



Welcome

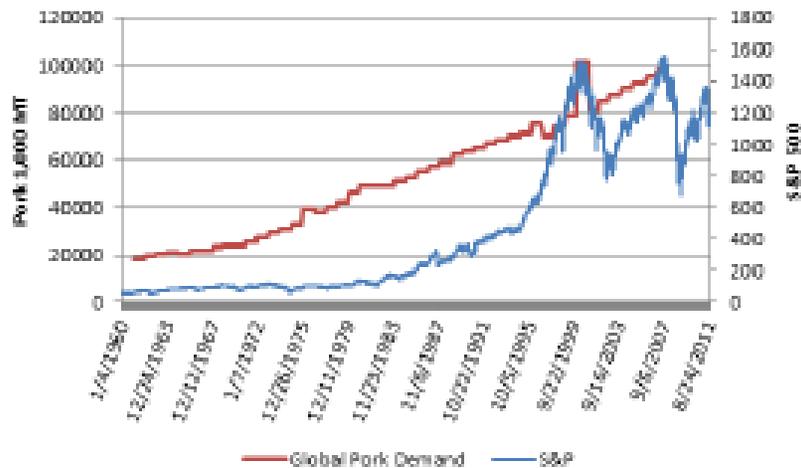
Federal Reserve Bank of Kansas City
Kansas City, MO
July 17, 2012

Chris Erickson
Managing Director
HighQuest Partners
cerickson@highquestpartners.com

