

Sunpower Plantation

One of the World's Finest Rice, Cotton, Soybean and Corn Plantations

7600.6 Acres

(11.875 Square Miles)



Investing in Mississippi Delta farmland provides a very interesting and safe investment. Rarely does a Delta Plantation of this size and quality become available on the market.

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SUNPOWER PLANTATION

Location

The Plantation is located in the State of Mississippi, approximately 22 miles South of the city of Clarksdale and 33 miles North of the city of Greenwood. It is located east and west of the town of Webb, with Highway 32 going through the Plantation, which yields into the main State Highway 49E. In a northerly direction, this highway goes through Clarksdale to Memphis, Tennessee; traveling South about two hours one reaches the city of Jackson, which is the capital of the State of Mississippi.

Sunpower Plantation is part of the flat Yazoo Basin, geographically also named the Mississippi Delta, which, over a period of thousands of years, was formed by the Mississippi River and its tributaries. The Mississippi hill country forms the east borderline of the flat Delta land. **Sunpower Plantation** is located about 35 miles East of the Mississippi River and about 20 miles West of where the hill section of the state begins. Therefore, **Sunpower Plantation** lies in the heart of the Mississippi Delta very close to major highways.

History of Sunpower Plantation

The owner of Sunpower Plantation grew up on a row crop farm in Switzerland. Already as a young boy, he was actively involved in the family farming operation. He was very talented in repairing tractors and combines and became at a very young age, the repairman of equipment for his family's farm. At age 16 he lost his father and together with his older brother was forced to run the farming operation under the supervision of their mother.

Working hard on the farm while continuing his education, he became a mechanical engineer. At that time, his brother took over the farming operation by himself, and the young mechanical engineer went to work for a major cement producer where he successfully made inventions and patents. He soon started his own machine manufacturing business and was now in a position to manufacture the tools and machines he had invented and patented. At the prime of his life he sold the machine manufacturing plants and started to invest into agricultural land. Before he purchased land in the Mississippi Delta, the keen and prudent investor followed up his agricultural research by examining farmland in many other US regions and states. Upon finishing his investigation he contacted our office eagerly wishing to invest in Mississippi Delta farmland, realizing the superiority of this agricultural region.

A tragic illness struck the owner of Sunpower Plantation. It was very sad losing a highly ethical entrepreneur who enjoyed his investment in the Mississippi Delta very much. His heirs have decided to sell the land of Sunpower Plantation.

The owner of Sunpower Plantation purchased the land in several steps, as the parcels of land became available:

- On January 6, 1994, he purchased three farms, the Rainbow Plantation, the Morrow Metro Plantation and the Sandy Bayou Plantation (Brown/Melton Farms) consisting of a total of 4,495.2 acres.
- On December 16, 1996, he purchased three farms known as Black Bayou, Parfico and Goss Farms, with a total of 2,903.4 acres.
- On November 20, 1997, he acquired the 70 acre Pauline Welch Farm and an additional 132 acres from Homer Morris et al.

After each purchase an investment plan was made. All the land that was suitable and cost efficient for irrigation was surveyed and then **Precision Land Formed** for furrow or flood irrigation. Many new irrigation wells were installed, as well as PVC underground lines to bring water to certain irrigation high points. Much needed additional grain storage was built and the best drainage systems were installed.

Sunpower Plantation

Sunpower Plantation consists of three greatly improved farms that can be sold as a whole or sold and operated as three individual Plantations.

A) Shoestring Plantation	3,105.4 acres (1,256.4 hectare)
B) Rainbow Plantation	1,746.0 acres (706.4 hectare)
C) Sandy Bayou / Morrow Metro Plantation	<u>2,749.2 acres (1,112.3 hectare)</u>
D) Sunpower Plantation	7,600.6 acres (3,075.1 hectare)

Each plantation, **Shoestring, Rainbow** or **Sandy Bayou/Morrow Metro**, is a well improved individual operation and is leased to different tenants. Each tenant owns his own farm equipment and furnishes hundred percent of all crop expenses. The tenant pays 28% of all harvested crops to the landowner for the use of the land and improvements.

Therefore, Sunpower Plantation can be sold as a whole or it can be sold as three individual farms.

A) Shoestring Plantation

Tillable Land	2,786.6 acres
Roads, Ditches, Headquarters, Bayous, Woods, Lake	318.8 acres
Total Deeded Land	3,105.4 acres
Total Rice Rotation Land	2,252.3 acres
Land not suitable for growing rice	534.3 acres
Total Tillable Land	2,786.6 acres
Non Irrigatable Land	444.3 acres
Irrigatable Land	2,342.3 acres
Total Tillable Land	2,786.6 acres

Base Acreage Allocation by the United States Department of Agriculture (USDA)

Shoestring Plantation has been enrolled into the new 2002-2007 Farm Program. Below you find the allocated Base Acreage and Payment Yields for Shoestring Plantation, which determines the USDA price support payments.

