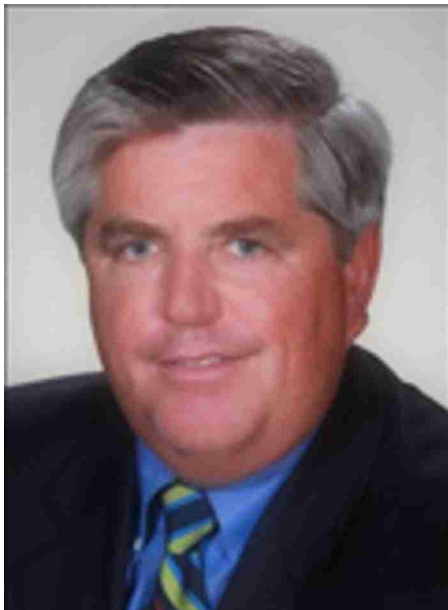


As an Investment Manager and General Manager of Ceres Farms, LLC and Heartland Farms, LLC with a Portfolio of Properties Totaling over 25,000 Acres, with 104 Farms in Five States, Ceres Partners is Investing in Hard Assets seeing Farmland as Gold with a Coupon



**Financial
Investment
(Private)**



**Perry Vieth
President**

BIO:

Perry Vieth, President, devotes his entire time towards managing the properties of Ceres Farms including financial, legal, accounting, hedging and investor relations. Formerly he served for ten years as CIO of Fixed

Income & Currency at PanAgora Asset Management in Boston, where he was responsible for research, investment strategy and oversight of assets exceeding \$7 billion. At PanAgora, Perry led several successful long-short hedge fund strategies and in 2007 was Pensions & Investments top-performing fixed income manager with a return of 16.1%. Mr. Vieth also served as a portfolio manager at Fleet Investment advisors, Fuji Securities and Chicago Research & Trading Group where he began his trading career at the Chicago Mercantile Exchange in 1986. From 1982 to 1986, Mr. Vieth practiced law in Chicago specializing in securities and corporate law. He graduated from the University of Notre Dame Law School with a J.D. and obtained a B.S. in accounting from Marquette University. He is a Chartered Financial Analyst and member of the Boston Securities Analyst Society. Perry serves on the University of Notre Dame Law School's Advisory Council and several charitable organizations' Board of Directors.

Company Profile:

Ceres Partners is a limited liability company organized in 2009 to serve as investment manager and general manager of Ceres Farms, LLC organized in 2007, Heartland Farms, LLC organized in 2006, and any successor investment funds. Ceres Partners manages a portfolio of properties totaling over 25,000 acres consisting of 104 farms in the states of Indiana, Illinois, Michigan, Ohio and Tennessee.

Ceres Partners believes that the pur-

chase decision is critical and looks to identify undervalued farms that generate positive cash flows. Risk is reduced when a farm is bought at the right price with multiple sources of return. Ceres also looks to improve its farms which increases the long-term value of the property and compels a higher rent. Ceres Partners actively manages each farm and selects a proven farmer from its existing network of preferred producers who desire to expand as Ceres acquires more farmland. The result is partnership that benefits both the landowner/investor and the farmer.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Vieth, would you tell us about Ceres Partners?

Mr. Vieth: Ceres Partners is an investment firm that I started in 2009 to serve as general manager over my personal farmland assets as well as those of Ceres Farms LLC, a commingled Fund. Ceres invests in hard assets generally and more specifically, farmland and farm improvement assets. We invest currently in five states, Indiana, Illinois, Michigan, Ohio, and one farm in Tennessee. We have about 25,000 acres and about \$125 million in assets.

CEOCFO: What made you decide this was a good opportunity?

Mr. Vieth: At the time, I was CIO of fixed income and foreign currency at an institutional firm in Boston, PanAgora Asset Management. Back in 2005 and 2006 I decided personally that I wanted to get more of my as-

sets invested in hard assets because the vision I had at that point in time was that we were at a secular low for inflation and I wanted inflation protected assets. I also thought we were at a high for the US dollar and I wanted an asset class that would benefit from a declining dollar. Finally, I saw the rising middle class in Asia and I wanted an asset that would benefit from that rising middle class. My vision is that there will be demand for more food and better food. Income producing farmland was the hard asset that delivered all of these investment criteria. I started investing personally in 2006 and then as we got into 2007, I had interest from other individuals who wanted to participate so we created Ceres Farms LLC, which is designed for outside investors to be able to participate directly in the ownership of farmland.

CEO CFO: How do you see your vision working out? Has it developed according to plan?

Mr. Vieth: I actually feel stronger about my vision now than I did then given that I did not anticipate how things would develop in Washington. I saw certain things in the economy but they have happened even faster than I envisioned. If you look at monetary policies and the debt that the US government has run up the last couple of years, I feel even stronger about this investment, especially when I look at the interest rate environment with the US 10 year treasury yielding about 1.5 to 1.6%. We invest in farmland that has current cash flow of six to seven percent plus the long-term appreciation which the land delivers, so I look at it as an investment class that is under-owned but yet offers great opportunity.

CEO CFO: What is your criteria for property acquisition?