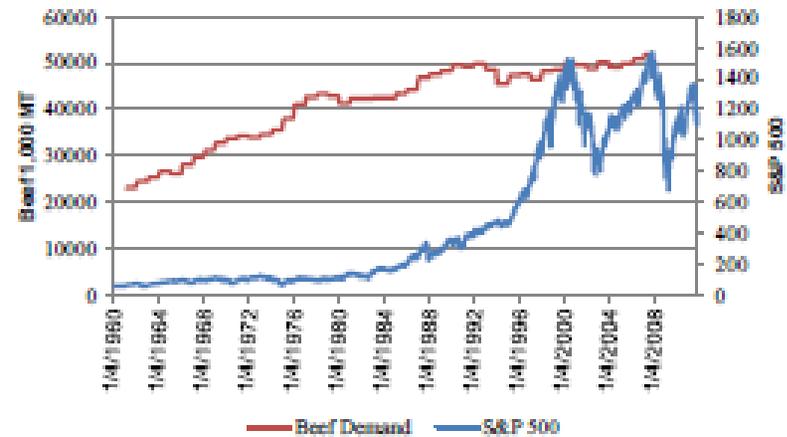


Ag Commodity Consumption versus S&P

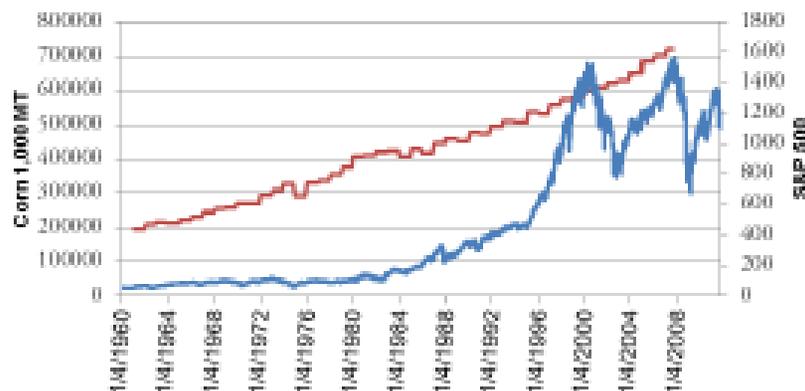
Global Pork Demand vs. S&P Performance



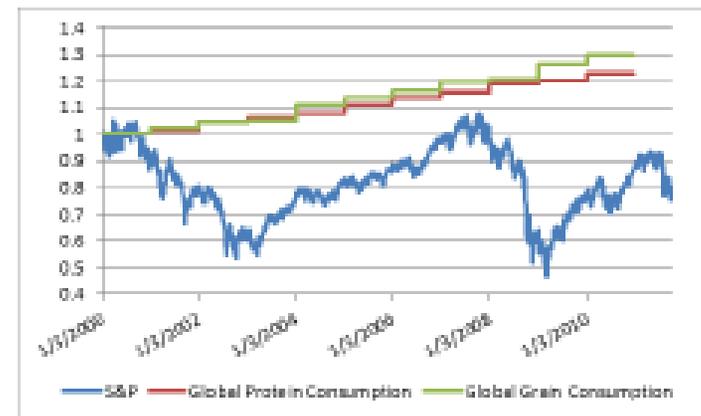
Global Beef Demand vs. S&P Performance



Global Corn Demand vs. S&P Performance



Consumption vs. S&P Performance



Key issues driving farmland values

➤ Population growth and increase in GDP

- Increased demand in developing markets, particularly Asia, SE Asia and North Africa
- Shift in diets from grain to animal protein

➤ Increasing urbanization

- Pressure on available arable land for crop production
- Increasing reliance on processed foods

