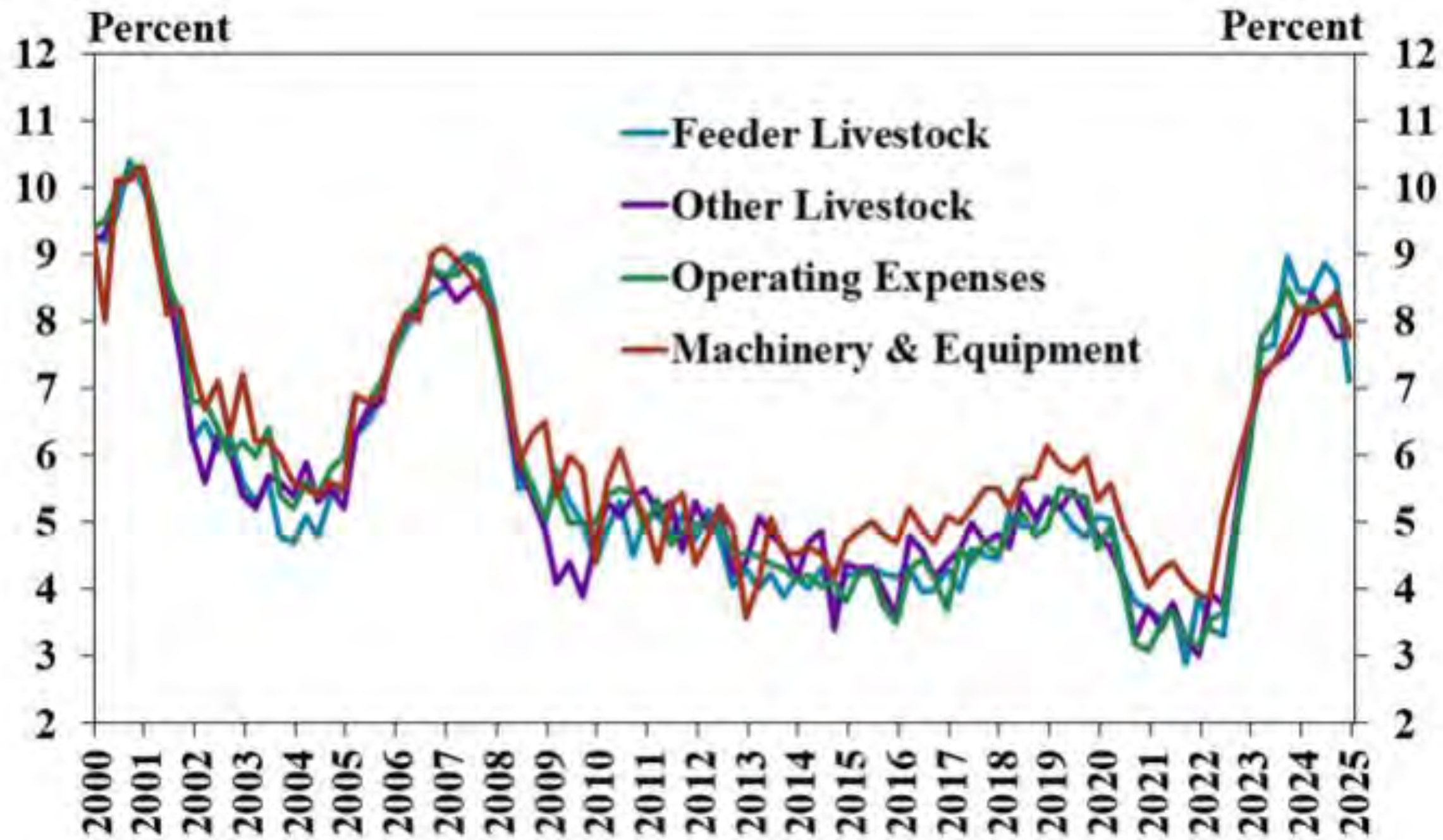


Grain Markets

PRICES RECIEVED FOR CORN BY MONTH - UNITED STATES



Agriculture Interest Rates



Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City



