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2016 Year End Summary

Here are a few words from Kevin Pifer - Pifer's President/Auctioneer:

"Dear friends:

The economic landscape of American agriculture looks much different today than it did only a few years ago. Rising land prices have evaporated as the market struggles to find a new floor on valuation. Commodity and livestock prices are anemic as the food chain chokes on record carry-over stocks of corn, soybeans, and wheat.

This is all in sharp contrast to a few years ago when land values were increasing by double digits annually and commodity and livestock prices were at levels never seen before, creating fortress balance sheets. Now the question is: how long will the retreat in commodity pricing last and can producers develop strategies to endure the downward pressure?

The good news is that food and fiber are always in strong demand throughout the world. What's more, many economic advisors think an upward trend in commodity prices and land values are on the horizon and the cost of borrowing money continues to be near the lowest in history, providing less financial pressure on borrowers. This factor alone doomed many producers in the 1980's..."

Pifer's Land Management has seen a strategy, if implemented, that benefits many producers and landowners in times of transition such as we are in right now. In this strategy, operators focus on consistently saving a portion of their cash reserves, living within their means and working closely with their financial advisors to create a sustainable operating plan for both good and challenging times. For landowners, the strategy is to remain focused on the long-term return on investment and remaining realistic and fair in their lease payment structures for a mutually beneficial and seasoned relationship with their operator.

We agree with Kevin that "Opportunity is presenting itself everyday...during the most difficult and the best of days. Fortunately, American agriculture has more good days than bad days."

With that said, here is a recap of the land for this past year:

OIN #1979, 8857 & 8864: Jerome Nipstead with Nipstad Farms Inc. planted spring wheat on all the acres of this parcel. He stated this year was an exceptionally good year as the wheat produced 85 to 90 bushels

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per acre with excellent test weight and protein. There were no signs of vomitoxin or mites in the wheat. All the land was worked in preparation for 2017 when he anticipates planting soybeans and sugar beets.

OIN #814 & 8923: Pat Hurley planted corn and soybeans on the OIN #814 parcel. He stated that this year was an excellent year with his corn yielding 210 bushels per acre. All the corn was harvested dry and stored to be marketed at a later date. Fall work has been done and Pat plans to plant soybeans in his rotation next year on the corn ground. His soybeans also did well this year and averaged 40 to 42 bushels per acre. Parcel OIN#8922 was left vacant prior to Pat's leasing it in 2016, resulting in a huge infestation of weeds. Consequently, this parcel will, again, need some extra attention this coming year regarding weed control measures. This parcel also had trees removed and Pat continues to clean up branches and roots left after the tree removal work was done. Currently, he is unsure what he will plant next year on this parcel's acres.

OIN #1804: Thomas Livdahl baled the old CRP ground and then worked it up to prepare for planting in 2017. In late June, Tom planted oats which did not germinate. He then worked the oats up and continued to work the ground. He completed ditching from east to west to help with drainage. Having received good moisture, Tom was planning to plant a dominant alfalfa seeding this past fall for 2017. He is also planning to trim trees along the field line so equipment will not hit the branches when farming next to them.

OIN #1674: This parcel is planted with trees and is not farmed or rented, this parcel is located in Clay County, MN and was part of the Volk acquisition.

OIN #922 & 923: Stuart Johnson was able to plant all the acres on these parcels to soybeans this year, which averaged 40 bushels per acre. He was pleased with the outcome considering the soybeans were planted late. Fall tillage and ditching was completed in preparation for spring 2017 planting. Stuart's crop of choice for next year is undecided but he is considering malting barley.

OIN #815 & 9191: Mark Hiatt planted corn and soybeans on these parcels in 2016. He stated that everything turned out great and that his yields were near record yields for his farm. The corn produced 200 bushels per acre. Mark stated that he harvested the corn before it was completely dry and then dried it in the bins. His soybeans were taken off dry and yielded 50 bushels per acre. The fields saw terrific weather patterns this year which fostered the yields. Mark has completed fall tillage, including having tilled the east field twice. Next year, he intends to rotate this year's corn ground into soybeans and will likely rotate this year's soybean ground into corn ground.

OIN #884, 898 & 901: Wayne Hoglund planted soybeans on all three parcels in 2016. His yields ranged between 35 and 44 bushels per acre. There was one major rain storm that drowned out many of his soybeans. Wayne stated that this drown out could have likely been avoided if the fields drained better. He mentioned having a field a mile away (not owned by CCJWRD) on higher ground that saw 50 bushel per acre yields given the superior drainage. Overall, however, Wayne was pleased with his 2016 crops. Wayne's plans for 2017 are to plant soybeans again unless he can get a durum contract through Ardent Mills in Minneapolis. Wayne currently has a contract through Ardent Mills which pays \$7.25 to \$8.50 a bushel and hopes to obtain the same contract for future durum. Fall tillage was completed along with some surface drainage cleaning. Wayne's leases with CCJWRD (2015-2018) on parcels OIN# 898 and 901

also include a flex addendum. After reviewing the yields and the markets on these parcels, no additional rent was due for this year. Wayne has a Share Crop lease (2015-2018) on OIN# 884. This parcel averaged 44 bushels per acre. The bushels produced were sold at Maple River Grain and Agronomy LLC at a price of \$8.57 per bushel. Due to selling these bushels shortly after harvest, no storage charges were assessed.

OIN #530: Kevin & Pamela Heiden planted soybeans in 2016. He stated that he was overall pleased with the turnout of the crop this year however he did receive some hail on the west half of the field. Kevin farms land roughly a mile away that had significant hail so he was thankful that this piece was not severely affected as well. His soybeans had an average yield this year of 40 bushels per acre with good test weight of 58 pounds. Kevin tilled up the entire field in preparation for next year. Kevin plans are to plant wheat on this parcel next year.

OIN #523 & 885: The tenant on these parcels is Keith Monson and he planted soybeans and corn in 2016. Keith was very pleased with the yield this year. The optimal growing season for both soybeans and corn was attributed to the right combination of moisture received as well as sunshine. The soybeans yielded 46 bushels per acre and the corn averaged 188.5 bushels per acre. The corn was weighed with the grain cart scale for production along with the combine monitor and then stored in bins. Fall tillage was completed (chisel plowed twice) and ditching has been completed. Monson feels he is in good shape regarding his planning for next year's crop of corn and soybeans. Keith also has a flex addendum to his leases where he paid additional rent of \$10.65 per acre on the corn acres and \$8.32 per acre on the soybean acres.

