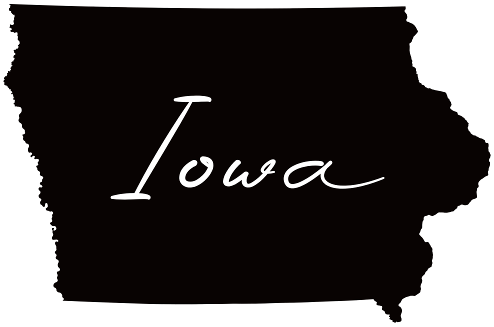


AGRICULTURAL

QUARTERLY MARKET ANALYSIS

INTRODUCTION

As of mid-2026, Iowa farmland values continue to be influenced by stable commodity prices, borrowing costs that have remained relatively consistent over the past two years, and policy programs supporting farm income. Iowa cash grain prices have generally traded near the middle of their recent two-year range, with corn in the low- to mid-$4.00 per bushel range and soybeans approaching $12.00 per bushel in late July 2026. Financing costs have also stabilized, allowing buyers and lenders to adjust to the current interest rate environment. Meanwhile, export demand remains a key driver of commodity prices and local basis levels, as global demand and trade policy continue to influence producer revenue expectations and overall market sentiment.

At the same time, domestic demand channels—including renewable diesel for soybean oil and emerging alcohol-to-sustainable aviation fuel (SAF) pathways for corn—continue to provide important sources of demand independent of export markets. These developing end uses, together with existing biofuel policies and production incentives, support longer-term demand expectations and help diversify market opportunities for Iowa grain producers.

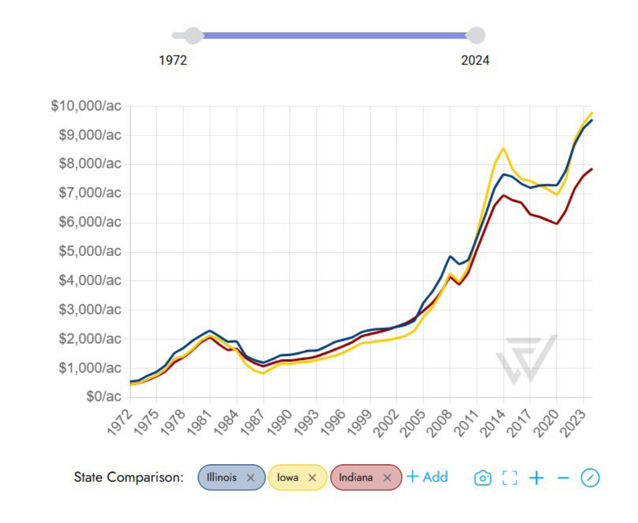
Within operating net income, pressure from tighter margins is being partially offset by government programs and crop insurance. However, these risk-management tools have not eliminated financial stress across the agricultural sector. Chapter 12 farm bankruptcy filings continue to rise, while lenders are reporting increased loan renewals, tighter credit conditions, and cash flows approaching breakeven for some operations.

Overall, the Iowa farmland market remains relatively stable, although tighter producer margins and increasing financial stress have made buyers more selective. Future farmland values will likely continue to be influenced by commodity prices, borrowing costs, farm profitability, and domestic and global demand for agricultural commodities.

HISTORICAL TRENDS

Over the long run, farmland values in Iowa and nationally have trended higher over the past few years, supported by durable income returns and limited supply. While recent survey-based indicators point to modest year-over-year softening, this period is best characterized as normalization following several years of rapid appreciation rather than a broad-based correction.

Interest rates have moderated somewhat over the past year, providing some relief to borrowing costs; however, tighter margins and a more challenging income environment have pressured many farm balance sheets. Despite this, overall equity positions across much of Iowa agriculture remain relatively strong and continue to underpin land values. As a long-horizon asset, farmland remains supported by income durability and its role as an inflation hedge, even as near-term returns compress.