LAND VALUE TRENDS

Let's Talk About Land



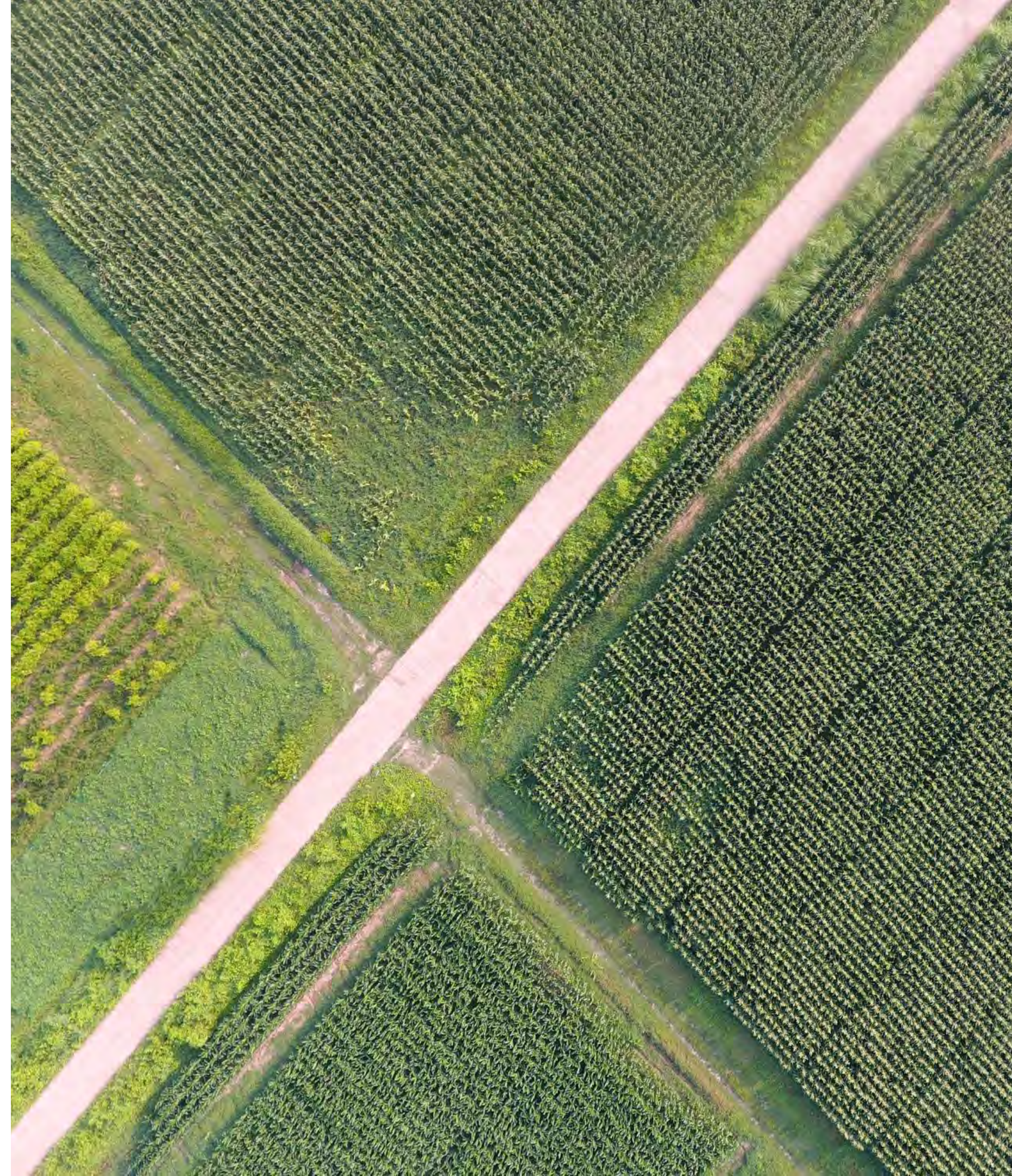
Historic Value of Land



Where are we today?



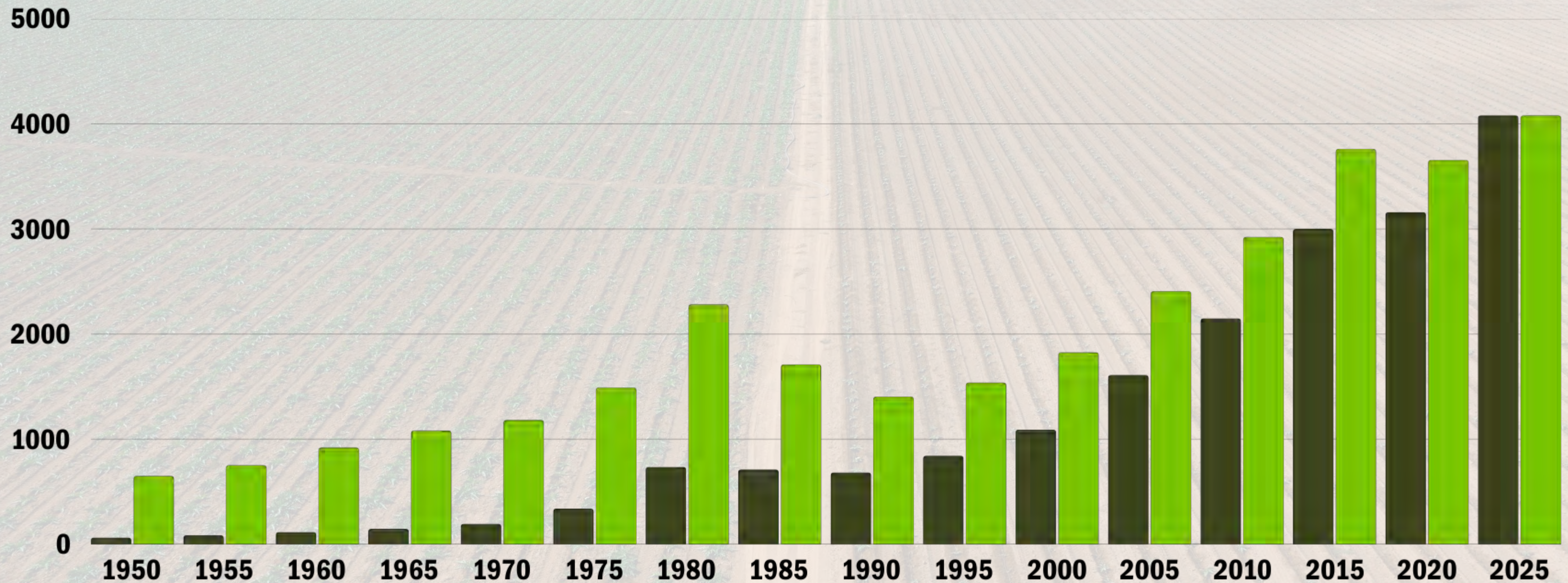
What's driving land value?