Mr. Vieth: Our primary criteria is the current income potential of the farmland. The main mistake that people can make is overpaying when they purchase the land initially. Therefore, what we look at is what will the land cost us and what kind of rent can we get and those two factors together, provide an expected yield level; our target is six to seven percent and that

is what helps make our buy decision. There are other things like making sure that there is adequate water supply, good soils, and a flat terrain. We look at all those things but it has to meet that income component.

CEO CFO: Ceres has farms in a number of states. Is there any preference or is it strictly opportunistic?

Mr. Vieth: I mentioned water earlier; water is very important and in this year of drought, that is playing out. We are in the eastern part of the corn belt that generally has more water supplies, and northern Indiana and southern Michigan have a sustainable recharging aquifer. We like using irrigation, but the irrigation we use is supplemental irrigation. Therefore, if Mother Nature does not deliver the water that the crops need through rain, we then supplement this with irrigation. Irrigation is important because it allows us to grow specialty crops like vegetables and seed corn.

All investors should have more hard assets in their portfolios. In general, I recommend people have twenty to thirty percent in hard assets. I like to refer to farmland as gold with a coupon. - Perry Vieth

These specialty crops deliver higher revenues which allows us to produce greater returns. Currently, our portfolio has a little over forty percent of our acres irrigated, so even in a year of terrible drought like 2012, our farms are doing great and they are able to take advantage of the high crop prices that we are seeing because of the irrigation that we are able to deliver.

CEO CFO: How much involvement does Ceres have with the farms that you own? Is it strictly just the monetary investment or are you involved in with the management and any of the planning?

Mr. Vieth: An important element to our success is the producers (farmers) that we work with. We do a great deal of our homework ahead of time making sure that they are the best farmers out there using the latest technology and using sustainable practices such as things like cover crops and organic fertilizers to the extent available. Teaming up with the

right people to begin with takes much of the day to day management out of the equation. We monitor what is going on and we work with them as far as improvements on the land, but in the day to day production of the crops, we defer to them and to their expertise in that regard.

CEO CFO: How big a factor is the personality of the owner? Many times people do not want to give up anything about their company although they want the money. How do you weigh the people you are working with against the potential for the property?

Mr. Vieth: I tell people what we are doing is very transparent. What I consider the most proprietary thing we have are these tenant partners that we work with. We refer to them as tenant partners because they are very important to our equation. We are currently working with twenty-five of these tenant partners and we are always looking to expand that; we have

a current pipeline of another ten that we will look to acquire land for. But what is critical, like any business, is working with the right people, with good people, that is what makes us successful and is a very important part of what we are doing.

CEO CFO: What are some of the things that would surprise most people about farming and what is it that people do not understand?

Mr. Vieth: I do not think they will realize how much of a science it is and how much work goes into it. I often tell people I think they take for granted the food that we put on the table each day and do not realize how hard these farmers work to deliver that. We have the cheapest food in the world and the best food sourcing. These farmers are great people who are delivering that to them. People just do not realize how much of a science it is and I think they do not have enough of an appreciation for these farmers, as they should.

CEO CFO: Have you had much turnover in your portfolio and when do you decide it is time to make a change?

Mr. Vieth: We occasionally sell farms. We sold three in the last two years. We are most likely to sell if someone approaches us, has a strong desire to purchase, and offers a price that is strong for us. We look at what the yield level will be given the rent and the offer price. We sold one farm last year that we had purchased for about \$4,600 an acre, we owned it for just a little under two years and we were able to sell it for \$9,200 per acre. As we originally were getting a return in that six to seven percent level that we want it, at the price we sold it, it was under four percent, closer to a three percent return, which is a good opportunity for us to sell and then use those proceeds to purchase another higher yielding property. There were some small tangential things as well such as being too close to a city, which constrained future agricultural growth.

CEO CFO: Given the drought situation, are you finding increased opportunity?

Mr. Vieth: We are and I expect there will be some more sales this fall than usual as some people look to avoid an increase in long-term capital gains and some farmers sell to improve their balance sheets. Most farmers will do ok as long as they had crop insurance but there are going to be some ten to twenty percent that did not, so we expect to see some sales in that area. We have attended several auctions in the last couple of weeks and prices are still quite strong so we are not seeing as much let up there as I had expected, but we will see what happens as the fall progresses.

CEO CFO: Why should potential investors pay attention to Ceres?

Mr. Vieth: All investors should have more hard assets in their portfolios. In general, I recommend people have twenty to thirty percent in hard assets. I like to refer to farmland as gold with a coupon because gold is an alternative hard asset that you could invest in but it does not pay you anything

while you are holding it. Farmland on the other hand pays that six to seven percent income each year and yet offers long-term inflation protection as well as benefiting from the expanding global demographics and the rising middle class around the world that will want better food. With farmland, you are able to generate a return in the mid teens while still having all the benefits of owning a hard asset.

CEO CFO: What should people remember most when reading the Ceres Partners story?

Mr. Vieth: We continue to see opportunity, we have a pipeline of additional farms that meet our criteria and that we are still very early in this investment cycle. I think water is going to be a big thing going forward and we are always making sure that we have good water access on the properties that we buy.



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