<u>Crop</u>	<u>Base Acres</u>	<u>(DP) Direct Payment Yield</u>	<u>(CCP) Counter Cyclical Payment Yield</u>
Rice	948.4	4041	5493
Soybeans	1,677.4	27	33
Wheat	122.6	31	50
Corn	90.9	45	83

Soil Type

Approximately 1600 acres of the land are Alligator Clay soils. These soils have been land formed for the production of high yielding rice in crop rotation with soybeans.

Approximately 650 acres of the land are "Mixed Soils" consisting of Alligator Silty Clay Loam, Dundee Silty Clay Loam, and Forestdale Silty Clay Loam. These soils have been land formed for the production of high yielding rice in crop rotation with soybeans. If the market price for wheat is high we "double crop" a portion of the mixed soil type by planting winter wheat after the soybean crop has been harvested. This allows us to harvest two crops out of the same field.

Approximately 500 acres of the land are Fine Sandy Loam and Silt Loam such as Dubbs and Dundee. These soils are some of the best for growing cotton. However, during the past six years this land was planted with rice, soybeans, and corn.

Improvements on Shoestring Plantation:

-- 22 irrigation wells with risers and 80 p.s.i. PVC underground line	\$ 132,000
-- 69,000 bushel grain storage (3 bins at 23,000 Bu.) fully equipped with stirring devices, (3) butane gas heaters and, (3) electric fans, loading and unloading facilities (well maintained).....	\$ 110,000
-- 50,000 bushel grain storage (one bin) equipped with one butane gas heater and fan.....	\$ 65,000
-- (1) metal repair shop.....	\$ 25,000
-- (1) one large equipment shed.....	\$ 45,000
-- (1) one wooden equipment shed.....	\$ 15,000
-- (1) one house.....	-0-
-- (1) stationary 1983 Valley Center Pivot System, 1300 feet long with generator, one (1) irrigation well (4 years old)	\$ 25,000
-- 984.9 acres land has been formed the conventional way with some side slope for flood and furrow irrigation at an average cost of \$300 per acre.....	\$ 295,470
-- 1,267.5 acres land has been precision land formed with straight levees (no side slope) for flood and furrow irrigation at an average cost of \$500 per acre.....	\$ <u>633,750</u>
Total Improvements on Shoestring Plantation.....	\$1,346,220

Sales Price of Shoestring Plantation

3,105.4 acres at \$1,500 per acre..... \$ 4,658,100

Financing the Sales Price

Met Life is interested to refinance the property. For more details see [link]

Past Revenues for Shoestring Plantation

1999 Land Owner Revenue (28% of plantation revenue)	\$ 269,808
2000 Land Owner Revenue (28% of plantation revenue)	\$ 274,099
2001 Land Owner Revenue (28% of plantation revenue)	\$ 291,140
2002 Land Owner Revenue (28% of plantation revenue)	\$ 293,710

(for details see 1999-2002 Crop Results starting on page 36)

2003 Revenue Projection for Shoestring Plantation

Rice Production:

900.0 acres Rice at 140 Bu./Ac. at \$4.50/Bu.....	\$ 576,000
USDA Direct Rice Payment (DP):	
85% of 948.4 Ac. x 4,041 Lbs./Ac. x \$0.0235/Lb.....	\$ 76,554
USDA Counter Cyclical Rice Payment (35% partial payment).....	\$ 7,160

Soybean Production:

1,886.6 Acres Soybeans at 42 Bu./Ac. at \$7.25/Bu.....	\$ 574,469
USDA Direct Soybean Payment (DP):	
85% of 1,677.4 Ac. x 27 Bu./Ac. x \$0.44/Bu.....	\$ 16,938
USDA Wheat Payment (DP):	
85% of 122.6 Ac. x 31 Bu./Ac. x \$0.52/Bu.....	\$ 1,680
USDA Direct Corn Payment (DP):	
85% of 90.9 Ac. x 45 Bu./Ac. x \$0.28/Bu.....	\$ 974
100% Projected Farm Revenue for 2003.....	\$ 1,244,775

Farm Rent Payment for Shoestring Plantation

Landowner's 28% Share of the Projected Farm Revenue of \$1,244,775 for 2003

Total 2003 Projected Farm Revenue \$ 348,537

Yearly Expenses

Insurance Coverage:

Shop/Shed.....\$1,238

Grain Storage..... \$2,228

General Liability..... \$ 700 \$ 4,166

Farm Management Fee (6% of Land Owner Revenue)..... \$ 20,912

Maintenance & Repair..... \$ 10,000

Property Taxes..... \$ 26,500

Miscellaneous..... \$ 1,500

CPA & Legal Fees..... \$ 1,000

Total Average Yearly Expenses \$ 64,078

Projected 2003 Net Income for Shoestring Plantation \$ 284,459

Return on Investment:

The projected 2003 net income of \$284,459 corresponds to a net return of **6.11%** on the total investment of \$4,658,100.