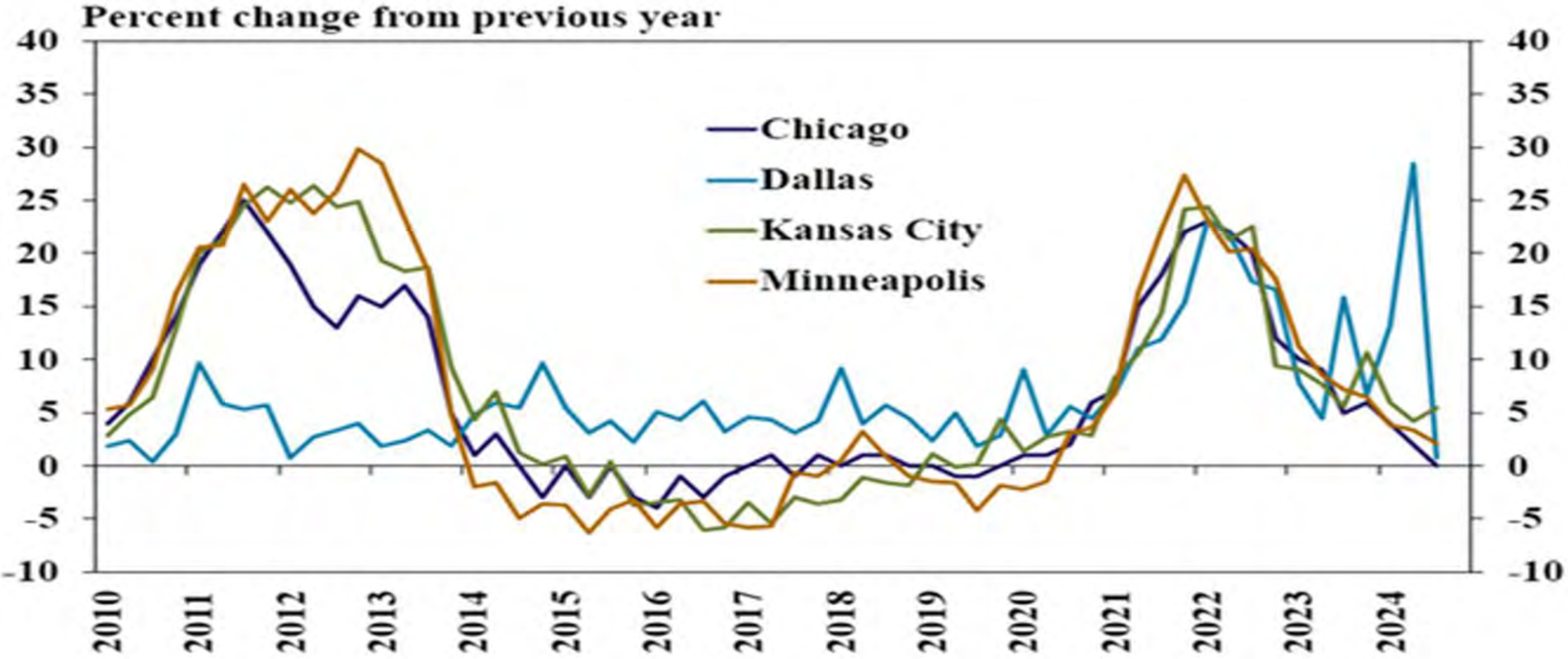
Historic Land Values

US AG LAND VALUES

(nominal and inflation adjusted)

