



# THE LANDGEEK

## The Art of Passive Income Podcast With Mark Podolsky, AKA The Land Geek

Today's Guest: [Chris Rawley](#)

### Transcript

**Mark:** Hey it's Mark Podolsky - The Land Geek with your favorite nichey real estate website [www.TheLandGeek.com](http://www.TheLandGeek.com) and I'm really excited for today's guest, just selfishly because of... I don't know. Scott, how many podcasts have we done, a thousand, between the three podcasts?

**Scott:** I don't know, man. Actually, that's funny because I was trying to figure that out today, and I don't even know where to begin to look. I don't know.

**Mark:** Let's just say a lot, and this is the first time we have a guest in this niche I'm getting tingly thinking about it. So I'm really excited, but before we talk to our guest I'd be remiss if I didn't properly introduce my cohost the professor, the brain, Scott Todd from [ScottTodd.net](http://ScottTodd.net), [LandModo.com](http://LandModo.com) and most importantly if you're not automating your Craigslist and your Facebook postings [PostingsDomination.com/TheLandGeek](http://PostingsDomination.com/TheLandGeek). Scott Todd, how are you?

**Scott:** Mark, I'm great. How are you?

**Mark:** I'm good. Just a reminder today's podcast is sponsored by Flight School. If you want Scott Todd to lead you 'the Sherpa'... Who was Edmund Hillary's Sherpa what was the name, Tenzing Norgay?

**Scott:** I don't know.

**Mark:** But anyway, if you want him to lead you up the mountain quickly, efficiently, profitably don't waste time, learn more about Flight School go to [TheLandGeek.com/Training](https://TheLandGeek.com/Training) schedule a call with Scott Bossman or Mike Zaino.

Our guest today is Chris Rowley from [HarvestReturns.com](https://HarvestReturns.com). Chris is the CEO HarvestReturns.com. This is a company that does capital raises for small to medium-size operators in actually private investments in production farming. Production farming what? Chris Rowley, [00:02:10] [indiscernible] you woke up one day and said you know what farmers, agriculture I can help them.

**Chris:** Yeah, more or less that's what we did, but kind of a long and winding road to get to start this company Harvest Returns. I have been a real estate investor for a long, long time and my career started in the military. I've been an active reserve navy officer for about 25 years. I've spent a lot of time traveling around the world and I think I've been to fifty something countries, one thing I've seen every place I go is there are two essential industries on earth. One is real estate - people have to live somewhere, and the other is food people up to eat and coincidentally those are both based on land. People have to have a place to live and grow their food and no matter where I've gone, no matter how poverty-stricken the country people are raising livestock or growing something fruits and vegetables that sort of thing so that they can eat, so that they can feed people and so that they can make money.

So as a real estate investor I have done land, I've done residential, commercial real estate, worked in that industry for a time and invested a lot in my own account. Several years ago because of this sort of notion that agriculture is sort of a universal need, I became interested in investing in it. But when you start to figure out how to invest in a farm and you look into it it's not really an easy thing. I was talking to a banker about a month ago and he said that the average farm I think in North America or the US is valued at about four and half-million. So this is not something you just go out and write a check for, even if you've got that kind of capital lying around you've got to have the knowledge, you've got to know what you're doing. Most farms in the US are family farms. So there's kind of factory industrial farming gets a bad rap, but there most farms are family farms. So if you want to invest in this, there's not a lot of ways to do it. So a few years ago, my CEO and I Austin Maness conceived this idea to combine online investing, equity crowd funding with passive investments in production agriculture and that's how we started Harvest Returns.

**Mark:** You know what, Chris, I hate to do this to you but my internet just kind of froze. Can you go back just a sentence and say how you started Harvest Returns?

**Chris:** Yes, okay. So a few years ago based on this desire to make agriculture investing more easily my COO Austin Maness and I started this company Harvest Returns, which is an online platform that enables people to invest in agriculture.

**Mark:** Okay great. Scott Todd, you know, Chris kind of has that little niche where you nobody wakes up and thinks to themselves, boy I'd love to have invested in a farm today; a family farm yet to his point this is a massive market and a massive opportunity. What are your thoughts?

**Scott:** Well, I, Chris I'm kind of curious like how is it that you go about and like find investors like that and educate them, because like for me and look I'm going to tell you I'm being naïve when I say this but man whenever I think about farming, I think of like the struggles that you hear about in the media about how difficult farming is, how the economics don't really make sense without government subsidies. Look, I've never gone down this path to look at it so I'm saying this from a naive standpoint but like to me I would look at that and I'd go like, argh I don't know about that. But like, how is it that you educate investors on this when it seems to be like it's pretty unique?

**Chris:** Yeah education, Scott is a huge part of what we do because it is a new asset class for most people. I think most people when they think about farming they're thinking about driving to visit grandma thanksgiving and you're driving through wheat fields or soybean fields or cornfields just long, as far as you can see pastures of food growing and those are those commodity-based crops and those are... Quite frankly, commodity farmers in the US in the past few years have had lots of issues because there's been a long-term slump in those prices.

But agriculture is a really wide-ranging subject and the type of offerings that we're really focused on, although we certainly want to work with those commodity-based farmers, the type of placements that we put on the platform are more specialized. So when you think of indoor agriculture, new ways of growing food, whether it's hydroponics or aquaponics or aquaculture people are growing food closer to the consumer and that can be grown at higher margins. People are focused now on really specialized types of livestock like grass fed - grass finished cattle, cage free chicken eggs those sorts of things where the margins are higher. So although yeah, there are a

lot of government subsidies in agriculture it can be profitable if you know what you're doing and if you structure the investment correctly.