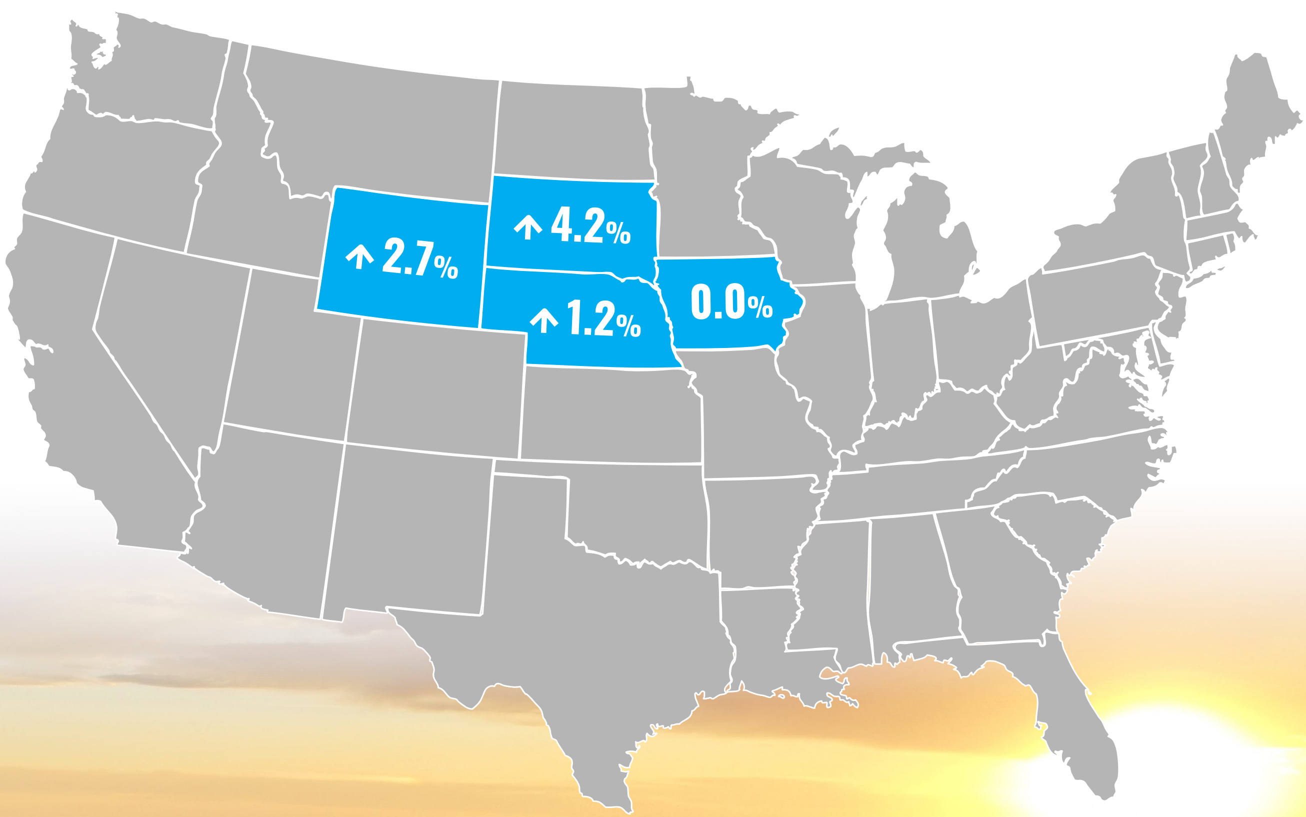
Farmland value ($/acre) for all farmland used in agricultural (source: USDA).

RECENT MARKET PULSE

Recent market indicators continue to support a stable farmland market following the moderation experienced over the past two years. Farm Credit Services of America reports that Iowa benchmark cropland values were unchanged during the first half of 2026, although values remain slightly lower than one year ago. The report also notes that fewer farms changed hands during the first half of the year, with financially strong buyers continuing to support values despite tighter farm margins. Iowa State University survey data similarly reflects a market characterized by modest adjustments rather than broad-based declines.