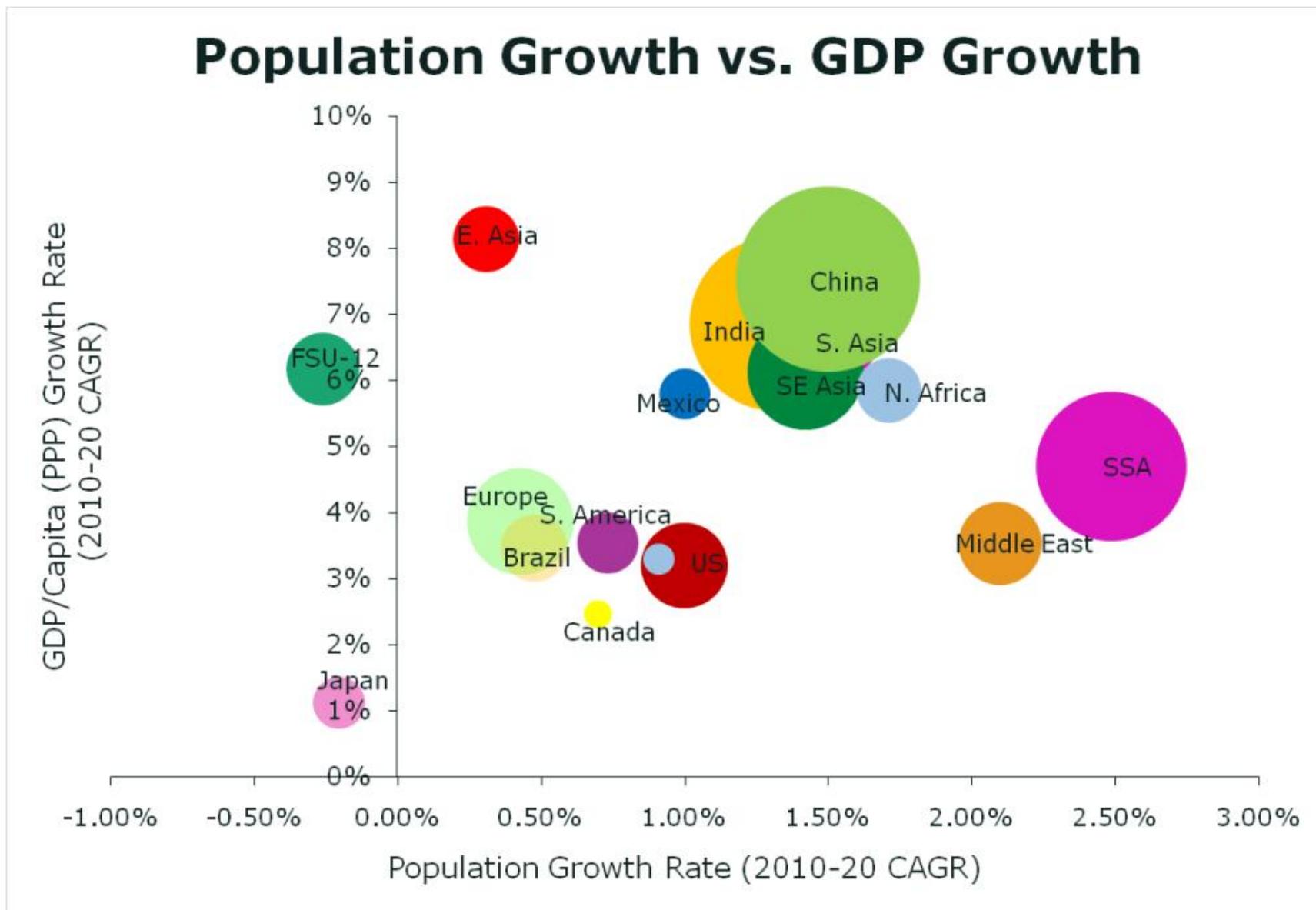
➤ Constraints on supply

- Access to water
- Climate change
- Linkage to energy markets
- Slowdown in yield increases

➤ Human capital

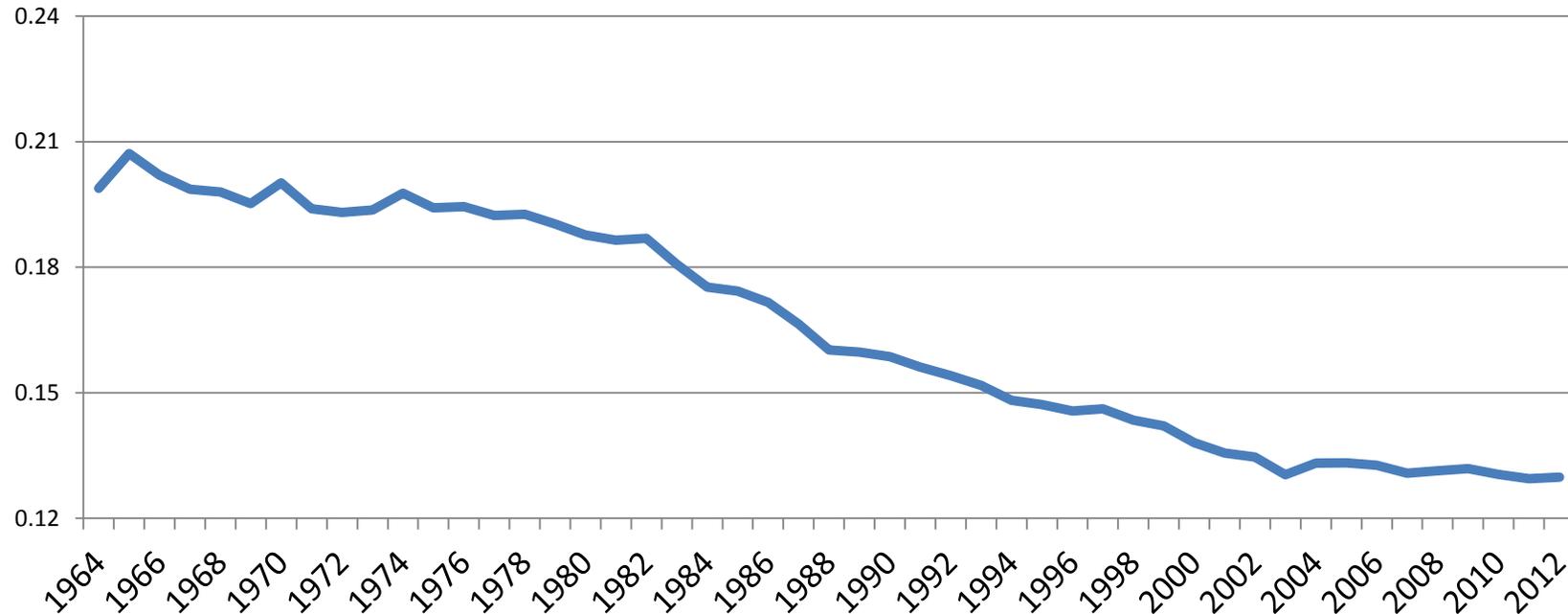
- Generational transfer in both developed and developing markets
- Lack of capacity building in developing markets

Demand for commodities driven by rapid GDP/capita growth in developing



Shrinking contribution to the global food supply

Historical global harvested acreage(ha) on a per capita basis (1964 – 2012 proj.)