B) Rainbow Plantation

Tillable Land	1,638.6 acres
Bayous, Roads, Ditches, Headquarters	107.4 acres
Total Deeded Land	1,746.0 acres
Excellent Land Suitable for Cotton Production	1,292.4 acres
Excellent Land Suitable for Rice Production	445.0 acres
Irrigatable Land	1,574.0 acres
Non Irrigatable Land	64.6 acres
Total Tillable Land	1,638.6 acres

Base Acreage Allocation by the United States Department of Agriculture (USDA)

Rainbow Plantation has been enrolled into the new 2002-2007 Farm Program. Below you find the allocated Base Acreage and Payment Yields for Rainbow Plantation, which determines the USDA price support payments.

<u>Crop</u>	<u>Base Acres</u>	<u>(DP) Direct Payment Yield</u>	<u>(CCP) Counter Cyclical Payment Yield</u>
Cotton	878.8	935	747
Rice	246.8	3,990	5,300
Soybeans	204.1	24	29
Corn	129.5	47	91
Wheat	30.4	32	56

Soil Type

Approximately 1,285 acres of the land are Fine Sandy Loam and Silt Loam such as Dubbs and Dundee. These soils are some of the best for growing cotton.

Approximately 230 acres of the land are "Mixed Soils" such as Dundee Silty Clay Loam and Forestdale Silty Clay Loam. These soils are good for growing a number of different crops, such as cotton, rice, soybeans, and corn.

Approximately 125 acres of the plantation are Clay Soils such as Alligator Clay. These soils are excellent for growing rice in rotation with soybeans.

Improvements on Rainbow Plantation

-- (15) irrigation wells with risers and underground irrigation lines, (7) electric submersible wells and (8) large steel wall wells.....	\$ 91,000
-- 69,000 bushel grain storage (3 bins at 23,000 Bu.) fully equipped with stirring devices, (3) butane gas heaters and, (3) electric fans, loading and unloading facilities (four years old).....	\$ 110,000
-- (6) homes for farm labor.....	\$ 180,000
-- (1) shop building with storage room.....	\$ 25,000
-- (2) wooden pole sheds with tin roof.....	\$ 10,000
-- (1) nice home with swimming pool, bath house, vegetable gardens.....	\$ 120,000
-- (1) domestic well.....	\$ 8,000
-- 1,094.5 acres land has been formed the conventional way with some side slope for flood and furrow irrigation at an average cost of \$300 per acre.....	\$ 328,350
-- 467.4 acres land has been precision land formed with straight levees (no side slope) for flood and furrow irrigation at an average cost of \$500 per acre.....	\$ 233,700
Total Improvements on Rainbow Plantation.....	\$1,106,050

Sales Price of Rainbow Plantation

1,746.0 acres at \$1,950 per acre..... \$ 3,404,700

Financing the Sales Price

Met Life is interested to refinance the property. For more details see [link]

Past Revenues for Rainbow Plantation

1999 Land Owner Revenue (28% of plantation revenue)	\$ 217,148
2000 Land Owner Revenue (28% of plantation revenue)	\$ 164,978
2001 Land Owner Revenue (28% of plantation revenue)	\$ 185,243
2002 Land Owner Revenue (28% of plantation revenue)	\$ 159,750

(for details see 1999-2002 Crop Results starting on page 36)

2003 Revenue Projection for Rainbow Plantation

Cotton Production:

1,008.4 Acres Cotton at 1,000 Lbs./Ac. at \$0.66/Lb.....	\$ 665,544
USDA Direct Cotton Payment (DP):	
85% x 878.8 Ac. x 935 Lbs./Ac. x \$0.0667/Lb.....	\$ 46,585
USDA Counter Cyclical Payment (CCP):	
85% x 878.8 Ac. x 747 Lbs./Ac. x \$0.0201/Lb (35% partial payment).....	\$ 11,215

Rice Production:

148.1 acres Rice at 140 Bu./Ac at \$4.60/Bu.....	\$ 95,376
USDA Direct Rice Payment (DP):	
85% x 246.8 Ac. x 3,990 Lb./Ac. x \$0.0235/Lb.....	\$ 19,670

Soybeans Production:

424.0 acres Soybeans at 42 Bu./Ac. at \$7.40/Bu.....	\$ 131,779
USDA Direct Soybean Payment (DP)	
85% x 204.1 Ac. x 24 Bu./Ac. x \$0.44/Bu.....	\$ 1,832
USDA Direct Corn Payment (DP):	
85% x 129.5 Ac. x 47 Bu./Ac. x \$0.28/Bu.....	\$ 1,449
USDA Direct Wheat Payment (DP):	
85% x 30.4 Ac. x 32 Bu./Ac x \$0.52/Bu.....	<u>\$ 430</u>

100% Projected Farm Revenue for 2003..... \$ 973,880

Farm Rent Payment for Rainbow Plantation

Landowner's 28% Share of the Projected Farm Revenue of \$973,880 for 2003...	\$ 272,686
Plus the yearly Plantation Home rent	\$ 7,200
Total 2003 Projected Farm Revenue	\$ 279,886