OIN #896, 897, 511 & 512: Brent Rust planted soybeans in Section 11 (OIN #896 & 897) and is under contract with Peterson Farms Seed for soybean seed. The soybeans yielded 43 to 44 bushels per acre which has been binned and is awaiting delivery. Brent also planted wheat on the S ½ of Section 25 (OIN #511 & 512) and averaged 70 bushels per acre yield. This year's protein was good quality at 14 to 15 percent which added an additional 45 cents per bushel premium to the wheat. Fall tillage was completed and he did some touch-up cleaning of some of the drains. Brent has concerns with the drain on the west quarter, OIN #897, where it needs to be cleaned and is too deep for a field scraper. A backhoe is needed to properly clean these drains. Although these acres are part of the diversion foot print, this might need some attention going forward. Brent's plans for next year are to, again, plant soybeans and corn.

OIN #880: Brian Rust planted soybeans in 2016 and experienced some pH issues with the soil. The pH level is higher than normal which has an adverse effect on how the soil compound utilizes fertilizer. However, Brian was quite pleased with the soybeans as they averaged of 45 bushels per acre. The soybeans were contracted and marketed directly to the elevator. Fall tillage was completed and fall fertilizer was applied in preparation for 2017 planting when he plans to plant corn on this parcel.

OIN #899: James and Ann Ueland are the tenants on this parcel and they planted wheat this past year. Jim was pleased with the outcome of the wheat as it averaged 80 bushels per acre with excellent weight and protein levels. Fall tillage was completed and drainage ditches were cleaned in 2015, so no further maintenance was needed this year. Jim's plan for next year is to rotate back to soybeans which is part of his normal crop rotation.

OIN #9672: JDC Babes Addition - James Carlson, owner; Steve Kiemele, Tree Manager operated this land which is a small parcel in Section 18-137-48. The parcel is planted to trees and the trees are being sold as inventory for a nursery. In visiting with Steve Kiemele, the North Dakota Forest Service comes to inspect the trees for disease or any other problems on an annual basis. The trees were inspected in the spring of

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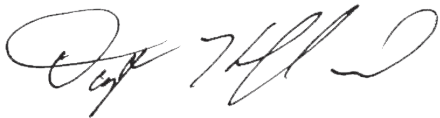
2016 and were certified “disease-free” making them viable for selling to the nursery.

Here are the current markets as of: December 12th, 2016. March corn futures are \$3.57 per bushel. March soybean futures are \$10.40 per bushel and March spring wheat futures are \$5.35 per bushel. Live cattle markets: April 2017 at \$111.68 per cwt and feeder cattle at \$123.08 per cwt. With the decline of commodity prices, input costs continue to be steady with a small decrease to petroleum based supplies including fertilizer. We are also seeing some producers starting to collectively negotiate inputs to take advantage of volume discounts which helps in reducing some of their overhead costs.

Included in your packet you will find a Financial Summary for 2016 outlining rent received and Pifer’s management fees. Also included are Plat and FSA maps, crop photos taken on your land from the 2016 growing season, and precipitation and temperature maps of the upper Midwest and how this area compares to other states. Lastly, you will find a chart by the USDA showing the price of wheat, corn, soybeans and cattle from 2007 through 2016 as a reference.

Thank you for allowing Pifer’s Land Management to serve you this past year! We sincerely appreciate the trust you place in us.

Sincerely,

A handwritten signature in black ink, appearing to read "Dwight Hofland", written in a cursive style.

Dwight Hofland
Pifer’s Land Management Team
The Pifer Group, Inc.

