

5,440 Acres Farmland For Sale
Gray County, Kansas
20 year 6% lease back from sellers

LOCATION

This non-contiguous property is located immediately north of Cimarron, Kansas. It is nearly equal in distance between Dodge City and Garden City. These two cities are considered major agriculture economic centers in southwest Kansas.

ACREAGE (approximate)

Acres in ponds, waterways, improvements	36
Acres in grass	398
Acres in non-irrigated cropland	2,127
Acres in irrigated cropland	<u>2,879</u>
Total acres	5,440

THE LAND

This is a non-contiguous farm of approximately 5,440 acres. There is a combination of irrigated and non-irrigated operation that is mostly centered nearby and contiguous to the CAG Dairy. The land is mostly level with enough slope for adequate water drainage.

Nineteen (19) tracts have center pivot irrigation systems and each irrigation tract has state-issued water rights. Nine (9) of the nineteen (19) irrigation tracts also utilize effluent water from the CAG Dairy that is piped underground to the center pivot and pumped out onto the land. Those tracts are identified on the attached map as numbers 5, 6, 7, 8, 9, 10, 11, 14, and 16. A tract located in the N/2 NW/4 of Section 18 – 24 – 27 is irrigated by a drip-irrigation system with water that is appropriated by state-issued water rights.

The non-irrigated land includes dry land cultivated tracts and certain corners on tracts with center pivots are also cultivated. Some of the corners are planted to grass and there are approximately 28 acres enrolled in the USDA Conservation Reserve Program.

SOILS

These highly productive soils are nearly level to gently rolling and are generally considered to be deep. Soil types include Harney silt loam, Spearville silty clay loam, Spearville complex, Richfield silt loams, Uly silt loams, Penden clay loams, Ulysses silt loam and Ness clay.

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PRECIPITATION

Approximately 20± inches annually.

EQUIPMENT

All irrigation equipment will transfer to buyer.

IMPROVEMENTS

The main structural improvements are located on Section 25 – 24 – 28. The following are some of the improvements located on the west side of this section:

- 1½ story brick veneer 2,482 SF house with attached garage
- 626 SF detached garage
- 2,424 SF steel building with office
- 3,504 SF steel shop building
- 5,100 SF steel equipment shed with 1,700 SF attached open side shed
- 3,060 SF farm equipment shed
- 1,412 SF wood frame house with attached garage
- Cattle working and shipping pens and other site improvements

The following are some of the improvements located on the east side of this section:

- 2,360 SF house with attached garage
- two shop buildings with one 1,120 SF in size and the other 1,170 SF
- upright 83,000 bushel grain storage vessel with let and dump pit

There is a 2,400 SF steel building over on the NE/4 of Section 12 – 25 – 28.

PURCHASE PRICE

\$11,968,000 (5,440 acres X \$2,200 per acre). Price includes all mineral rights, water rights, and wind rights under and on the land.

LEASEBACK ARRANGEMENT

This land is part of an overall dairy operation known as CAG Cimarron Dairy, USA, and is pertinent to the daily operations of the dairy. This offering is for the sale and leaseback of the land described herein. The general leaseback proposal is for a term of 20 years and at an annual lease rate of 6% of the final purchase price.

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CAG GROUP

CAG is one of the largest international dairy companies with operations in German, Russia, the Netherlands and the United States. CAG's operations utilize over 16,000 milking cows, growing over 12,000 young dairy stock, farming in excess of 19,000 acres, and producing annually over 10 million gallons of processed milk, all with the aid of nearly 250 employees.

CAG believes that by producing high-quality milk on a large scale together with its dedicated employees, CAG will achieve excellent technical and financial results; CAG puts its people, animals and sustainable processes centrally in its management.

CAG is of the opinion it can realize this by focusing on the following key components:

- Specialization
- Economies of scale
- Risk management

Specialization:

By concentrating on the core business of milk production we want to move towards steady modernization of production methods. Besides focusing on milk, the in-house production of high quality feed for young stock and dairy cows is of the utmost importance in realizing the mission. Professional management is the basis for optimal production circumstances for our operations resulting in long term profitability.

Economies of scale:

Large units offer the possibility of reducing both fixed and overhead costs. These bring advantages of purchasing and sales in the market providing opportunities on price / quality ratio. Furthermore, the company is in a better position to acquire specialized knowledge.

Risk management:

Spreading production within and across key milk production regions reduces the risk of animal disease and the impact of adverse weather conditions on arable farming.

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Crops



Consumer and governmental policy demand greater safeguards to the origin of products. Good cooperation in the complete chain is a priority for CAG as a whole.

Most of the crops grown, such as corn, grass, wheat, and straw are used to feed our own cattle. The remainder is sold to dealers in the right price - quality ratio or is bought by suppliers of concentrates and are used in their end products. The crop activities of CAG play a crucial role in nutrient management to come to a sustainable and integrated production process. Matching the feed quality requirements of the CAG dairy locations is a continuous and vital process.

Milk Production



CAG's core activity is milk production where we focus on high quality milk and optimal housing conditions for our animals. Milk production is being executed in large scale units that allow for specialization so we can provide optimal care to our animals in the different stages of their productive life.

Next to milk cows, CAG raises its own young stock to ensure consistency and quality. Even though in milk production everything evolves around the milking cows, our core assets are our people. With qualified managers and motivated employees CAG is able to produce a high quality and consistent product.

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Ceres Dairy



Ceres Dairy processes the milk for all the CAG dairy operations in the USA at its processing plant in Cimarron, Kansas. Ceres Dairy is able to condense the milk and separate the individual components thus supplying customers all over the USA. We are able to supply high quality condensed whole and skim milk, sweet cream, condensed lactose and other custom specific products. The flexibility and high quality of the product comes from high quality raw milk, modern equipment and highly motivated employees. Ceres Dairy is a certified IMS milk processing plant including a state certified lab.

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