Yearly Expenses for Rainbow Plantation

Insurance Coverage:		
Shop/Shed.....	\$ 350	
Grain Storage.....	\$ 800	
General Liability.....	\$ 500	
Houses.....	\$ 3,600	
Irrigation Wells.....	\$ 500	\$ 5,750
Farm Management Fee (6% of Land Owner Revenue).....		\$ 16,793
Maintenance & Repair.....		\$ 8,000
Property Taxes.....		\$ 17,000
Miscellaneous.....		\$ 1,500
CPA & Legal Fees.....		\$ 1,200
Average Yearly Expenses		\$ 50,243

Projected 2003 Net Income for Rainbow Plantation **\$ 229,643**

Return on Investment:

The projected 2003 net income of \$229,643 corresponds to a net return of 6.74% on the total investment of \$3,404,700.

C) Sandy Bayou/Morrow Metro Plantation (SB/MM)

Tillable Land	2,525.7 acres
Woods, Bayous, Roads, Ditches, Lake, Headquarters	223.5 acres
Total Deeded Land	2,749.2 acres
Total Rice Rotation Land	2,346.4 acres
Land Not Suitable for Growing Rice	179.3 acres
Total Tillable Land	2,525.7 acres
Irrigatable Land	2,346.4 acres
Non Irrigatable Land	179.3 acres
Total Tillable Land	2,525.7 acres

Base Acreage Allocation by the United States Department of Agriculture (USDA)

Sandy Bayou/Morrow Metro Plantation has been enrolled into the new 2002-2007 Farm Program. Below you find the allocated Base Acreage and Payment Yields for SB/MM Plantation, which determines the USDA price support payments.

<u>Crop</u>	<u>Base Acres</u>	(DP) Direct <u>Payment Yield</u>	(CCP) Counter Cyclical <u>Payment Yield</u>
Rice	1,233.2	3,990	5,300
Soybeans	1,424.5	24	29
Wheat	48.9	32	56
Corn	33.8	47	91

Soil Types

Approximately two-thirds of the land are Alligator Clay soils. These soils have been land formed for the production of high yielding rice in crop rotation with soybeans.

Approximately one-third of the land are "Mixed Soils" consisting of Sandy Loam, Silt Loam, and Silty Clay Loam. These soils have been land formed for the production of high yielding rice in crop rotation with soybeans. If the market price for wheat is high we "double crop" a portion of the mixed soil type by planting winter wheat after the soybean crop has been harvested. This allows us to harvest two crops out of the same field in one year.

Improvements on Sandy Bayou/Morrow Metro Plantation (SB/MM)

-- (16) 16-inch steel wall irrigation wells, each equipped with a pump and gear drive.....	\$ 128,000
-- (1) 16-inch steel wall irrigation well with pump and 50 H.P. electric motor.....	\$ 10,000
-- (3) electric submersible wells.....	\$ 18,000
-- (3) 12,000 bushel grain storage tanks, all equipped with stirring devices, fans, heaters, with loading and unloading augers.....	\$ 45,000
-- 69,000 bushel grain storage (3 bins at 23,000 bu.) fully equipped with stirring devices, (3) butane gas heaters and (3) electric fans, loading and unloading facilities	\$ 110,000
-- (1) 50,000 bushel grain storage tank equipped with fan, heater and unloading auger.....	\$ 65,000
-- (1) wood frame tenant home.....	\$ 25,000
-- (1) enclosed metal repair shop.....	\$ 25,000
-- (2) metal equipment sheds.....	\$ 25,000
-- (1) nice brick home.....	\$ 160,000
-- (1) domestic well.....	\$ 5,000
-- 795.0 acres land has been formed the conventional way with some side slope for flood and furrow irrigation at an average cost of \$300 per acre.....	\$ 238,500
-- 1,551.4 acres land has been precision land formed with straight levees (no side slope) for flood and furrow irrigation at an average cost of \$500 per acre.....	\$ <u>775,700</u>

Total Improvements on Sandy Bayou / Morrow Metro Plantation..... \$1,630,200

Sales Price of Sandy Bayou/Morrow Metro Plantation

2,749.2 Acres at \$1,750 per acre..... \$4,811,100

Financing the Sales Price

Met Life is interested to refinance the property. For more details see [link]

Past Revenues for Sandy Bayou/Morrow Metro Plantation

1999 Land Owner Revenue (28% of plantation revenue) \$ 257,594
2000 Land Owner Revenue (28% of plantation revenue) \$ 313,703
2001 Land Owner Revenue (28% of plantation revenue) \$ 261,879
2002 Land Owner Revenue (28% of plantation revenue) \$ 230,858
(for details see 1999-2002 Crop Results starting on page 36)

2003 Revenue Projection for Sandy Bayou/Morrow Metro Plantation

Rice Production:

905.2 Acres Rice at 140 Bu./Ac. at \$4.60/Bu..... \$ 582,948
USDA Direct Rice Payment (DP):
85% of 1,233.2 Ac. x 3,990 Lbs./Ac. x \$0.0235/Lb..... \$ 98,286
USDA Counter Cyclical Rice Payment (35% partial payment)..... \$ 32,084