Financial Recap

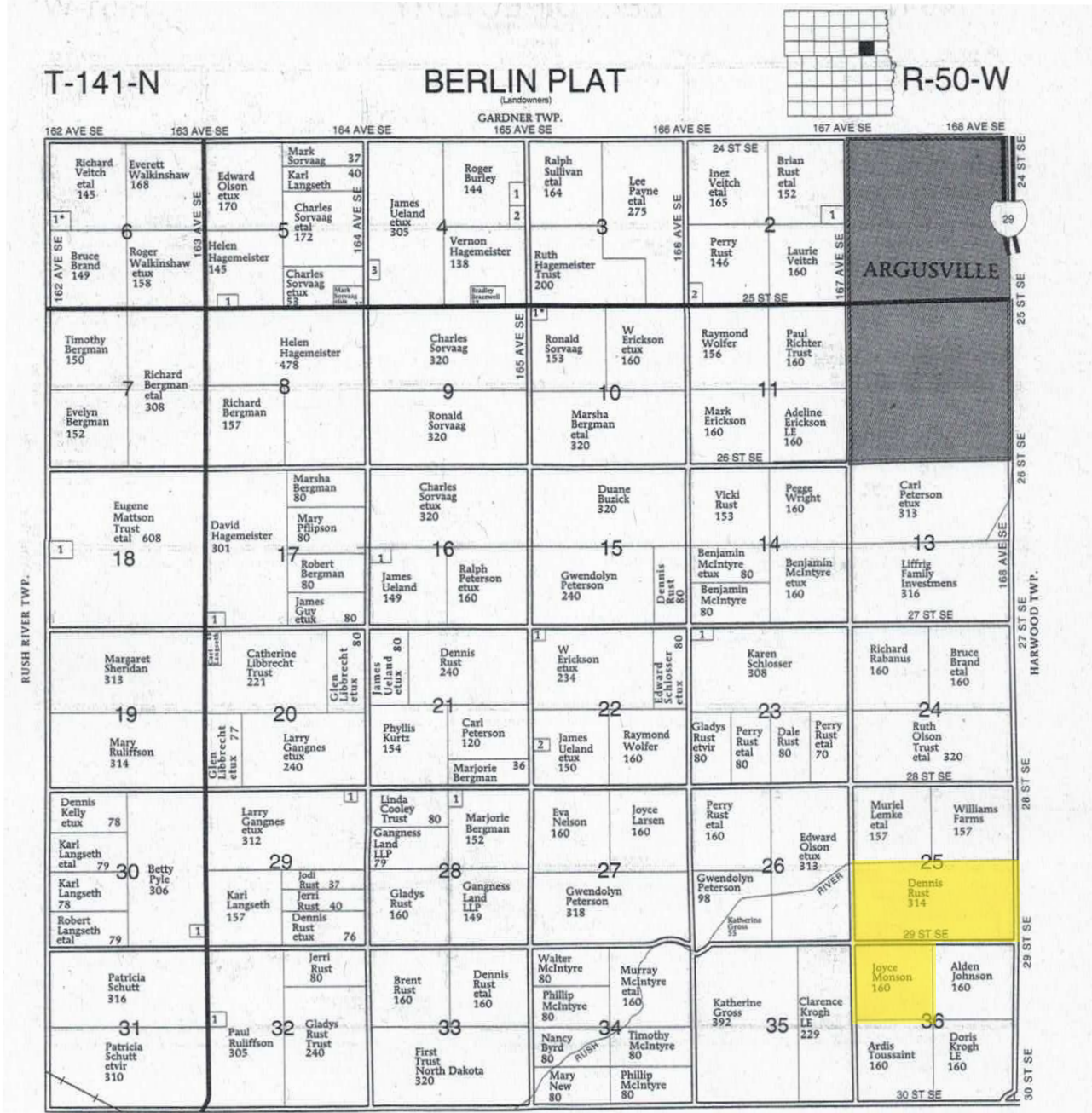
	Admin	OIN#	Brent Rust	OIN#	Brian Rust	OIN#	Hiatt Farms	OIN#	Hurley	OIN#	Kevin Heiden	OIN#	Monson
Ordinary Income/Expense													
Income													
		896	23,757.00										
		511	20,486.71										
		512	20,488.29			815	9,865.80	8923	1,850.00		523		17,214.34
Rental Income	0.00	897	19,204.00	880	17,234.00	9191	25,186.00	814	5,750.00	530	8,650.00	885	17,117.21
Total Income	0.00		83,936.00		17,234.00		35,051.80		7,600.00		8,650.00		34,331.55
Cost of Goods Sold													
Pifers Commissi	0.00		6,714.88		1,378.72		2,804.14		608.00		692.00		2,746.52
Total COGS	0.00		6,714.88		1,378.72		2,804.14		608.00		692.00		2,746.52
Gross Profit	0.00		77,221.12		15,855.28		32,247.66		6,992.00		7,958.00		31,585.03
Expense													
Bank Fees	40.47		0.00		0.00		0.00		0.00		0.00		0.00
Real Estate Taxes		896	4,769.52										
		511	1,481.32										
		512	1,349.23			815	940.14	8922	604.33		523		1,472.14
		897	2,723.98	880	1,760.51	9191	2,425.02	814	669.17	530	974.87	885	2,131.62
Total Real Estat	0.00		10,324.05		1,760.51		3,365.16		1,273.50		974.87		3,603.76
Total Expense	40.47		10,324.05		1,760.51		3,365.16		1,273.50		974.87		3,603.76
Net Ordinary Income	-40.47		66,897.07		14,094.77		28,882.50		5,718.50		6,983.13		27,981.27
Net Income	-40.47		66,897.07		14,094.77		28,882.50		5,718.50		6,983.13		27,981.27

OIN#	Stuart Johnson	OIN#	Ueland	OIN#	Wayne Hoglund	OIN#	Nipstad Farms, Inc.	OIN#	JDV Babe's	OIN#	Thomas Livdahl	TOTAL
												0.00
												23,757.00
				884	29,938.06	1979						50,424.77
922	22,560.00			898	15,356.00	8857						87,334.43
923	0.00	899	21,500.00	901	15,032.00	8864	19,528.60	9672	150.00	1804	787.20	150,139.01
	22,560.00		21,500.00		60,326.06		19,528.60		150.00		787.20	311,655.21
	1,804.80		1,720.00		4,826.08		1,562.29		12.00		62.98	24,932.42
	1,804.80		1,720.00		4,826.08		1,562.29		12.00		62.98	24,932.42
	20,755.20		19,780.00		55,499.98		17,966.31		138.00		724.22	286,722.79
	0.00		0.00		0.00		0.00		0.00		0.00	40.47
				884	1,401.79							
922	3,235.12			898	4,175.19	8857	602.76					
923	1,201.57	899	4,915.94	901	5,078.32	1979	567.33	9672	46.66	1804	0.00	
	4,436.69		4,915.94		10,655.30		1,170.09		46.66		0.00	42,526.53
	4,436.69		4,915.94		10,655.30		1,170.09		46.66		0.00	42,567.00
	16,318.51		14,864.06		44,844.68		16,796.22		91.34		724.22	244,155.79
	16,318.51		14,864.06		44,844.68		16,796.22		91.34		724.22	244,155.79