The current market continues to reflect two distinct buyer groups. Many farm operators remain cautious as tighter margins, high financing costs, and increased financial stress temper expansion plans. At the same time, investors and well-capitalized buyers continue to compete aggressively for high-quality farmland, providing support for premium properties. As a result, public auction performance remains highly dependent on farm quality, location, and buyer composition, with the strongest farms continuing to command competitive bidding while average-quality tracts receive more measured interest.

Six-month average benchmark land values change (FCSA)

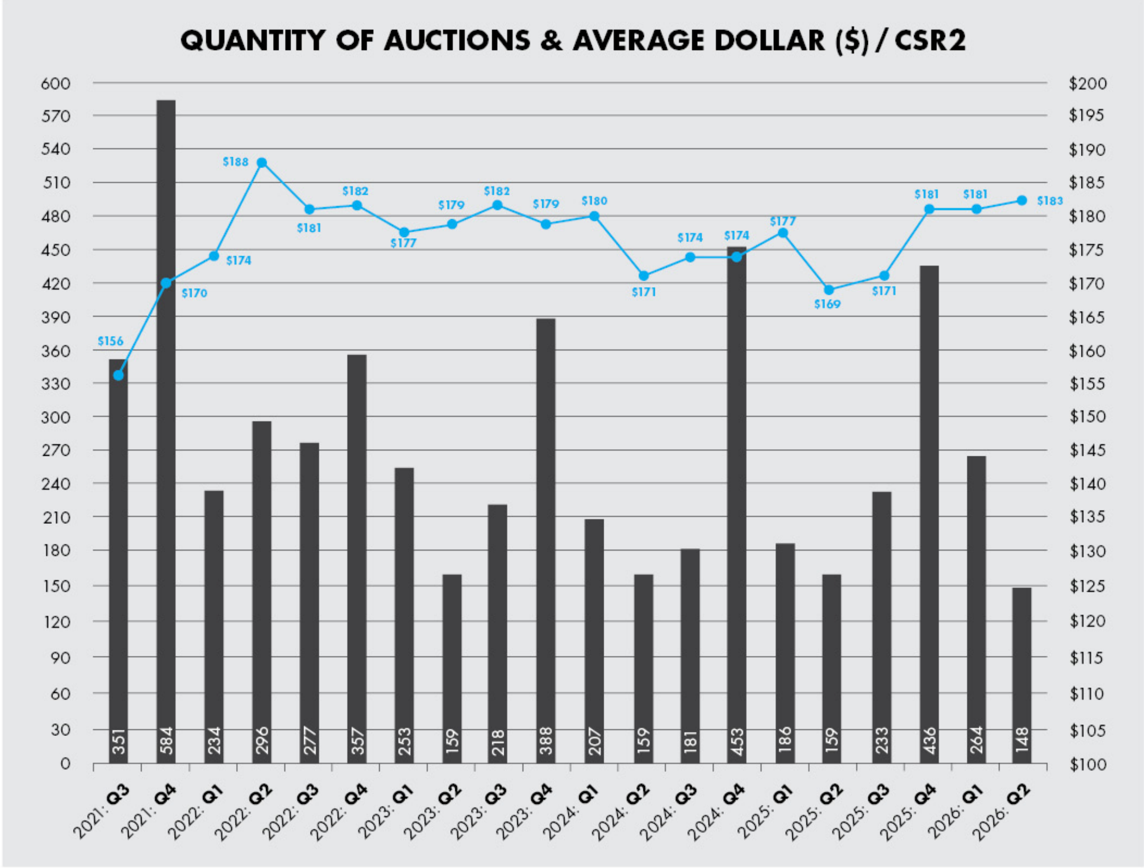


PEOPLES COMPANY AUCTION DATA

Peoples Company's appraisal team tracks all public farmland auctions in Iowa to isolate how short- and long-term factors are clearing in the open market. After peaking at $188 per CSR2 point in 2022, statewide averages moderated through 2023 and early 2024, and the past three quarters of 2025/2026 have only deviated a couple $/CSR2 points ($181-183), further indicating stabilization.