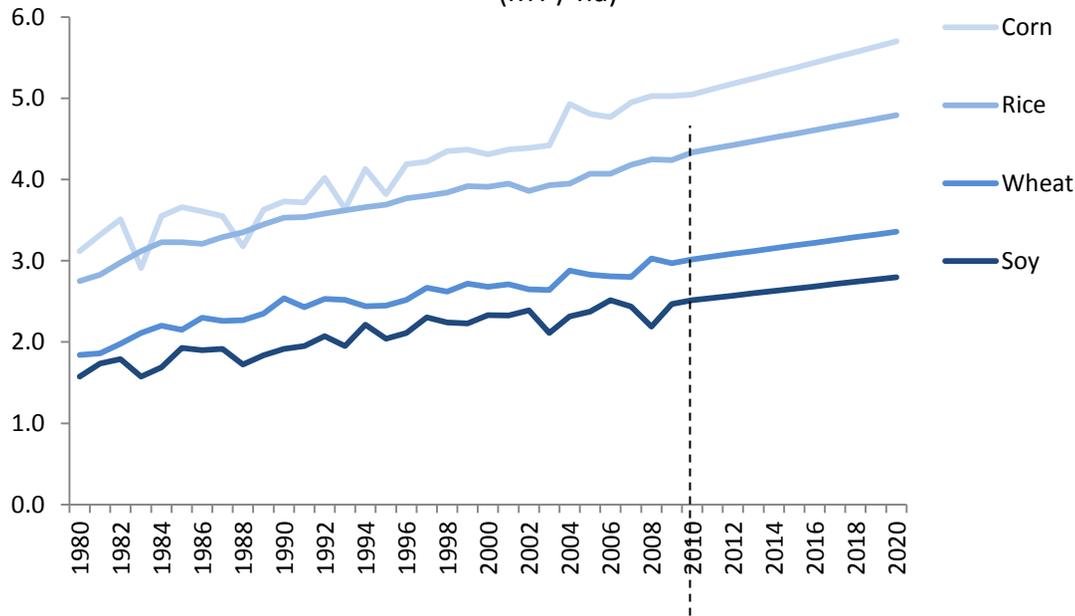
Note: The crops include barley, corn, millet, oats, rye, sorghum, wheat, mixed grain, rice and oilseeds (copra, palm kernel, cottonseed, peanut, rapeseed, soybean, sunflower seed).

- Global harvested acreage has increased by 41% to estimated 916 million hectares in 2012 from 648 million hectares in 1964.
- Global harvested acreage on a per capita basis has dropped 35% to estimated 0.13 ha/person in 2012 from 0.2 ha/person in 1964.

Declining productivity gains

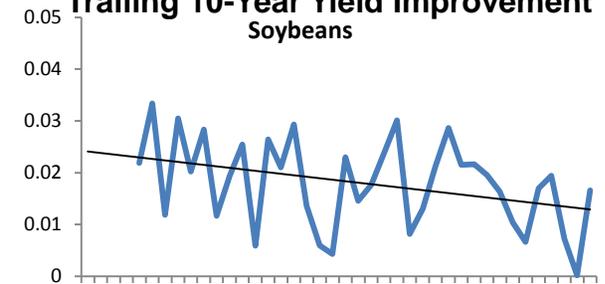


Global Yields for 4 Major Crops
Historical and Projected
(MT / ha)

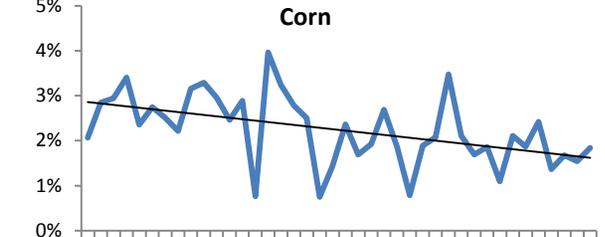


Source: USDA; HighQuest Analysis

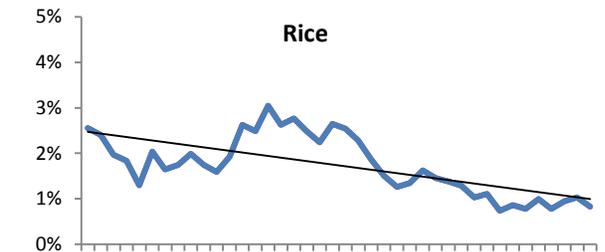
Trailing 10-Year Yield Improvement
Soybeans