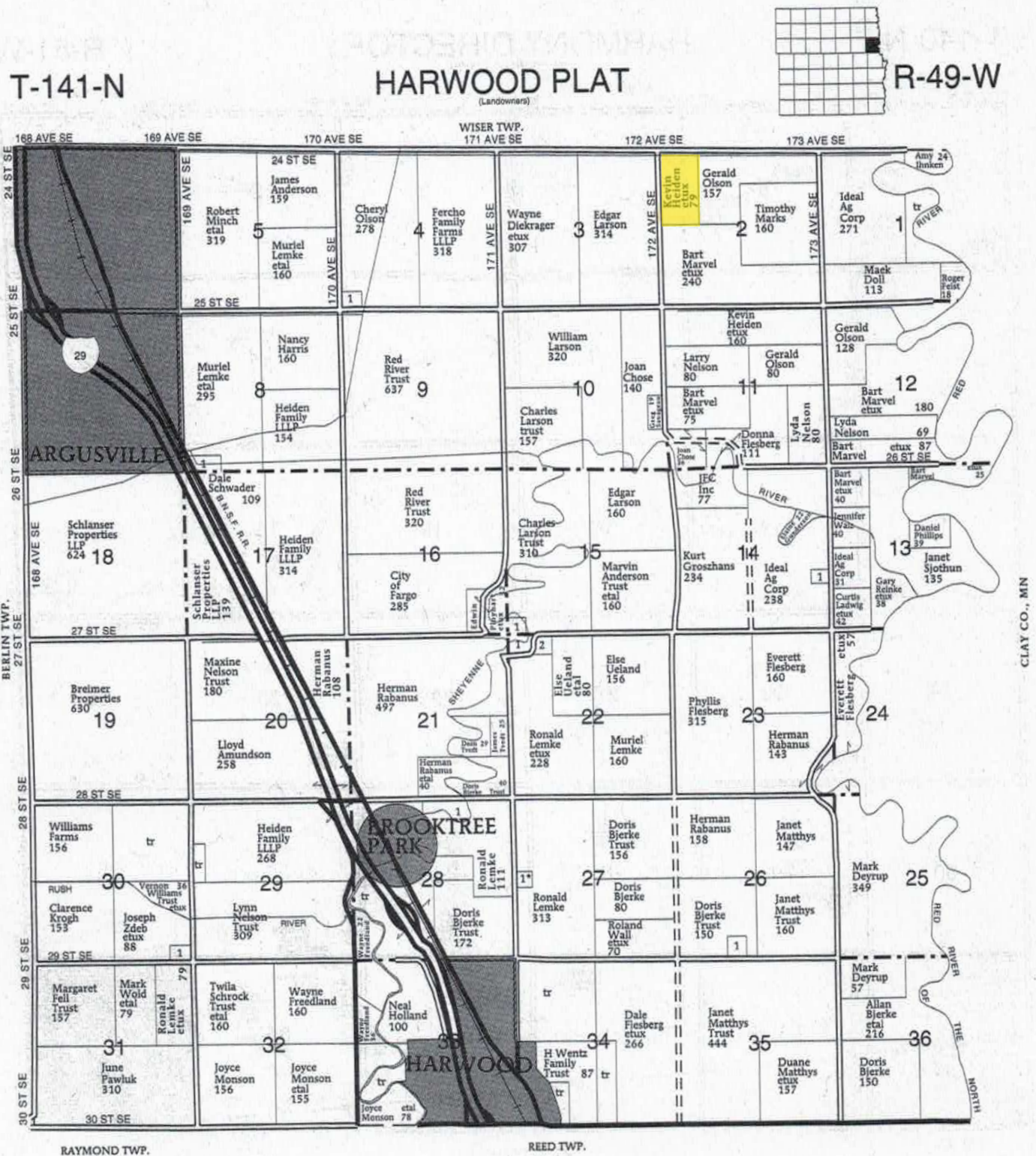
Cass County, ND

Berlin Township

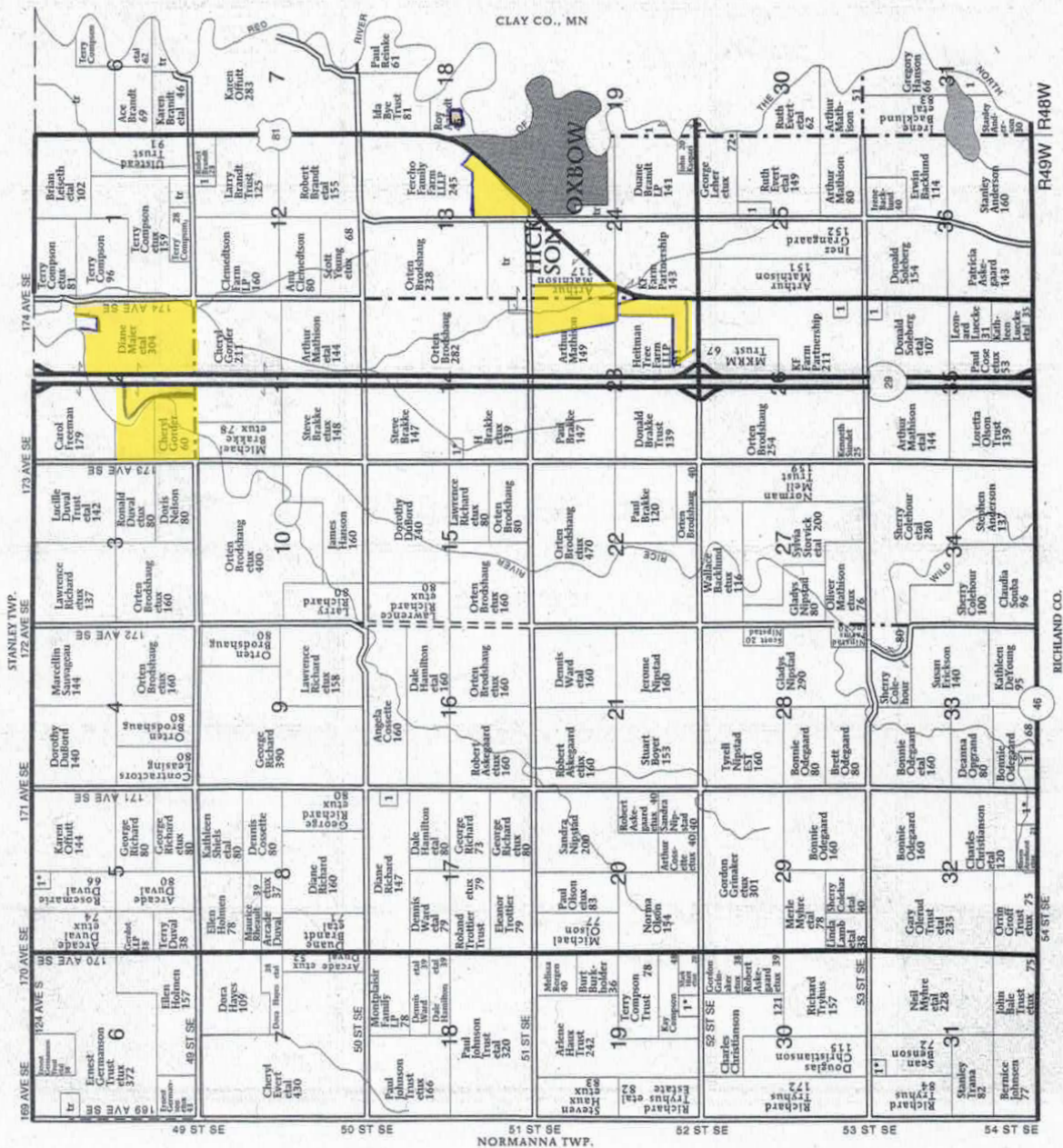
Section 25 & 36-141-50



Cass County, ND
Harwood Township
Section 2-141-49