Soybean Production:

1,628.6 Acres Soybeans at 40 Bu./Ac. at \$7.40/Bu..... \$ 482,065
USDA Direct Soybean Payment (DP):
85% of 1,424.5 Ac. x 24 Bu./Ac. x \$0.44/Bu..... \$ 12,786

USDA Wheat Payment (DP):
85% of 48.9 Ac. x 32 Bu./Ac. x \$0.52/Bu..... \$ 692

USDA Corn Payment (DP):
85% of 33.8 Ac. x 47 Bu./Ac. x \$0.28/Bu..... \$ 378

100 % Projected Farm Revenue for 2003 \$1,209,239

Farm Rent Payment for Sandy Bayou/Morrow Metro Plantation

Landowner's 28% share of the Projected Revenue of \$1,209,239 for 2003.....	\$ 338,587
Plus the yearly plantation home rent	<u>\$ 6,000</u>
Total 2003 Projected Farm Revenue	\$ 344,587

Yearly Expenses

Insurance Coverage:		
Shop/Shed.....	\$ 400	
Grain Storage.....	\$ 1,520	
Gen. Liability.....	\$ 700	
Houses.....	\$ 2,220	
Electric Irrigation Wells.....	<u>\$ 280</u>	\$ 5,120
Farm Management Fee.....		\$ 20,675
Maintenance & Repairs.....		\$ 10,000
Property Taxes.....		\$ 21,900
Miscellaneous.....		\$ 1,500
CPA & Legal Fees.....		<u>\$ 1,200</u>
Average Yearly Expenses		\$ 60,395

Projected 2003 Net Income for Sandy Bayou / Morrow Metro Plantation **\$ 284,192**

Return on Investment:

The projected 2003 net income of \$284,192 corresponds to a net return of 5.91% on the total investment of \$4,811,100.

Please see page [link] on how the net income of Sandy Bayou could have been higher utilizing the newest farm technology.

D) SUNPOWER AS ONE PLANTATION

Comprised of Shoestring, Rainbow, and Sandy Bayou / Morrow Metro Plantation

Tillable Land	6,950.9 acres
Woods, Bayous, Roads, Ditches, Headquarters, Lakes	649.7 acres
Total Deeded Land	7,600.6 acres
Total Rice Rotation Land	5,043.7 acres
Excellent Land for the Production of Cotton	1,800.0 acres
Irrigatable Land	6,262.7 acres
Non Irrigatable Land	688.2 acres
Total Tillable Land	6,950.9 acres

<u>Crop</u>	<u>Base Acres</u>	(DP) Direct <u>Payment Yield</u>	(CCP) Counter Cyclical <u>Payment Yield</u>
Rice	2,428.4	4,010	5,375
Cotton	878.8	935	747
Soybeans	3,306.0	26	31
Wheat	201.9	31	52
Corn	254.2	46	88

Soil Type

Approximately 3400 acres of the land are Alligator Clay soils. These soils have been land formed for the production of high yielding rice in crop rotation with soybeans.

Approximately 1700 acres of the land are "Mixed Soils" consisting of Alligator Silty Clay Loam, Dundee Silty Clay Loam, and Forestdale Silty Clay Loam. These soils have been land formed for the production of high yielding rice in crop rotation with soybeans. If the market price for wheat is high we "double crop" a portion of the mixed soils by planting winter wheat after the soybean crop has been harvested. This allows us to harvest two crops out of the same field in one year.

Approximately 1,800 acres of the land are Fine Sandy Loam and Silt Loam such as Dubbs and Dundee. These soils are some of the best for growing cotton.

Improvements on Entire Sunpower Plantation

Irrigation Equipment

- (45) 16-inch irrigation wells, each equipped with pump and gear drive, with PVC underground lines.
- (11) electric submersible wells
- (1) 16-inch irrigation well with pump and 50 H.P. electric motor
- (1) Stationary 1983 Valley Center Pivot System, 1,300 feet long with generator, (1) irrigation well to irrigate approximately 100 acres
- Total of above listed irrigation equipment.....\$ 404,000

Grain Storage

- 243,000 bushel grain storage (9 bins at 23,000 Bu. each and 3 bins at 12,000 Bu. each) fully equipped with stirring devices, (12) butane gas heaters, (12) electric fans, with loading & unloading facilities.....\$ 375,000
- 100,000 bushel grain storage (two 50,000 Bu. bins) equipped with fans, heaters, and unloading augers.....\$ 130,000