Overall, the second quarter suggests that Iowa farmland values have found a period of relative stability. Pricing continues to fluctuate from sale to sale, but average auction results indicate that the market has largely established a new equilibrium. Strong investor participation has provided additional support beneath the market, helping offset more cautious expansion by some producers facing tighter operating margins.

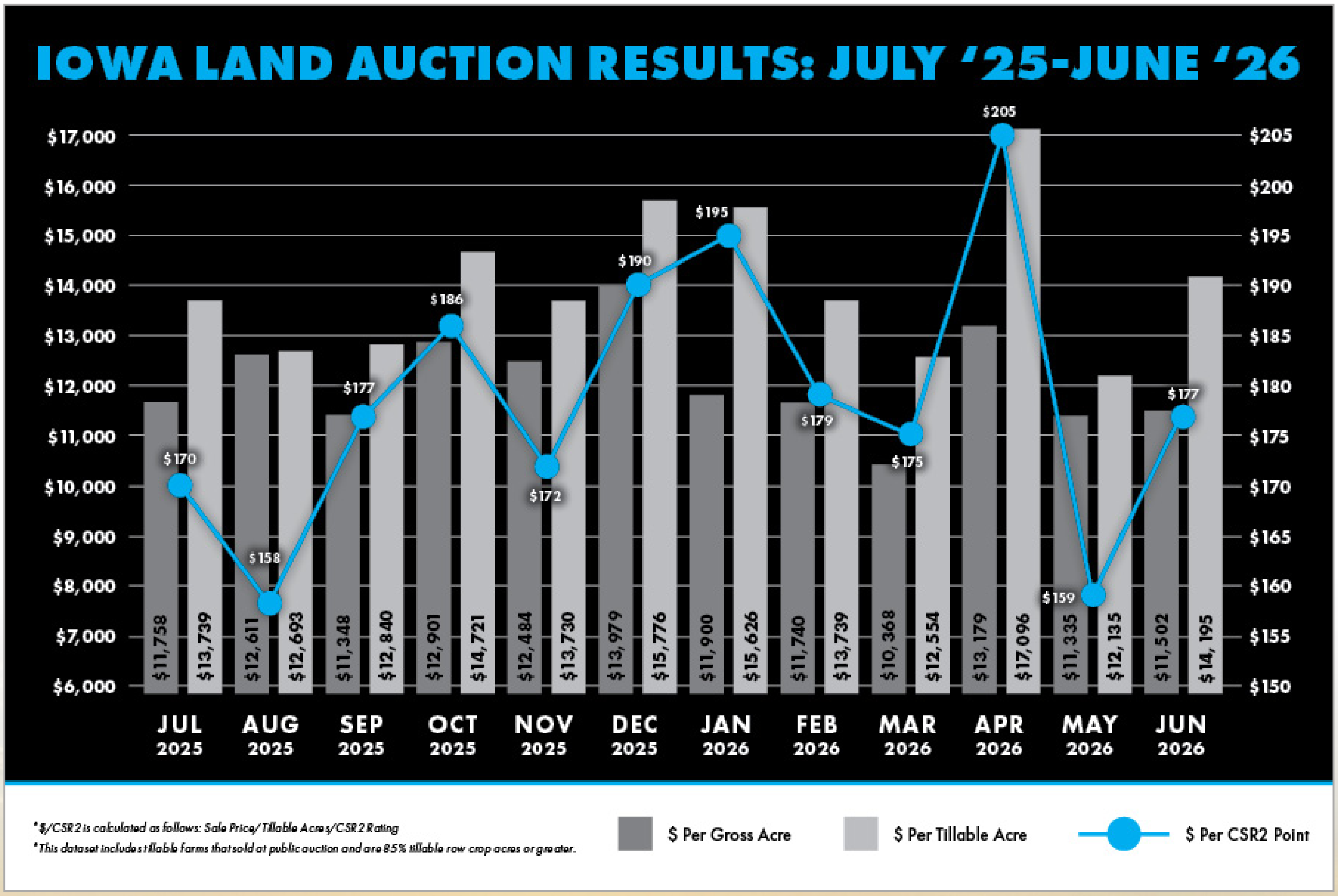
The rolling 12-month auction data further reinforces the market's stability. Although monthly $/CSR2 averages continue to fluctuate as the mix of farms offered changes, dollars per gross acre and dollars per tillable acre have remained relatively consistent. Rather than signaling changing market direction, these month-to-month movements primarily reflect differences in farm quality, location, and the limited number of sales occurring in any given month.