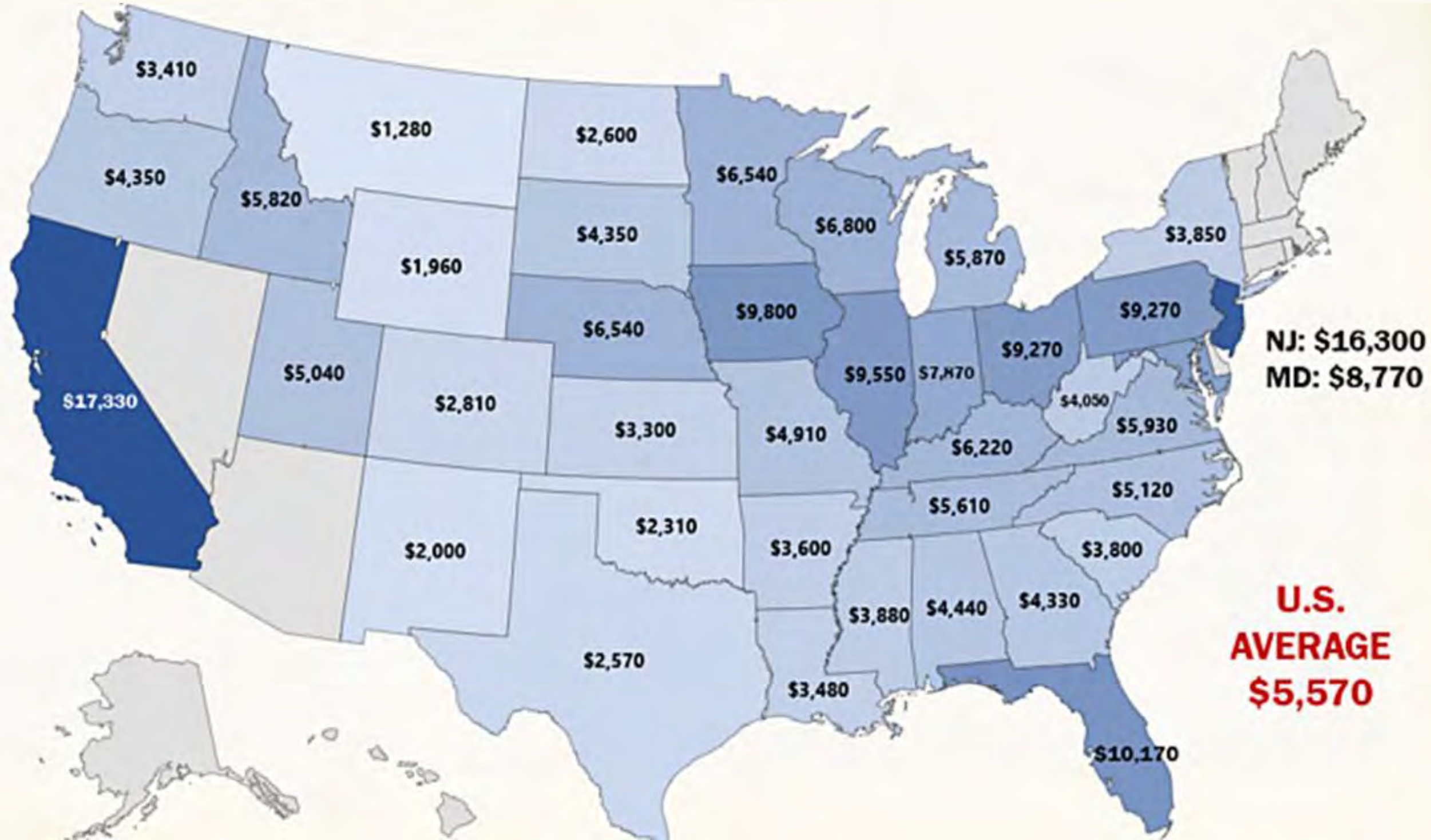


The Change in Cropland Values



Sources: Federal Reserve District Surveys of Agricultural Credit Conditions

Average Cropland Values by State



A man in a dark shirt stands in profile, looking out over a vast, green field at sunset. The sun is low on the horizon, casting a warm, golden glow over the scene. The man's hair is short and dark, and he is wearing a dark, long-sleeved shirt. The field is filled with tall grasses, and the background shows rolling hills under a clear sky.

What is driving the demand?

- Industry listing volume down 25%
- Motivated buyers
- Lands value as an asset

A large, round hay bale is the central focus, positioned on the right side of the frame. The hay is dark brown and tightly packed, showing a spiral pattern. The background is a vast, green field with several other smaller hay bales scattered across it. In the far distance, there is a line of trees and some buildings under a clear, light blue sky. The lighting suggests it's either early morning or late afternoon, with a soft glow.

What causes concern?

- Commodity markets down
- Interest rates remain relatively high
- Buyer liquidity (Net Farm Income)

Historic Performance | 1970-2023 Q4

Asset/Index	Annual Ave. Return	Standard Deviation	Coefficient of Variation	US Ag 32 States Correlation	Minimum Return	Maximum Return
	----- 1970 - 2023 -----					
US Ag 32 States	10.5%	6.8%	0.65	1.00	-4.7%	29.5%
Dow Jones	7.1%	14.9%	2.09	-0.34	-41.3%	32.4%
NASDAQ	10.5%	25.3%	2.41	-0.11	-52.0%	61.8%
EAFE	5.8%	19.8%	3.43	-0.20	-59.9%	51.2%
MSCIUSA	7.2%	16.9%	2.35	-0.27	-48.7%	29.8%
AAA	7.2%	2.8%	0.38	0.10	2.5%	14.2%
BAA	8.2%	3.0%	0.36	0.08	3.4%	16.1%
TCM10Y	6.0%	3.1%	0.51	0.16	0.9%	13.9%
Mort30F	7.7%	3.2%	0.41	0.12	3.0%	16.7%
Equity REITS	10.3%	17.5%	1.69	-0.08	-47.4%	38.9%
Composite REITS	8.6%	20.1%	2.34	-0.14	-54.9%	39.9%
Gold	7.6%	21.5%	2.85	0.29	-39.5%	90.2%
FedFunds	4.9%	3.8%	0.78	0.32	0.1%	16.4%
PPI	3.6%	5.3%	1.47	0.61	-7.1%	19.0%
CPI	3.9%	2.8%	0.71	0.67	0.0%	12.4%