Buildings

- One nice Plantation Home with swimming pool, bath house, vegetable and herb gardens on Rainbow Plantation..... \$ 120,000
- A new brick plantation home on Sandy Bayou Plantation \$ 160,000
- (1) home on Shoestring..... \$ -0-
- (7) wood frame tenant homes..... \$ 205,000
- (1) metal repair shop on Shoestring..... \$ 25,000
- (1) shop building with storage room on Rainbow..... \$ 25,000
- (1) metal repair shop on Sandy Bayou..... \$ 25,000
- (1) large metal equipment shed on Shoestring..... \$ 45,000
- (2) wooden pole sheds with tin roof on Rainbow..... \$ 10,000
- (2) metal equipment sheds on Sandy Bayou.....\$ 25,000
- (1) large wooden equipment shed on Shoestring..... \$ 15,000

Domestic Wells

-- (3) Domestic Wells, one on each Plantation..... \$ 13,000

Land Improvement: Land Forming / Precision Landforming

--2,874.4 acres land has been formed the conventional way with some side slope for flood and furrow irrigation at an average cost of \$300 per acre..... \$ 862,320

--3,286.3 acres land has been precision land formed with straight levees (no side slope) for flood and furrow irrigation at an average cost of \$500 per acre..... \$1,643,150

Total Improvements on Sunpower Plantation.....\$4,082,470

Purchase Price of Sunpower Plantation

The selling price of Sunpower Plantation, which is comprised of the Shoestring Plantation, Rainbow Plantation, and Sandy Bayou / Morrow Metro Plantation, for a total of 7,600.6 acres, including all improvements, amounts to **\$12,873,900** or **\$1,693.80 per acre**.

Theoretical Cost of Bare or Unimproved Land

To view the price per acre for unimproved land at this purchase price, we can subtract all improvements, including the investment of precision land forming the fields, from the purchase price. We can then divide this amount by the number of acres, 7,600.6, to arrive at a theoretical price per bare acre of land.

Purchase Price	\$12,873,900.00
<u>Less: Book Value of Improvements</u>	<u>\$4,082,470.00</u>
Price for Unimproved Land	\$8,791,430.00
<u>Divided by: Total Deeded Acreage</u>	<u>7,600.60</u>
Theoretical Price Per Bare Acre Of Land	<u>\$1,157.00</u>

Existing Mortgage on the Sunpower Plantation

There is a mortgage on Sunpower Plantation in the amount of \$3,400,000 at an interest rate of 6.5%. This interest rate is fixed through January 15, 2007, at which time the interest rate will be adjusted to the current rate. The interest is due and payable semiannual on January 15 and July 15. The principal payment of \$3,400,000 is due on January 15, 2012.

According to our experience with MetLife, this loan can be assumed upon request by the purchaser. The loan interest rate will adjust again on Jan. 15, 2007 to the current rate at that time for the remaining term of the loan.

Refinancing of Sunpower Plantation

Met Life is interested in refinancing the property. If the potential buyer is a Corporation, LP or LLC, and would not personally sign the note, then MetLife would probably not entertain mortgaging more than 55% of the purchase price. However, if the buyer would personally sign the note and has a very strong balance sheet, they might finance 65 to 70% of the purchase price.

As of December 9, 2003 interest rates on the following periods are as follows:

1 year adjustable.....	3.30%
3 year adjustable.....	4.45%
5 year adjustable.....	5.25%
10 year fixed.....	6.25%
15 year fixed.....	6.75%
20 year fixed.....	7.15%

Please note: Rates are subject to change daily. Therefore the company locks in the rate the day of application.

Past Revenue for Sunpower Plantation

1999 Landowner Revenue (28% of Plantation Revenue).....	\$ 744,550
2000 Landowner Revenue (28% of Plantation Revenue).....	\$ 752,781
2001 Landowner Revenue (28% of Plantation Revenue).....	\$ 731,064
2002 Landowner Revenue (28% of Plantation revenue).....	\$ 684,319
(for details see 1999-2002 Crop Results starting on page 36)	

2003 Revenue Projection for Sunpower Plantation

100% Projected Revenue for Shoestring Plantation	\$ 1,244,775
100% Projected Revenue for Rainbow Plantation	\$ 973,880
100% Projected Revenue for Sandy Bayou/Morrow Metro Plantation	<u>\$ 1,209,239</u>
100% Projected Revenue 2003 for Sunpower Plantation	\$ 3,427,894

Farm Rent Payment for Sunpower Plantation

28% share of the Projected Farm Revenue of \$3,427,894 for 2003.....	\$ 959,810
Plus Yearly Rental Income from Plantation Homes.....	<u>\$ 13,200</u>
Projected 2003 Farm Revenue for Sunpower Plantation	\$ 973,010

Yearly Expenses

Insurance Coverage Premiums:

Houses.....	\$ 5,800	
Shops/Sheds.....	\$ 1,988	
Grain Storage.....	\$ 4,548	
Irrigation Wells.....	\$ 800	
Gen. Liability.....	<u>\$ 1,900</u>	\$ 15,036
Farm Management Fee.....		\$ 58,380
Maintenance & Repair.....		\$ 28,000
Property Taxes.....		\$ 65,400
Miscellaneous.....		\$ 4,500
CPA, Legal & Professional Fees.....		<u>\$ 3,400</u>
Total Average Yearly Expenses.....		\$174,716

Projected 2003 Net Income for Sunpower Plantation **\$ 798,294**

Return on Investment

The projected 2003 net income of **\$798,294** corresponds to a **net return of 6.2%** on the total investment of \$12,873,900.