R-48-49-W

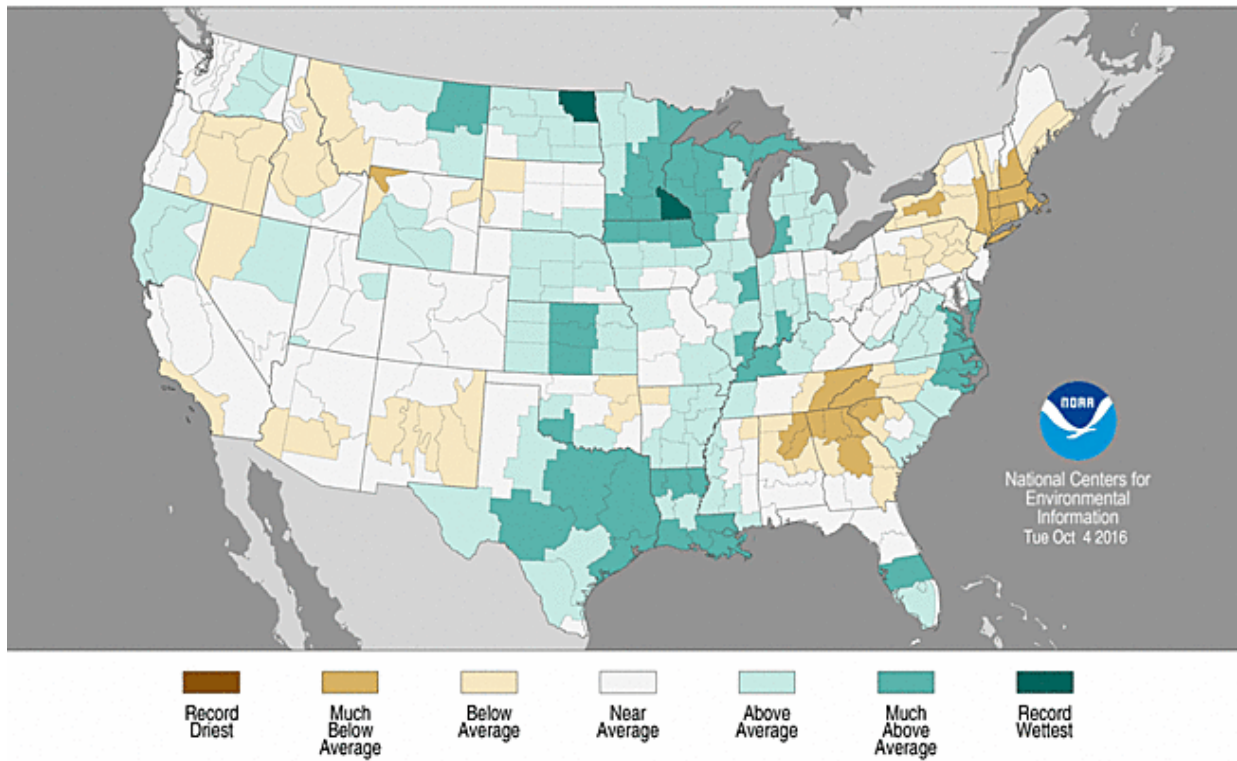


Cass County Joint Water Resource District

Divisional Precipitation Ranks

January–September 2016

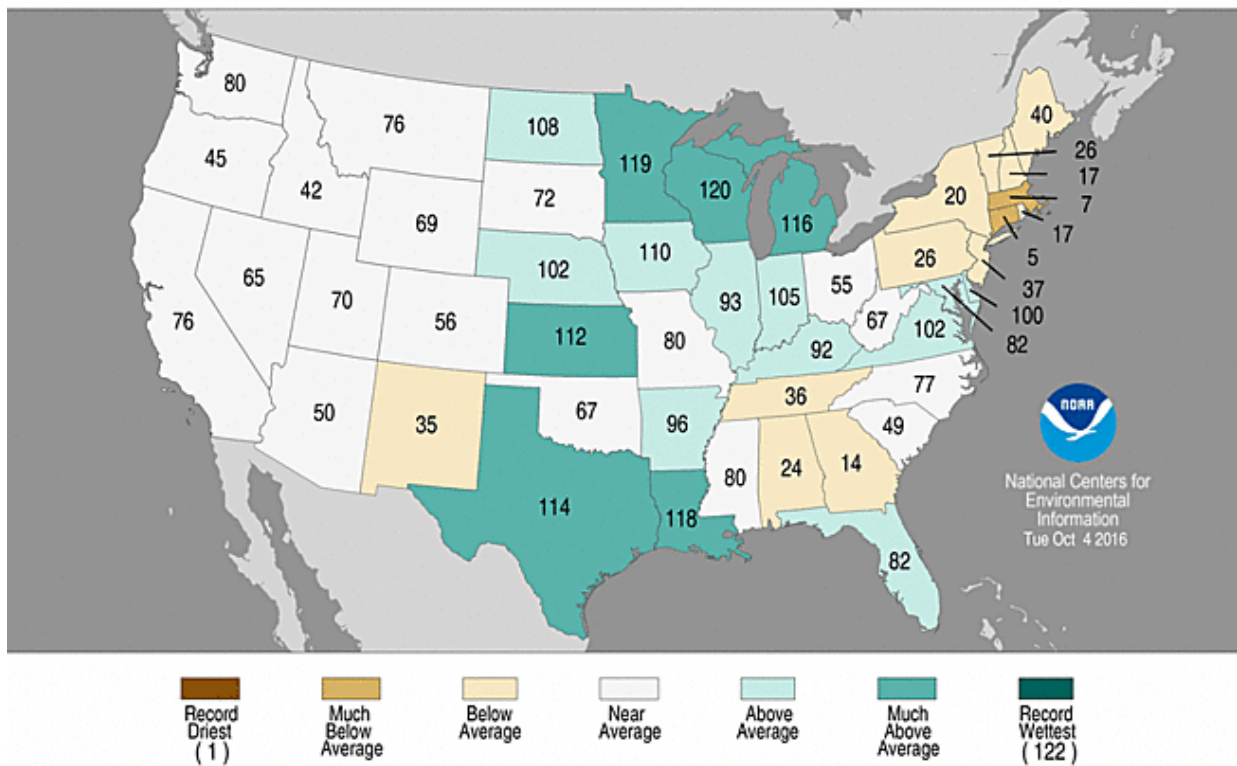