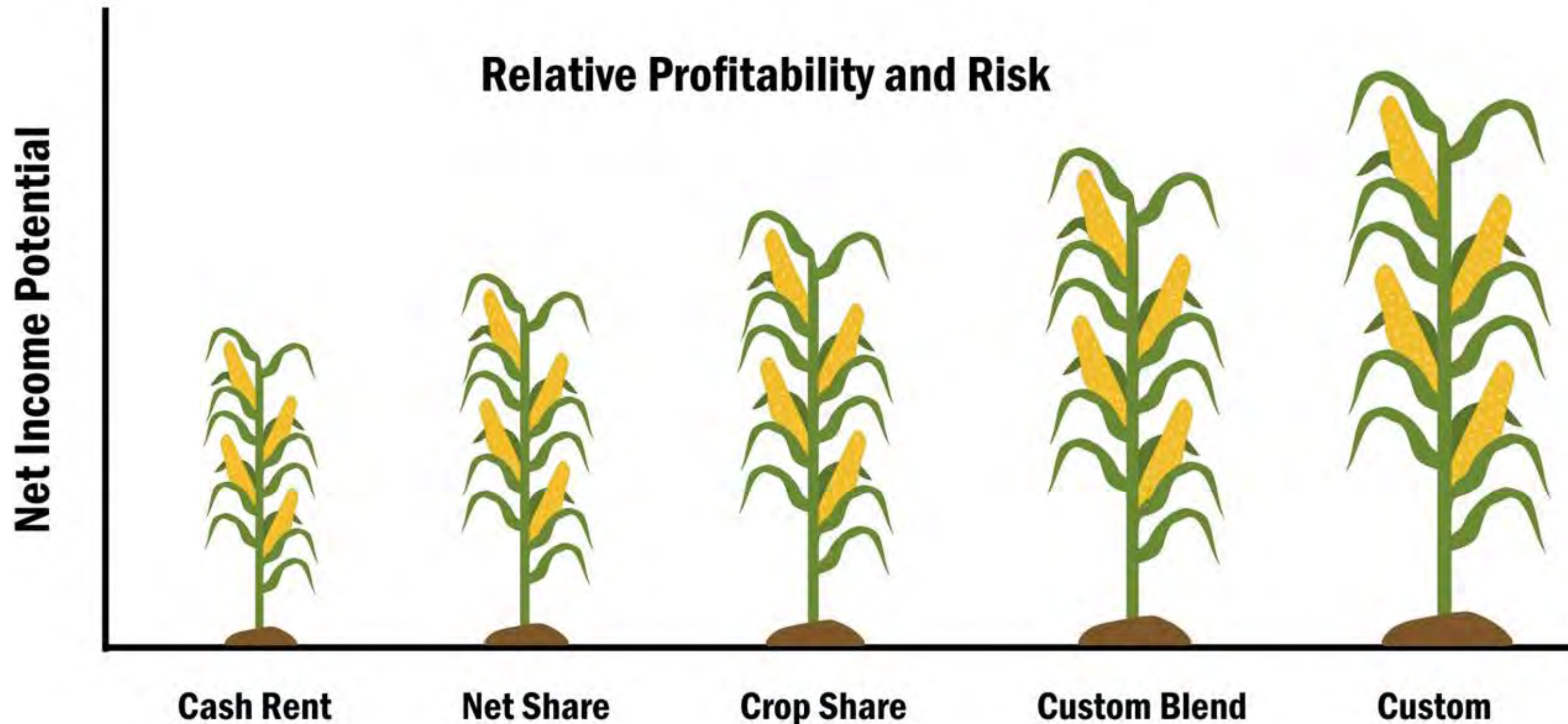


Challenges for a Fiduciary Farm/Ranch Manager

- **Who controls the farm and/or ranch?**
- **Are boundaries and access established and marked?**
- **Are you leasing at correct values?**
- **Management of tenant operations**
- **Types of agreements:**
 - Crop Share vs. Cash Rent
 - Custom Farming or Grazing Lease

Leasing: Risk vs. Reward (Landowner)

Farmers National Company Managed Farms



Reasons to Hire a Farm Manager

**Farm visits and
field reports**

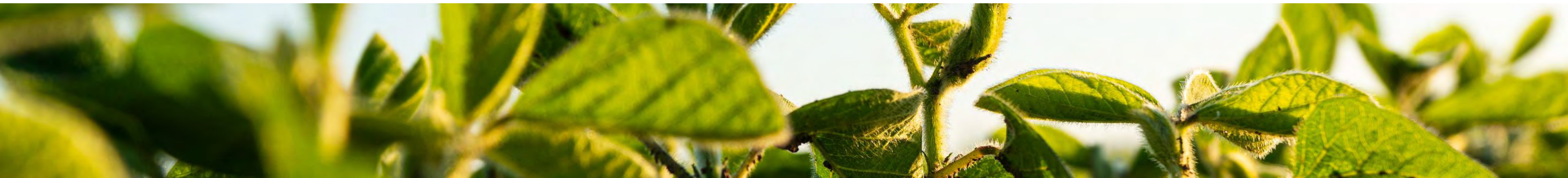
**Annual analysis of
lease types and rates**

**Monthly accounting
and year end
summaries**

**Handle special projects
like tiling, CRP, and
irrigation**

**Annual valuations of
land values**

Peace of mind



More Reasons to Hire a Farm Manager

Market grain

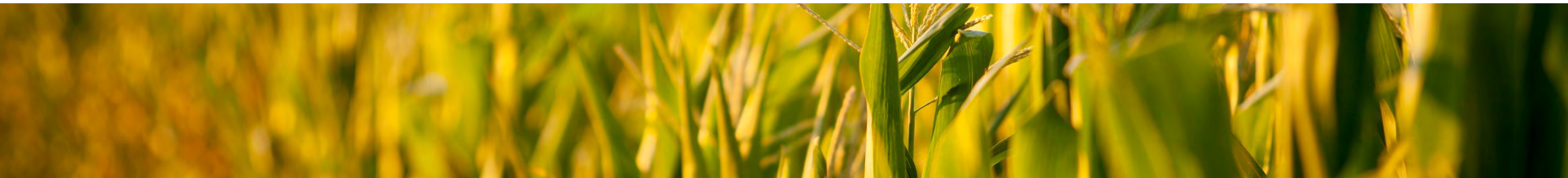
**Farm Program and
insurance compliance**

**Negotiate and secure
annual lease.**

Rent collection

**Check in report
and goal setting**

**Harvest bushel
verification**



The background features a light gray line graph with five circular nodes connected by a thick line. Below the graph, there are five vertical bars of varying heights, resembling a bar chart. On the right side, there is a large, faint magnifying glass icon.

FNC Investment Analysis

- Compares returns on five lease types*
- Allows review of expected income, expenses, and return to the landowner for each lease type
- Determines your return on investment
- Helps determine when Cash Rent Plus (Flex Rent) kicks in



INVESTMENT ANALYSIS SUMMARY

2/10/2025

Farm #: 12345 Your Farm

100% CUSTOM FARM OPERATION	75% BLENDED CUSTOM LEASE	50% CROP SHARE LEASE	40% NET SHARE LEASE	CASH RENT LEASE
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INCOME:

1. Crop Sales	\$197,539	\$148,154	\$98,770	\$79,016	
2. **Estimated Government payment	\$0	\$0	\$0	\$0	
3. Supplemental/Bonus Cash Rent	NA	NA	\$0	\$0	\$0
4. Cash rent					\$75,316
5. TOTAL CROP INCOME	\$197,539	\$148,154	\$98,770	\$79,016	\$75,316
6. TOTAL CROP EXPENSES	\$111,803	\$69,751	\$26,340	\$4,405	\$0
7. *Estimated RP Coverage at:* 70%	\$147,972	\$110,979	\$73,986	\$59,189	N/A
* The Revenue Protection guarantee is based on the ACTUAL PRODUCTION HISTORY					
8. NET INCOME/TILLABLE AC	\$370	\$338	\$313	\$322	\$325
9. Misc Farm Income (pasture, bldg etc.)	\$0	\$0	\$0	\$0	\$0
10. Misc Farm Expense (taxes, liab etc.)	\$6,907	\$6,907	\$6,907	\$6,907	\$6,907
11. Total Management Fee	\$15,803	\$13,334	\$1,500	\$7,902	\$6,025
12. Net Farm Income	\$63,026	\$58,163	\$64,023	\$59,802	\$62,383
13. Return On Investment	2.2%	2.0%	2.2%	2.1%	2.2%
14. Net Income with price increase 10%	\$81,200	\$71,645	\$73,900	\$66,913	\$62,383
15. Net Income with price decrease -10%	\$44,853	\$44,681	\$54,146	\$52,691	\$62,383