*$/CSR2 is calculated as follows: Sale Price/Tillable Acres/CSR2 Rating

*This dataset includes tillable farms that sold at public auction and are 85% tillable row crop acres or greater.

PEOPLES COMPANY AUCTION DATA



REGIONAL DIFFERENCES

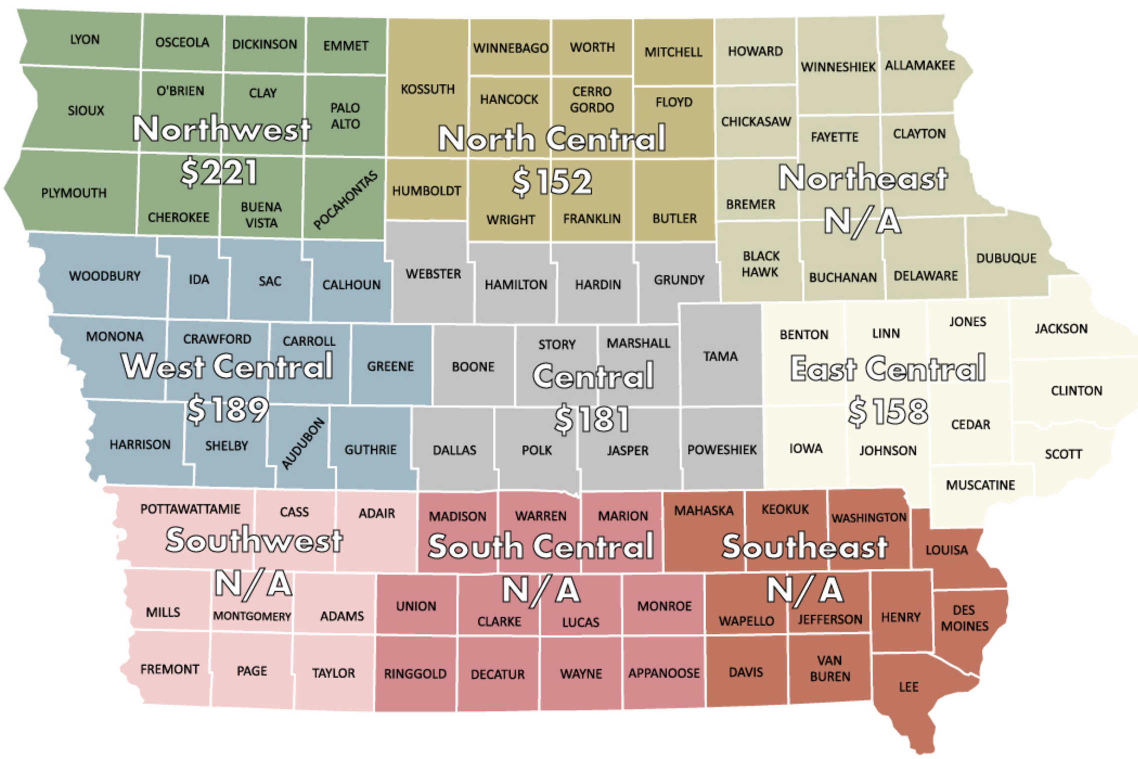
Iowa's farmland market continues to exhibit significant regional variation. Based on Q2 2026 auction results, Northwest Iowa once again led the state at approximately $221 per CSR2 point, followed by West Central Iowa at $189, Central Iowa at $181, East Central Iowa at $158, and North Central Iowa at $152.