Period: 1895–2016



Statewide Precipitation Ranks

January–September 2016

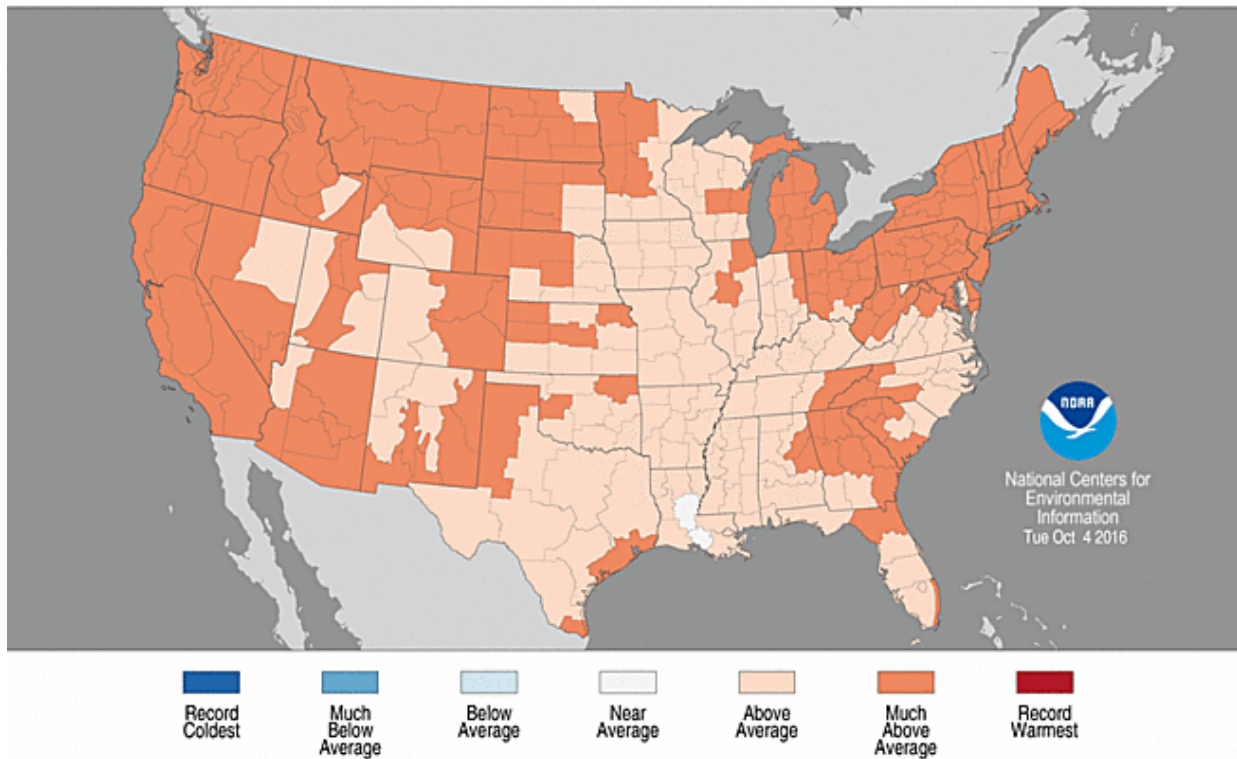
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Divisional Maximum Temperature Ranks