Sample Crop Report

Corn/XXX Acres



The corn on this farm looks quite good



The tassels will soon be emerging



Brace roots developing for added stability

INSPECTION
7/11/2025



PLANTED ON
5/6/2025

Growth Stage: Vegetative Growth (large)



Plant Population



Plant Health



Weed Control



Yield Potential



Income Potential



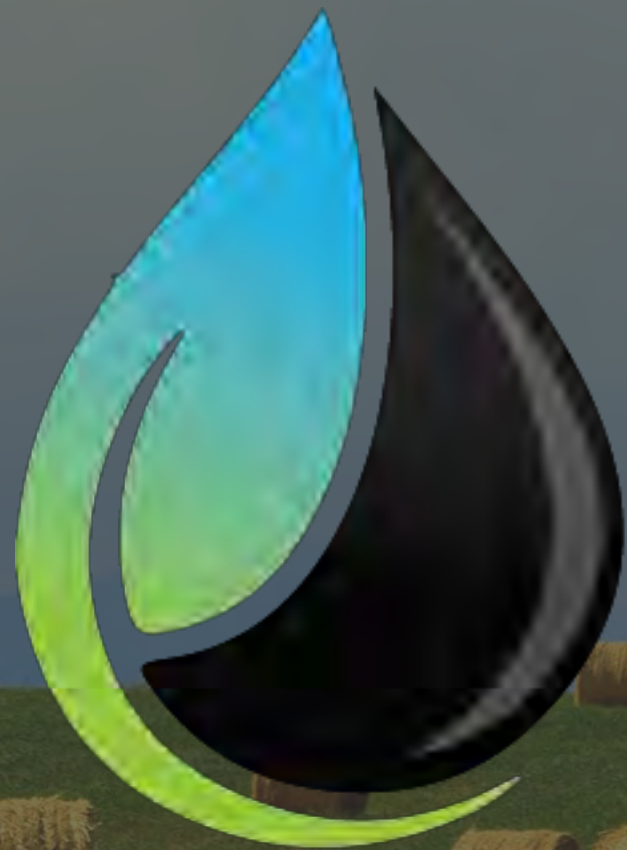
The corn has made excellent progress over the last several weeks. We have nearly ideal growing conditions with adequate rainfall and warm temperatures. The tassels are mostly emerged, silks are elongating, and pollination will soon be occurring. Potential corn ear size is being determined now. Our final herbicide treatment was made a few weeks ago and the crop looks about as good as possible at this time. Moderate temperatures during pollination, with light winds and continued timely rainfall throughout the summer, will set us up for an excellent yield this fall.

Common Farm Lease Omissions

- Term of the Lease/Termination Date*
- Legal Description of the Property
- Hunting Rights
- Due Date of Rent
- Handling of Expenses
- Farm Program Payments*
- Assignment and Subleasing
- Right to Enter
- Fertility
- Default
- Security Interest
- Care of the Property
- Environmental Compliance
- Corn Stalks/Crop Residue
- Equipment Repairs
- Insurance
- Indemnification
- Miscellaneous Provisions

Term of the Lease/Termination Date

- Sets an exact date for the lease to expire.
- Gives the owner the ability to renegotiate the following year.
- Verbal or Carryover Leases need written termination notices
 - **Illinois: November 1st**
 - **Indiana: Prior to December 1st**
 - **Michigan: September 1st**
 - **Kentucky: 6 months before the end of the year, July 1st**
 - **Ohio: September 1st**