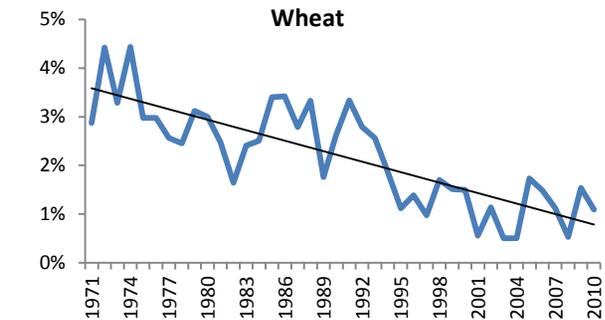
Corn



Rice

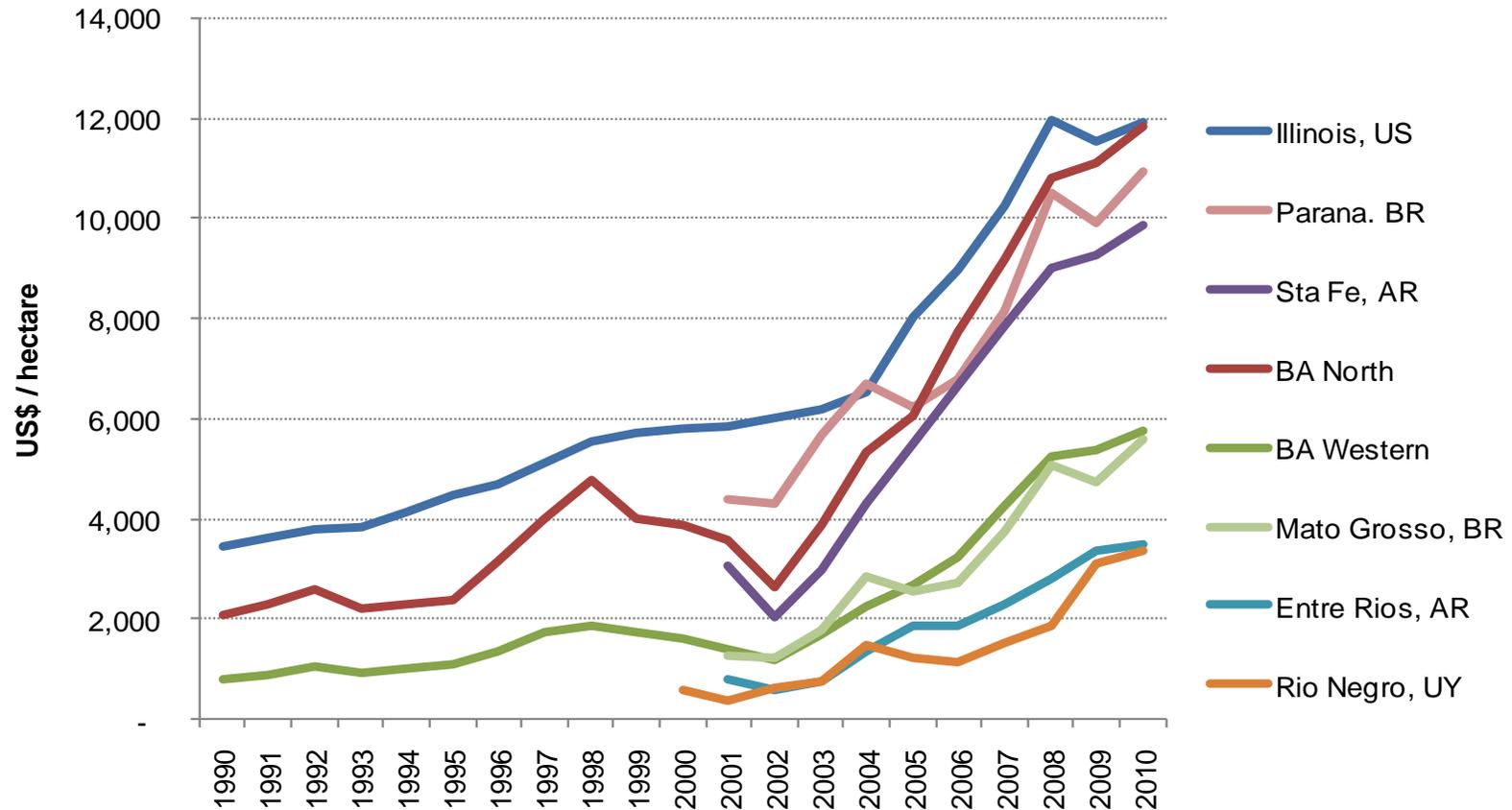


Wheat



Geography & returns

Cropland Price History



Thesis for farmland investment

1. Fundamentals

- a) Supply < Demand
 - Increase in supply slower than increase in demand
- b) Demand Rationing
 - ➔ High & volatile prices
 - ➔ Price signal for capacity expansion
 - ➔ New demand creation – biofuels and industrial uses
- c) Higher Land Values...

...and potentially attractive economics throughout the sector resulting from application of technology and efficient agronomic practices which will generate higher cash rents per unit of land which will be capitalized into the value of the land.

