FARMLAND VALUES TODAY
Percentage change in dollar value of “good” farmland

### Percent change in dollar value of “good” farmland

<table>
<thead>
<tr>
<th></th>
<th>October 1, 2012 to January 1, 2013</th>
<th>January 1, 2012 to January 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>+9</td>
<td>+18</td>
</tr>
<tr>
<td>Indiana</td>
<td>+7</td>
<td>+10</td>
</tr>
<tr>
<td>Iowa</td>
<td>+8</td>
<td>+20</td>
</tr>
<tr>
<td>Michigan</td>
<td>+3</td>
<td>+18</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>+6</td>
<td>+11</td>
</tr>
<tr>
<td>Seventh District</td>
<td>+7</td>
<td>+16</td>
</tr>
</tbody>
</table>

*Insufficient response.*
2012 Farm Real Estate Value by State
Dollars per Acre and Percent Change from 2011

Source: Land Values 2012 Summary (August 2012)
USDA, National Agricultural Statistics Service
Average Farm Real Estate Value - United States

Dollars per acre

Source: Land Values 2012 Summary (August 2012)
USDA, National Agricultural Statistics Service
In 2003 we sold 223 acres for $1,930 per acre.
We sold the property again at auction June 29, 2011 for $6,490 per acre. It more than tripled in 8 years (A 234% increase).
In 2000 the 493 acres was purchased through Schrader for $2,310 per acre. We sold the farm at auction March 21, 2011 for $7,565 per acre. It more than tripled in 11 years. (A 228% increase).
December, 1999
Sold for $873,600
($2,800 per acre).

April, 2008
Sold for $1,500,000
($4,811 per acre).

December, 2011
Sold for $2,850,000
($9,137 per acre).

↑ 71.7% (1999 to 2008)
90% (2008 to 2011)
326% (1999 to 2011)
2012 SCHRADER LAND AUCTION
BUYERS BY ACRES

66%  Farmers
33%  Investors
1%   Other

*ISU reports that existing farmers purchased 78% of Iowa farmland in 2012
Demand vs Supply Fundamentals

- Ethanol
- Exports
- World Economics, Value of the Dollar
- U.S. Drought, Stocks
- Alternative Investments
U.S. Drought Monitor

March 12, 2013
Valid 7 a.m. EDT

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

http://droughtmonitor.unl.edu/

Released Thursday, March 14, 2013
Author: Matthew Rosencrans, NOAA/NWS/NCEP/CPC

SCHRADER
Real Estate & Auction Co., Inc.
Land Values Today

- Debt to Equity
- Debt to Income
- Interest Rates
- Cautious Banks
- Net Farm Income & Projections
- Alternative Investments

A lot of Sound Premises
Ratio Points Positives Continuing for Land Values

Debt-to-Income Ratio

4:1 level = caution

USDA ERS; total U.S. farm business debt/total net farm income

Per LandOwner January 11, 2013
Debt Repayment Capacity Utilization (DRCU), 1970-2012f

Percent

120 100 80 60 40 20 0


Note: DRCU for farm operators = Actual debt / debt that could be repaid from current income.

f = forecast.
Figure 3. Illinois Farmland Prices and Capitalized Values, 1970 - 2011.
VOLATILITY!
“Look, you could take all the gold that’s ever been mined, and it would fill a cube 67 feet in each direction. For what that’s worth at current gold prices, you could buy all — not some — all of the farmland in the United States. Plus, you could buy 10 Exxon Mobil’s, plus have $1 trillion of walking-around money. Or you could have a big cube of metal. Which would you take? Which is going to produce more value?”

—Warren Buffett as reported by John Nadler.