January–September 2016

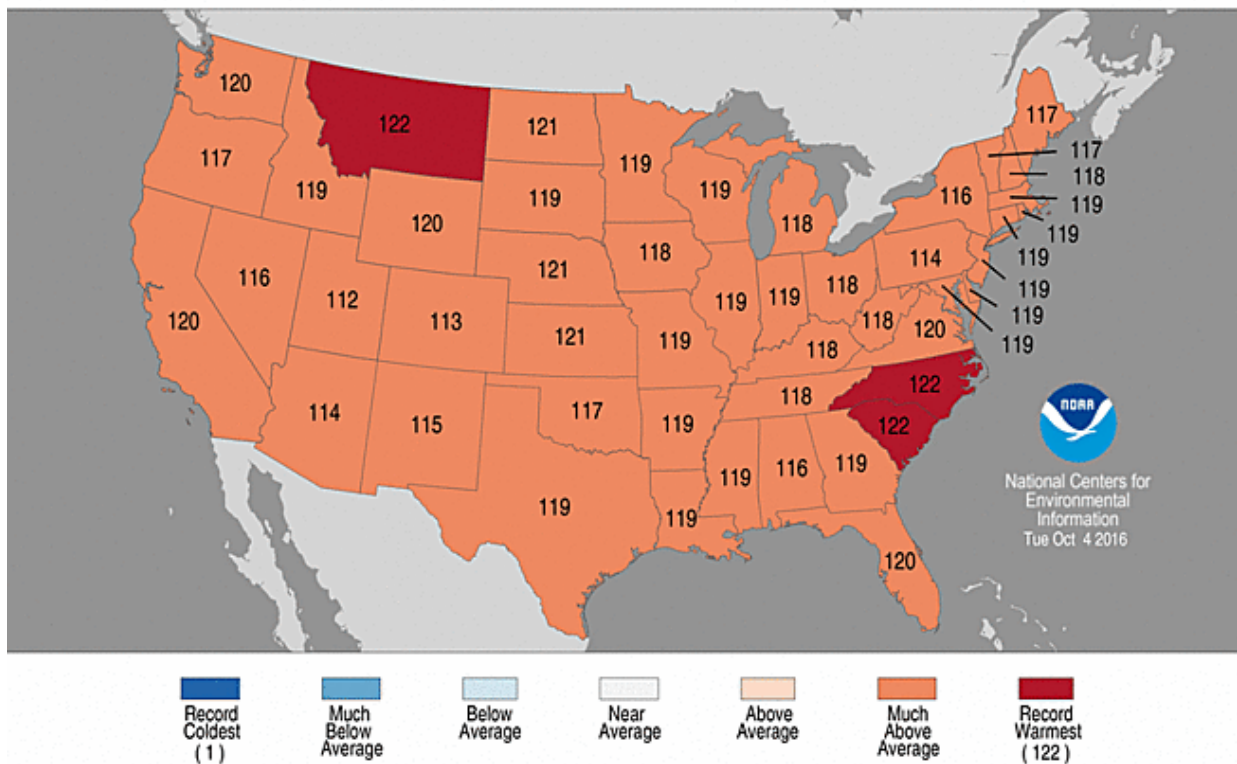
Period: 1895–2016



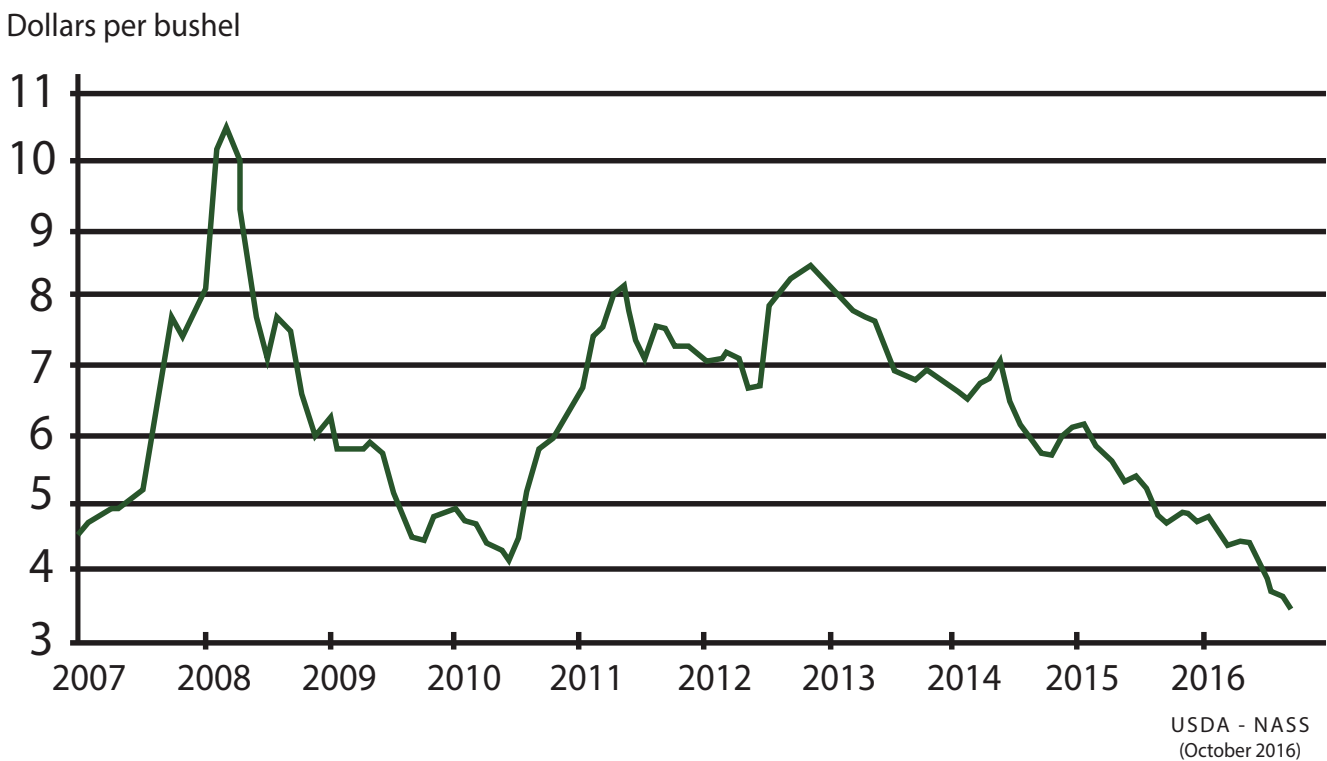
Statewide Minimum Temperature Ranks

January–September 2016

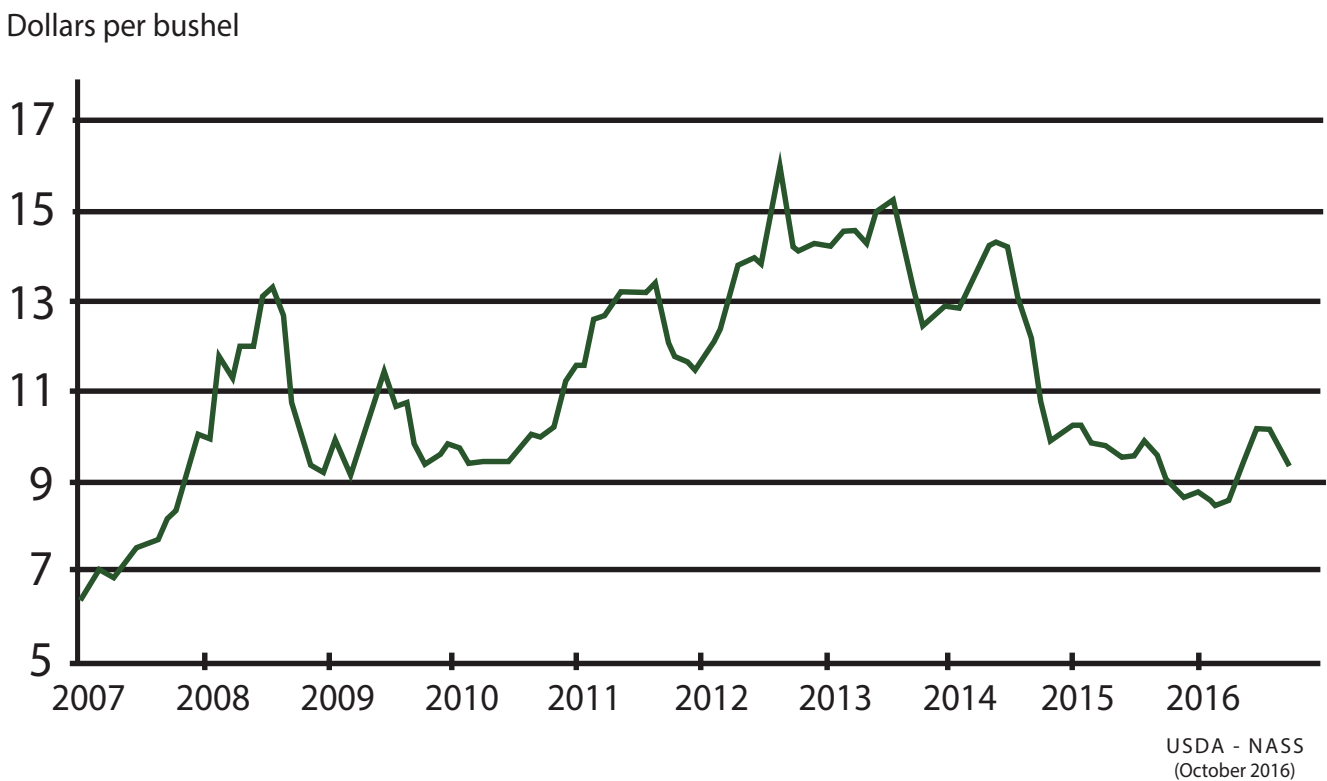
Period: 1895–2016



Prices Received for Wheat by Month - United States