2. Inflation & currency protection

3. Uncorrelated returns

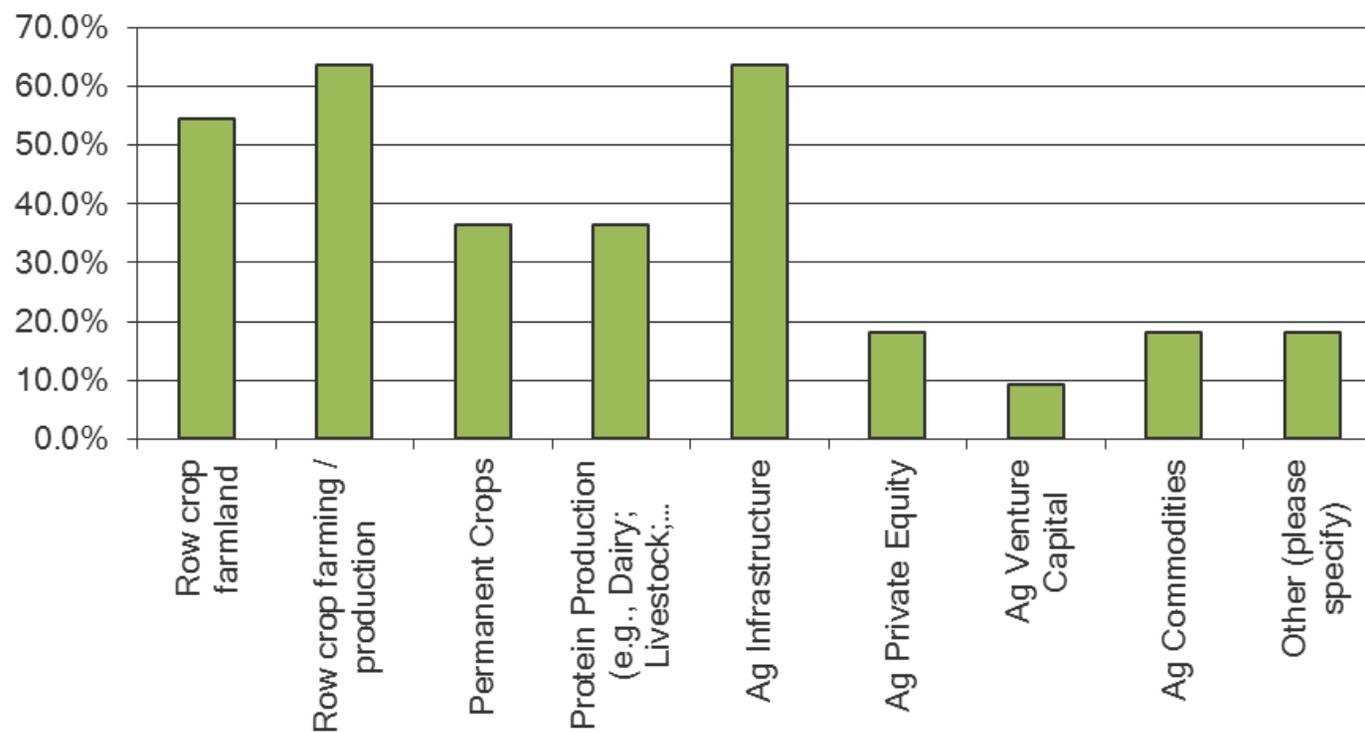


Survey of Participants

	Assets Under Management	Additional AUM in Three Years
Ag-Focused Investment Managers	\$16.2 billion	\$17.3 billion
Diversified Investment Managers	\$3.6 billion	\$3.4 billion
End Investors	\$1.2 trillion	\$8.2 billion

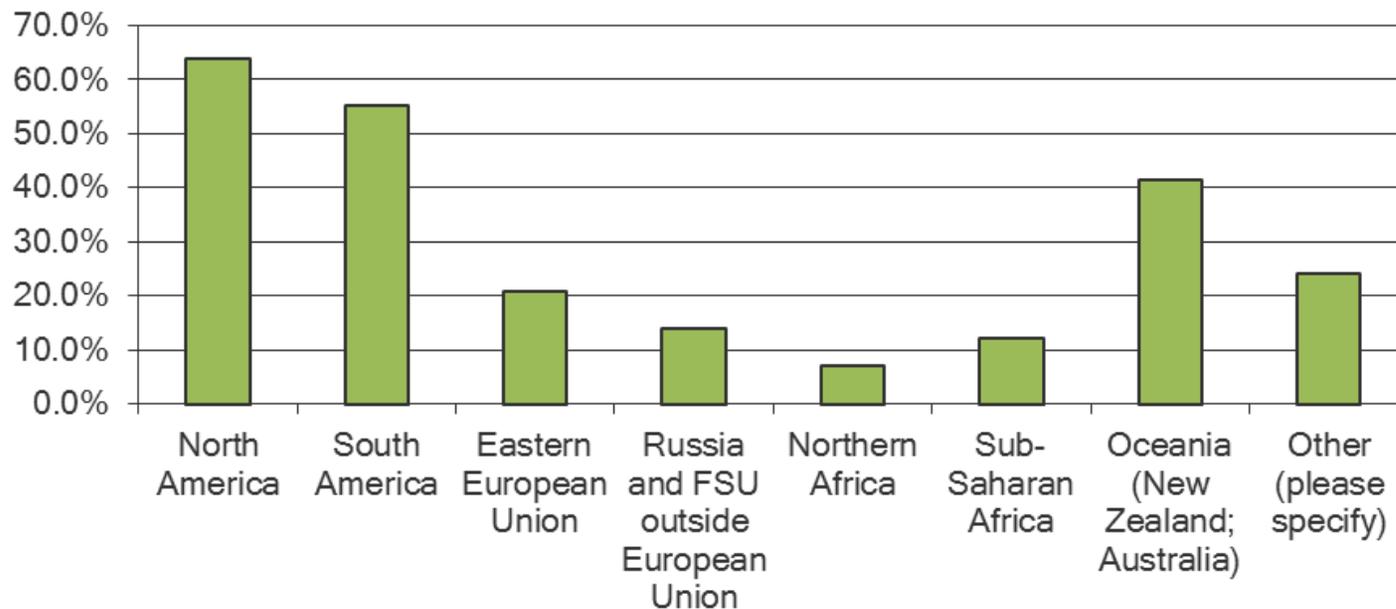
New Investment-Strategy

Which of the following asset types has your organization invested in and/or do you anticipate your organization will invest in over the next 3 years?
(Select all that apply)



New Investment-Geography

Which of the following Geographic Regions has your organization invested, and/or do you anticipate your organization will invest in over the next 3 years? (Select all that apply)



Thank You!



**Chris Erickson
Managing Director
HighQuest Partners, LLC
978 887 8800
cerickson@highquestpartners.com
www.highquestpartners.com**

Boston - St. Louis

**300 Rosewood Dr, Danvers, MA 01923 – USA
www.highquestpartners.com**