Increase the Farm Income of Sunpower Plantation

One of the foes of the rice farmer is the **red rice** weed. The red rice weed reduces the rice yield, and if severe lowers the price received per bushel. To combat red rice the farmers utilize a yearly 50% crop rotation plan. In other words, rice is planted on 50% of the rice land, and the other 50% is planted in soybeans. The next year, soybeans are planted where rice was planted in the previous year, and vice versa. When severe red rice exists, the farmer is forced to plant an additional year of soybeans. This reduces farm income since more money can be made with rice than soybeans.

Sandy Bayou /Morrow Metro has 2,363 acres of rice rotation land. Therefore, in 2003 the tenant, Chamblis Farms, should have planted approximately 1180 acres of rice (2,363 / 2). However, due to severe red rice problems the tenant planted 276 acres of additional soybeans instead of rice, diverting from the 50/50 rice rotation plan.

Rice:	276 acres x 140 Bu/Ac x \$4.60/Bu x 28% =	\$49,768
Soybeans:	276 acres x 40 Bu/Ac x \$7.40/Bu x 28% =	(\$22,875)
Increase of income if rice could have been planted		\$26,893

Had the tenant been able to plant the full 50% rotation in rice, the crop share rent would have increased \$26,893 for a total net income of \$311,085. This would have increased the net return of Sandy Bayou / Morrow Metro from 5.91% to **6.47%** on a total investment of \$4,811,100.

Planting soybeans instead of rice helps to eliminate red rice weed problems because herbicides can be used to fight the red rice weed that does not hurt the planted soybeans. Until just last year it was not possible to use a herbicide on the red rice weed in a rice field without also killing the planted rice.

We now have a new weapon in fighting the red rice weed. A new conventional (not gene manipulated) rice seed called **Clearfield Rice** allows the red rice weeds to be eliminated in a rice field with the herbicide **Newpath** without hurting the planted rice. Already this year, Chamblis Farms planted 185.8 acres of this new variety. The trial crop was very successful with the elimination of the red rice weeds in the rice fields. The Clearfield Rice yielded in excess of 140 bushels per acre and the milling yield was good. Chamblis Farms has already ordered sufficient Clearfield Rice Seed to plant 1200 acres in 2004.

Brief Explanation of the new Farm Program 2002-2007

To secure the production of food and fiber, the United States Department of Agriculture (USDA) has introduced a new farm bill. On May 13, 2002, President Bush signed the Farm Security and Rural Investment Act (FSRIA) into law. Several key provisions of this new farm bill give stabilization to the U.S. farm economy mainly by establishing **target prices** for selected commodities under FSRIA 2002 Law.

During the years 1998 through 2002 we experienced a period of low commodity prices. The new Farm Program stabilizes the farm economy by guaranteeing the Farmer/Landowner receive target prices on their program crops. These established target prices are higher than the commodity prices during the years 1998 through 2002. Thus, if the commodity prices should fall for any reason **the farmer/landowner still receives a respectable income**, bringing further security to this investment opportunity.

The new farm program allowed Sunpower Plantation **to update its Base Acreage and its Payment Yields**. Regardless of the commodity prices at the market place, the farming operation will receive Direct Payments (DP) based on the base acreage and payment yields. Further, a Counter Cyclical Payment (CCP) on all listed commodities, including soybeans, will be made. The amount of this payment depends on the 12 month average commodity price the farmer was able to receive at the market place. It is payable on 85% of the established base acreage times payment yield times the variable CCP rate for each commodity.

Basically, the farmer/ landowner can at **minimum expect to receive the target prices listed below** on 85% of the base acreage and its payment yields. For the products grown in excess of 85% of the base acreage, the farmer/landowner will receive no less than the Loan Rates, **even if the market price is lower**. However, if the market price is higher than the loan rate, the farmer/landowner receives the market price.

<u>Commodity</u>	<u>Target Price</u>		<u>Loan Rates</u>	
	<u>2002-2003</u>	<u>2004-2007</u>	<u>2002-2003</u>	<u>2004-2007</u>
Cotton (lb.)	\$ 0.7240	\$ 0.7240	\$0.52	\$0.52
Soybeans (Bu.)	\$ 5.80	\$ 5.80	\$5.00	\$5.00
Corn (Bu.)	\$ 2.60	\$ 2.63	\$1.98	\$1.95
Rice (Bu.)	\$ 4.725	\$ 4.725	\$2.925	\$2.925
Wheat (Bu.)	\$ 3.86	\$ 3.92	\$2.80	\$2.75

<u>Commodity</u>	<u>Direct Payments</u>	<u>Maximum Counter Cyclical Payments</u>	
	<u>2002-2007</u>	<u>2002-2003</u>	<u>2004-2007</u>
Cotton (lb.)	\$0.0667	\$0.1373	\$0.1373
Soybeans (Bu.)	\$0.44	\$0.36	\$0.36
Corn(Bu.)	\$0.28	\$0.34	\$0.40
Rice(Bu.)	\$1.0575	\$0.7425	\$0.7425
Wheat(Bu.)	\$0.52	\$0.54	\$0.65

Examples of the New Farm Program

Below are some examples of how the farm program works by using rice. Since the Direct Payment is guaranteed, the 12 month average market price determines how much the counter cyclical payment will be, since market price + DP + CCP = Target Price. Hence, the only variable other than market price is the counter cyclical payment (CCP). The maximum CCP rate for rice is \$0.7425 per bushel.