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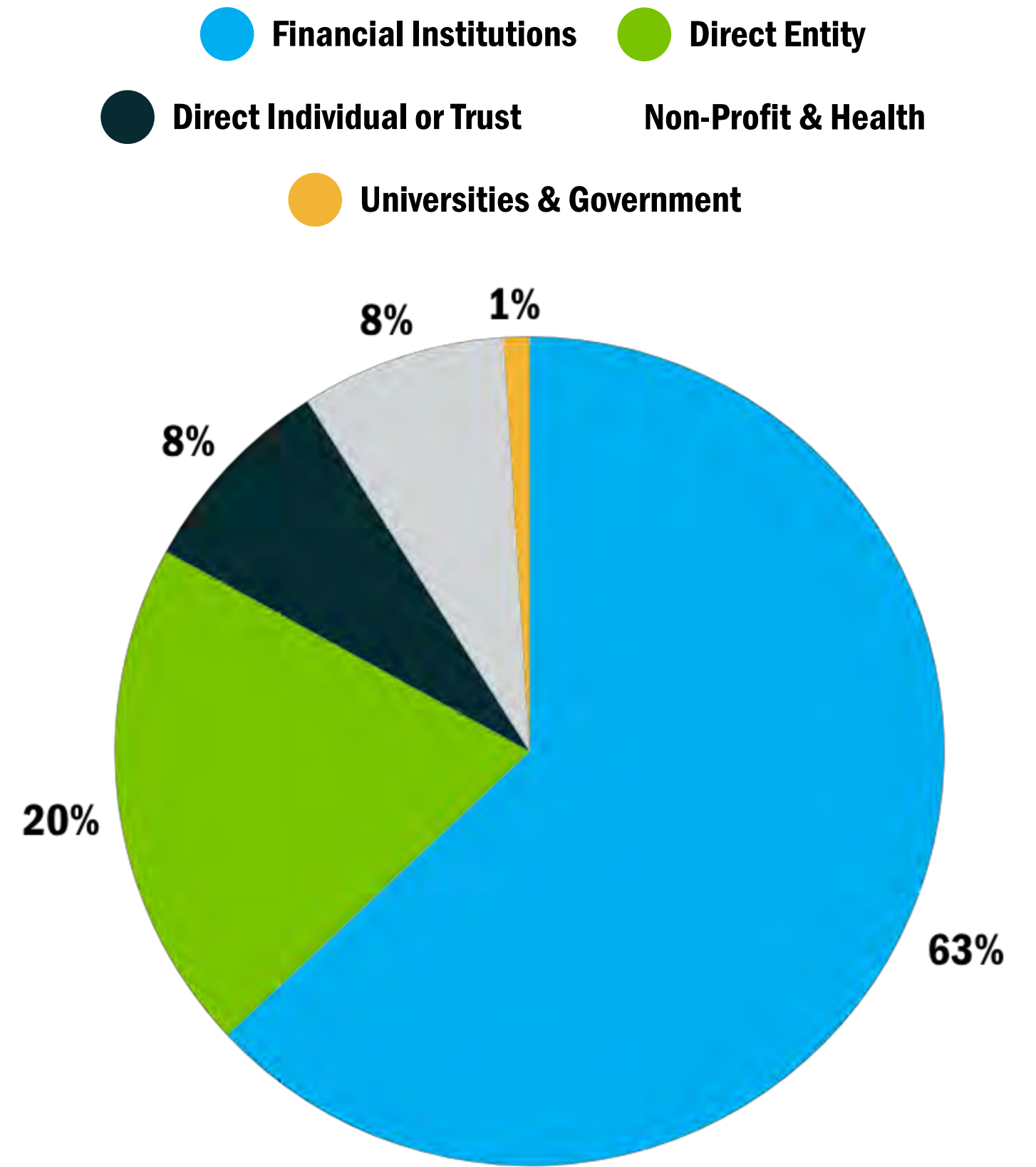
Energy



Snapshot

Specialty Expertise at Scale

- 4,000+ separate mineral accounts
- 200,000+ assets under management
- Assets produce approximately \$1 Billion in gross revenue annually
- Market leader in servicing financial institutions (banks, trusts, advisors)
- Diverse client base in non-financial institutions (railroads, hospitals, universities, non-profits)
- Growing business with family offices and closely-held businesses



Client Base

SOC-1 Compliant providing primarily mineral management services for the following client groups:

- Banks
- Trust Companies
- Financial Advisors
- Universities
- Non-Profits
- Churches
- Railroads
- Hospitals
- Family Office & Family LPs and LLCs
- Individuals
- Mineral Investors & Non-Op Investors

FNC Energy's Midland, Texas team of Mineral Managers and Surface Landmen





Common Types of Oil & Gas Interests

Non-Producing

- Un-leased mineral interest

Royalty Interest

- 100% upside
- Zero liability of financial responsibility

Working Interest - *Risk Alert*

- Increased opportunity for financial gains
- Potential for negative returns
- Upfront investment + ongoing maintenance

Challenges for a Mineral Asset Manager

Title – Legal Description

- A special asset manager should gather and/or record the necessary documentation evidencing title once the account has been accepted.
- All documents should be reviewed, and property descriptions verified.





More Challenges for a Surface Asset Manager

- **Surface Use Agreements**
- **Pipeline Right-of-Ways**
- **Access Easements**
- **Water Use Agreements**
- **Rates and Damages**
- **Remediation**

Accounting for Revenue - Mineral Asset Manager

Are you in pay status on every well you should be?

- Are you being paid on the correct decimal interest?
- Are production revenues subject to any deductions?

Suspended/Escheated Revenue

What causes production revenues to be suspended?

- Unsigned Division Orders
- Title Requirements
- Incorrect Mailing Address

Accounting for Revenue - Mineral Asset Manager

Revenue Accounting

- Analysis of revenue vs. expenses
- System should capture sufficient revenue detail (production date, product volume, deductions & gross/net sales)