Several districts—including Northeast, Southwest, South Central, and Southeast Iowa—did not generate enough qualifying sales during the quarter to calculate statistically meaningful averages. This reflects the lighter seasonal auction schedule rather than weakening market conditions.

The hierarchy among Iowa's regions remains largely unchanged. Areas with consistently strong soils, large contiguous tracts, and intense competition among local operators continue commanding the highest premiums. Meanwhile, regions with fewer active bidders or more variable land quality remain more sensitive to financing costs and local profitability.

U.S. Department of Agriculture Crop Reporting Districts

Average $/CSR2 Per District - 2026 Quarter 2



*$/CSR2 is calculated as follows: Sale Price/Tillable Acres/CSR2 Rating

*This dataset includes tillable farms that sold at public auction and are 85% tillable row crop acres or greater.

*Only districts with five or more applicable sales are calculated for average $/CSR2.

OPERATING NET INCOME PERFORMANCE

Operating net income remains under pressure from relatively soft corn and soybean prices, although improving crop conditions and generally favorable growing weather through much of the second quarter have supported production expectations. Domestic demand from renewable diesel, ethanol, and sustainable aviation fuel continues to provide an important source of demand, while export competitiveness remains a driver of grain prices and basis levels. Revenue expectations continue to depend heavily on yield performance, basis opportunities, and disciplined marketing decisions.

On the cost side, input expenses remain elevated relative to pre-2021 norms. While some categories have eased, overall breakevens remain firm, narrowing room for error. Ongoing global conflicts and geopolitical instability continue to contribute to volatility in energy markets, keeping fuel and fertilizer costs elevated and reinforcing uncertainty around production expenses. Rent discussions through 2026 are likely to reflect this balance, with stable-to-mixed expectations overall and premiums preserved for high-quality tracts.

COST OF CAPITAL EXPECTATIONS

The cost of capital continues to influence farmland purchasing decisions. While borrowing costs remain elevated compared to the low-rate environment experienced earlier this decade, financing conditions have generally stabilized. As a result, lenders continue emphasizing conservative underwriting standards, strong equity positions, and realistic cash flow expectations, leaving well-capitalized buyers with a competitive advantage in today's market.

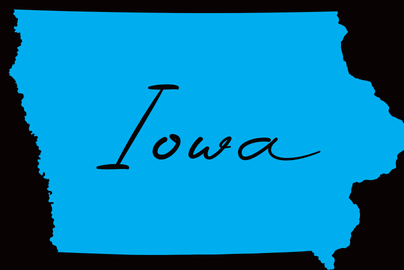
As a result, pricing power continues to favor cash or low-leverage buyers on premium assets, while marginal ground must adjust to higher carry costs. This dynamic reinforces wider spreads by quality and location.

CONCLUSION

Iowa farmland continues to demonstrate remarkable resilience despite a more challenging agricultural economy. While operating margins remain tighter than in recent years, limited land supply, strong producer equity, and continued investor demand have helped support values across much of the state.

Second-quarter auction results reinforce that the market remains healthy, although increasingly selective. Premium farms continue attracting aggressive bidding and often exceed expectations, while average-quality properties experience more measured buyer participation. Rather than indicating broad market weakness, this reflects a market placing greater emphasis on quality, location, and long-term earning potential.

Looking ahead through the remainder of 2026, stable farmland values remain the most likely scenario. Continued pressure on farm profitability and borrowing costs may limit upside potential, but strong balance sheets, limited inventory, and disciplined buyers should continue supporting Iowa farmland. The result is a market that remains fundamentally sound while rewarding quality and operational efficiency more than at any point in recent years.



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QUARTERLY MARKET ANALYSIS

2026 Quarter 2

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