Example A: If the market price plus the DP for rice is less than the target price, the farmer/landowner receives a CCP equal to the amount needed to reach the target price.

Market Price per Bu. Rice	\$3.2500
Direct Payment	+ \$1.0575
Counter Cyclical Payment	+ <u>\$0.4175</u>
Target Price per Bu. rice	\$4.7250

Example B: In this example the market price for rice is less than the target price. However the market price is sufficient enough that the target price is reached without the need of a counter cyclical payment.

Market Price per Bu. Rice	\$3.6675
Direct Payment	+ \$1.0575
Counter Cyclical Payment	+ <u>\$0.0000</u>
Target Price per Bu. rice	\$4.7250

Example C: In this example the market price for rice is greater than the target price. The market price is sufficient enough that the target price is reached without the need for a counter cyclical payment.

Market Price per Bu. Rice	\$4.9500	
Direct Payment	+ \$1.0575	
Counter Cyclical Payment	+ <u>\$0.0000</u>	
Target Price per Bu. rice	reached	Farmer/Landowner receive \$6.00/Bu. Rice

Example D: In this example the market price for rice is not only below the target price, but also below the loan rate. However the farmer/landowner still receives the loan rate on **100% of the produced crops**.

Market Price per Bu. Rice	\$2.3500	Farmer/Landowner choose to place rice in USDA-CCC Rice Loan Program
USDA-CCC Loan Rate	\$2.9250	
Direct Payment	+ \$1.0575	
Counter Cyclical Payment	+ <u>\$0.7425</u>	
Target Price per Bu. rice	\$4.7250	

Management of Sunpower Plantation

Sunpower Plantation will be leased to some of the best, experienced farmers available, known as tenants. The tenants own all the necessary farm equipment needed to operate the plantation. It is the responsibility of the tenants to finance the crop expenses and the harvesting costs. The customary rent for leasing quality land such as this is 28% of all products produced on the plantation, payable to the landowner. The landowner and the tenant market their own share of crops.

The landowner's only obligation is the upkeep of the farm and its improvements. Improvements include irrigation wells, drainage ditches, farm roads, equipment sheds and shops, and any tenant / farm labor housing that the plantation may own.

Fischer Farm Services has been managing agricultural land for over 29 years. We pride ourselves in ensuring the landowner receives the best possible long-term return. The main management duties include:

- The selection and employment of the tenant and the negotiation and the closing of the farm lease contract
- Presentation of the yearly crop plans with budgets and detailed income and expense projections
- Organization and supervision of additional investments in land, installations, and buildings if needed and approved by landowner
- Supervision of the proposed crop plans and the progress of the crop harvest
- Marketing the landowner's share of the crops
- Maintaining the records for the farming operation, including the preparation of the data used by the CPA for the yearly tax return
- Representation of the landowner at the United States Department of Agriculture for participation in various farm programs
- Furnishing reports to the landowner, including financial statements, crop progress, harvest results, etc.
- Make arrangements with tenant to maintain the fertility of the Plantation according to soil tests, at the expense of 72% by Tenant, 28% by Landowner

For these services, Fischer Farm Services charges 6% of the landowner's yearly crop revenue, including other revenues such as house rental and hunting leases.

Conclusion

As a conclusion, we would like to reiterate why **Sunpower Plantation** is absolutely one of the finest rice, cotton, soybean, and corn plantations in the world, providing a very interesting, secure investment.

- Clean, large and well drained fields can be farmed very economically
- 90.1% of all tillable land is land formed and irrigatable
- 5,043.7 acres of the tillable land can be planted with rice and rotated with high yielding soybeans
- 1,800 acres of land is top producing cotton land which also produces high yields of corn, soybeans, and winter wheat
- Sunpower Plantation has consistently produced above national average and Mississippi average yields for rice, cotton, and soybeans
- The new 2002 Farm Program brings further stability to the agricultural economy
- Sunpower Plantation produces food and fiber, two of the basic needs of our society, ensuring the future value of this land
- Due to its excellent soil qualities and improvements, the land value of Sunpower Plantation will increase greater and swifter in comparison to average agriculture land

An investment in agriculture is generally considered a conservative investment, which brings rather modest returns. Despite of this fact, it has drawn the attention of experienced investors to invest in high quality agriculture land because they realize the security and value of this tangible and consistent investment.