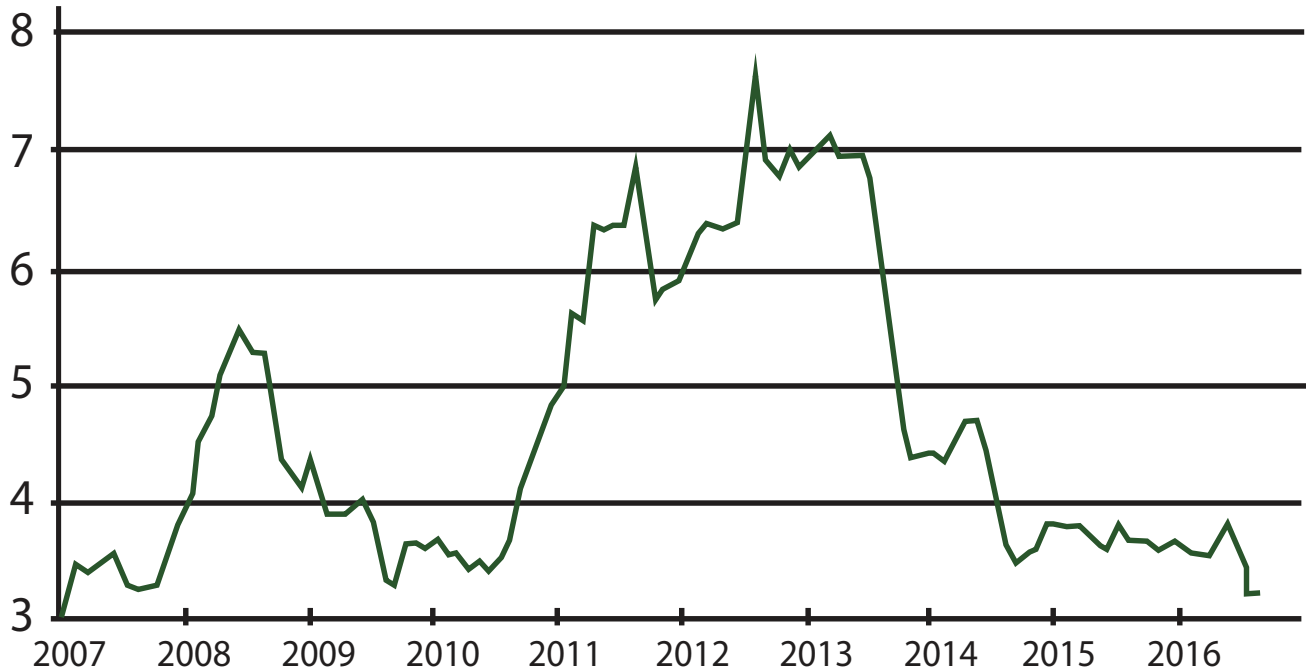


Prices Received for Soybeans by Month - United States



Prices Received for Corn by Month - United States

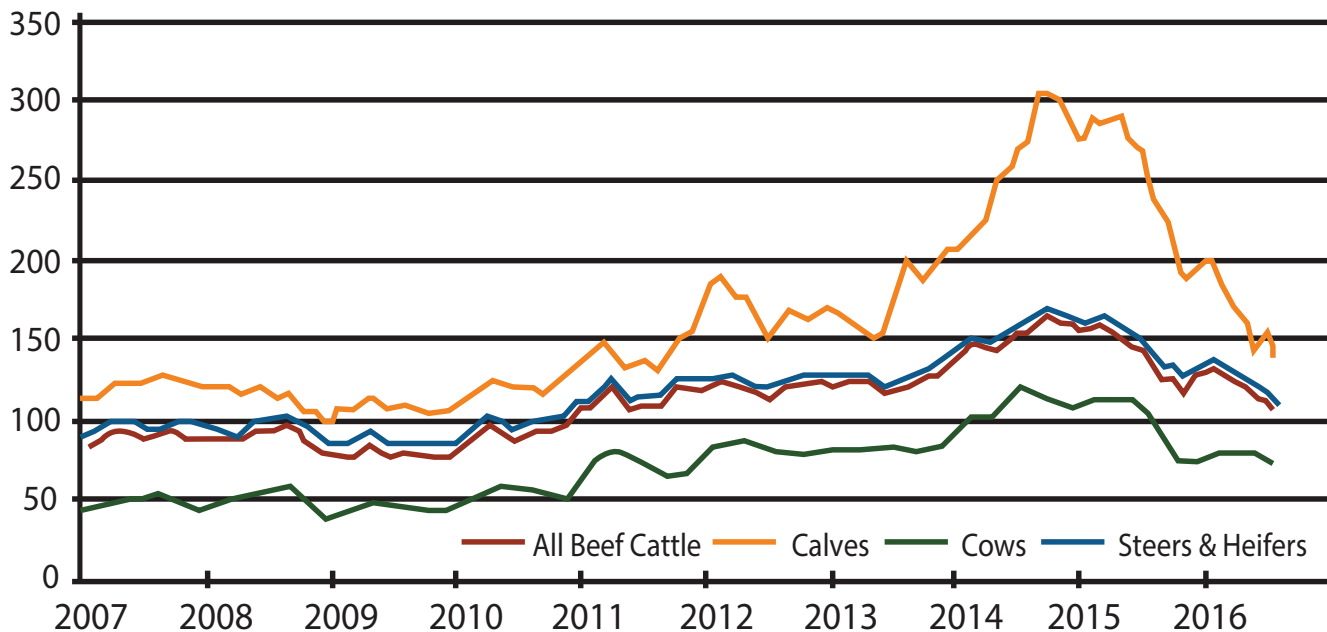
Dollars per bushel



USDA - NASS
(October 2016)

Prices Received for Cattle by Month - United States

Dollars per cwt



USDA - NASS
(October 2016)