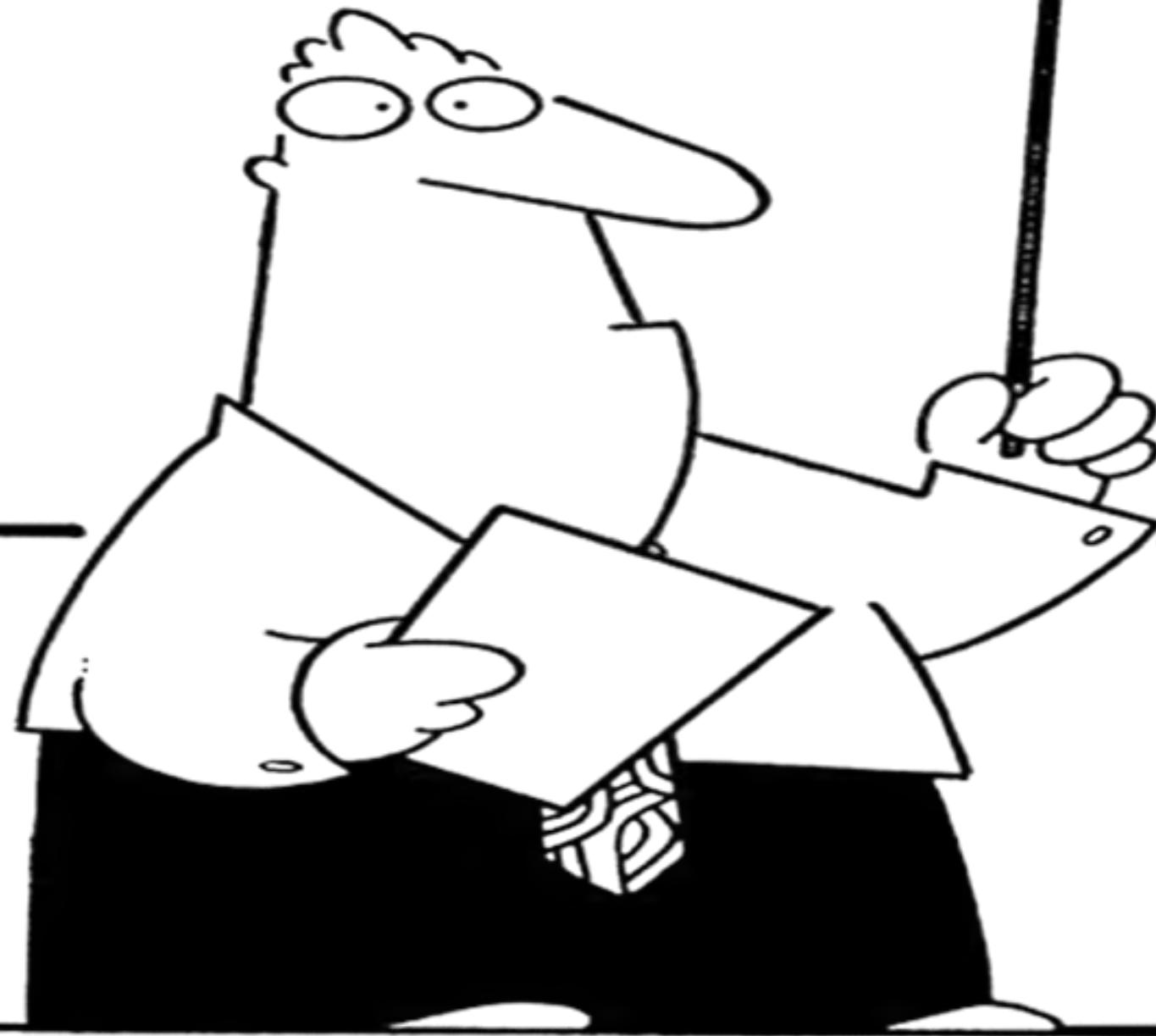
Accounting Systems should provide: *Risk Alert*

- Client statements (transactions, summaries, and cash flow)
- Year-end tax reporting
- Electronic retention of accounting information

1099 - Misc Form Collection, Reconciliation and/or Corrections

ESSENTIALS OF RISK MANAGEMENT:

1. DON'T DO ANYTHING WRONG TODAY.
2. DON'T DO ANYTHING WRONG TOMORROW.
3. REPEAT.

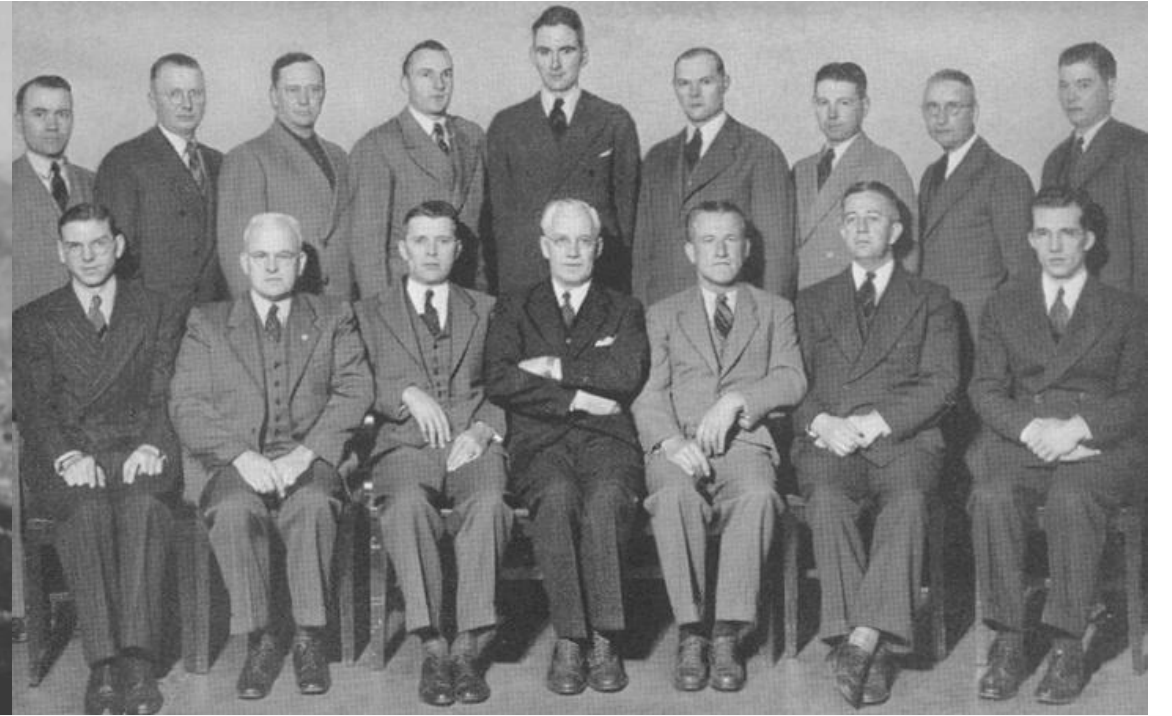


GLASBERGEN



Who's on Your Team?

- **Establish a professional team of advisors who work together for you.**
- **A professional Farm Manager and Mineral Manager provides stewardship, value and piece of mind**



American Legacy

- The “archetypal story” of special asset management is one of American Legacy
- Farmers’ beginnings date back to 1929

Our mission is to “provide solutions that improve profitability and value for land, energy, and specialty asset owners.”



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