



FARM MANAGEMENT * AGRICULTURAL REAL ESTATE

Owner: ABC Farms
Location: Sunflower Co., Mississippi

Tenant: Joe Farmer
Acres: 660

Attention: Landowner

Date: November 1 , 2012

2012 Harvest Report

INVENTORY

We currently have the following in inventory:

- 2,500 bushels of corn in Joe Farmer's grain bins

2012 CROPS

The 277 acres of corn were harvested and yielded a total of 61,672.20 bushels or an average of 222.64 bushels per acre. Your 25% share of this year's crop totaled 15,418.05 bushels. To date we have received \$76,428.14 for 12,918.05 bushels of corn, for an average price of \$5.91 per bushel. I expect to receive another \$6.50 to \$7.00 per bushel for the remainder of the crop in storage which will bring this year's total return for corn to around \$92,000 to \$93,000 or an average of approximately \$333 per acre.

The 315 acres of soybeans were harvested and yielded a total of 25,991.92 bushels or an average of 82.51 bushel per acre. Your 25% share of this year's crop totaled 6,497.98 bushels, which was sold for \$101,470.76 for an average price of \$15.62 per bushel. Your total return per acre for this year's crop is \$322.13 per acre.

INSURANCE

The farm liability insurance policy was renewed with a \$750.00 annual premium. In addition, the crop insurance policy premium of \$3,253.00 was paid. The premium was increased by \$2,070.00 this year due to the amount of coverage for this year's crop. We increased our coverage 20% for corn to a total of 70% and increased our coverage for soybeans 15% to a total of 65%.

FARM LEASE

The farm remains leased to Joe Farmer at a 25% crop share until December 31st, 2014.

2013 CROP PLANS

We will most likely plan on another rotation of corn and soybeans for the 2013 crop year.

2013 FARM MAINTENANCE

I plan to have some drainage maintenance completed in the spring of 2013. There is sediment in several of the drainage ditches that is slowing down the farm's drainage system. I will have a trackhoe clean out all of the existing drainage ditches and a bulldozer spread the dirt on the adjoining roads. I expect the cost of this project to be less than \$10,000.00.

PROPERTY TAXES

The 2012 property taxes were \$6,847.41. For purposes of comparison, below is the recent property tax history on your farm:

YEAR	PROPERTY TAXES
2005	\$ 5,200.39
2006	\$ 5,548.17
2007	\$ 5,620.43
2007	\$ 5,893.26
2009	\$ 5,346.48
2010	\$ 5,823.88
2011	\$ 6,364.34
2012	\$ 6,847.41

LAND VALUES

Farmland Values continued to increase through the year 2012 as the United States cropland values increased by \$450 per acre (14.5 percent) to \$3,550 per acre. In the Northern Plains and Corn Belt regions, the average cropland value increased 30.4 and 18.5 percent, respectively, from the previous year. In Mississippi, the average percent change for cropland values increased by 2.5 percent. However, I believe the number quoted by USDA was below the percent increase that many observed for Mississippi cropland in 2012.

Investors and farmers continued to express interest in the farmland market in 2012. This year's drought was considered to be one of the worst droughts in history and was held

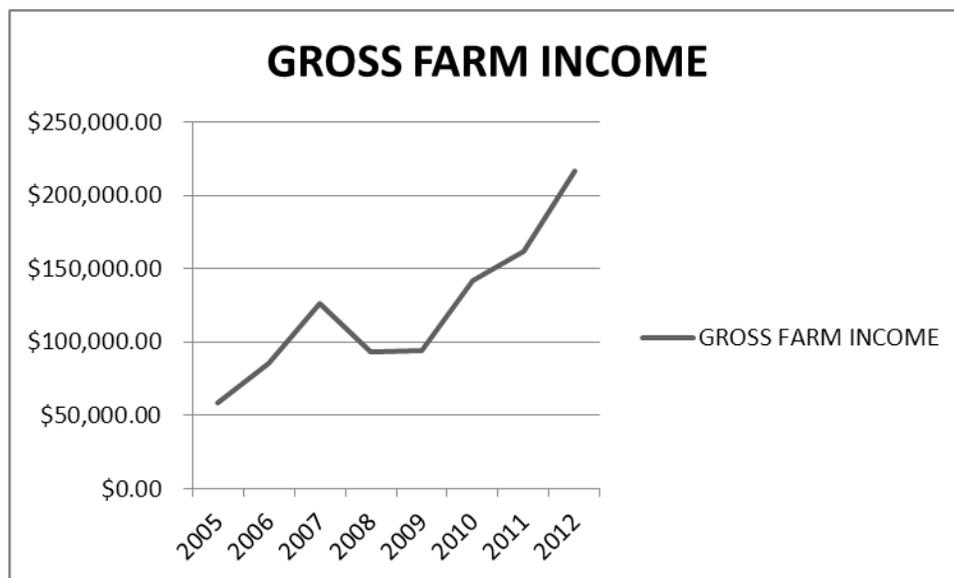
responsible for setting record prices for the 2012 crops. It is true that these inflated prices have been a major factor in the rapid appreciation of land over the last few years and has allowed farmers to purchase land with minimal leverage. However, until interest rates begin to rise, the dollar begins to strengthen and alternative investments become more appealing and available, farmland will continue to appreciate across the United States at significant levels.

With the drought and all other factors set aside, we take into consideration one of the larger factors in farmland appreciation. Higher GDP growth, largely in developing countries, and a growing population continues to strain the world's supply of food every year, and unlike investments, you can not find an alternative for food.

FARM INCOME

The following chart tracks the gross farm income from 2005 to the current year.

YEAR	GROSS FARM INCOME
2005	\$58,543.35
2006	\$85,691.20
2007	\$126,073.86
2008	\$93,039.52
2009	\$94,124.77
2010	\$142,166.03
2011	\$161,752.99
2012	\$237,822.38



BAYER RICE SETTLEMENT

In January, we received a settlement from Bayer Rice of \$21,140.21.

DISTRIBUTION

The farm generated enough cash for a \$192,000.00 distribution in 2012.

ACCOUNTING

The year-end accounting reports are included with this report. Copies will be sent to John Smith for tax preparation. Any IRS 1099s received and the 1099 prepared on your behalf will be sent to John Smith as well.

Land Management Group, L.L.C. strives to offer the highest level of farm management service in the industry. If there is anything you do not understand or would like to discuss further, contact me.

Steve Brunson, AFM

Accredited Farm Manager

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