**Scott:** Got it.

**Mark:** Yeah. I mean, when I think of you profitable land, kind of like a bond I think of Timberland, I think of a Buffet in Farmland you know 8%. Is that something that you guys look at as well or do you like what you said think really outside the box?

**Chris:** Yeah, we're doing a little bit of both and everything. Some of our offerings are in the US and sort of more generic and other ones are outside US and more specialized and there's that sort of bond base. The best way to get in farming is really to go out and buy a piece of land and pay somebody to farm it but that takes a lot of capital, debt and equity. One of the things we do is we help bring together investors who will put equity into an established farmers' project or help him expand into a larger piece of land or put some infrastructure to help them achieve those economies of scale, because as these family farmers or these farms are growing. The average size of the farm is growing and that's because the farmer today is not just competing to sell his say, soybeans or his organic tomatoes in the next County but with that same grower that's in Brazil or somewhere else, that they are bringing in as that organic produce. So it's a very competitive industry, like a lot of industries but there are ways to invest in it profitably.

**Mark:** So if we were going to be really savvy investors Chris, what would be the due diligence questions we'd want to ask to become more educated? So if we were looking at fund A, that invests in agricultural and fund B, that doesn't. What are the questions that we want to ask so that we kind of fill in this gap like we know we know, we know we don't know but what we don't know, we don't know is where we get killed?

**Chris:** Right. So these are the types of questions we ask when we're betting offerings for our platform, and the first is get to know who your sponsors are or who the farmer is. What is their background, are they a multigenerational farmer, do they have a degree in agri-economics, have they been doing this for a while? So first of is, do they know what they're growing, how to grow it, how to actually be a farmer because that's a one part of the equation. The other part is are they financially savvy? So we talked to a lot of people that are great at growing things but they just don't understand the business side of things and we try to help with that but that's so that sponsor betting is a huge part.

Then we look at what's being produced and how it's being produced. So is a commodity-based crops, are you investing in something like just land with soybeans where it's going to be very dependent on the overall commodity price, on possibly tariffs and trade some of those issues that are going on right now or are you investing in something that is a high demand crop or growing market crop right now.

So Hemp is something that everybody is talking about right now, because the Farm Bill last year was just passed and there's tons of CBD based products that are derived from that production and that's a really growing industry. And as I mentioned before, the indoor agriculture aspect of growing food closer to the consumer takes less water, less energy to get it to the consumer, it can be more specialized, you can grow it year-round and all these types of climates. The risk in those investments are a lot lower because you're not dealing with drought, you're not dealing with insect infestations and things like that, compared to growing outdoor. So there's basically the main due diligence, the bottom line to your question is get to know what's growing and how it's growing and there are some ways to do that. We produce a lot of content and educational products that kind of bring somebody who just is a food consumer and transforms them into a food investor.

**Mark:** I love it. Scott Todd, what are your thoughts?

**Scott:** Now, I mean I'm really taken back by the whole thing because I haven't really thought about this at all. Like it's really a cool process to hear. I'd love to hear more about like the crowdfunding that you're doing and kind of that. Like, are you using an established platform? How are getting the investors into your system?

**Chris:** Yeah. So we're definitely doing a form of crowdfunding without getting too geeky on the regulations, we do Reg D offerings which is primarily offered to accredited investors but not entirely. We're not doing this Reg CF crowd funding, which is every retail investor for say \$100 pop, \$500 pop because it's just not the what... after studying that it's not feasible. But our platform does allow an investor to come on and soup to nuts research the investment, review the offering documents, sign the offering documents, make the investment, transfer the funds into escrow, close the investment, get regular updates, get your tax documents and get to receive your distributions as the operation.

So it's very similar to the real estate crowd funding platforms that are out there, which probably many of your listeners are familiar with. There's dozens, literally dozens and dozens of them much less so they're on the

production agriculture side and we have different offerings in our investment, minimums are something that we're proud of you can invest in Farmland Fund, they're some REITs out there in those investments. They range, they vary, they're 100,000, 250,000 but our platform, our offerings are in the \$5,000 to \$25,000 minimum investment. So it's a good way for someone who's not familiar with asset clusters kind of dip their toes in water and diversify their portfolio and receive that passive income from these projects.

**Mark:** You know what, you know why I want to invest in this fund Chris?

**Chris:** Why is that, Mark?

**Mark:** Because I feel disconnected. Like, I go to the grocery store and I buy the food. I never think about how in the heck did this food get into this grocery store, and I feel like this will be a way to bridge that gap where I would be a little bit more connected to the farmer that's going through all this labor to keep me and my family alive. Like just that aspect alone, I think selfishly would be cool.

And then the second aspect is like, let's like even if we have to take it a step further like okay, we've all heard about CBD oils and we see them on the things but we have no idea how does that even happen and the benefits of that and there's a lot of science on the benefits of CBD oils for lots of maladies. So, I think it's really one of those things where it kind of like the Tom's shoes of funds. Like you just feel good investing in it versus, say you know maybe just a commercial project where you know I make 8% when somebody is living in this apartment complex and I have no connection to it. Oh there's [00:15:23] [indiscernible] .05% of it. So Chris, do you have a lot of people who are motivated not by just their return but the fact that it connects them back to the earth?

**Chris:** Yeah, for sure. I mean you just kind of described our mission statement to connect farmers to investors, connect investors to the food system bring them closer and yeah, we define most of our projects as sustainable agriculture and there's a lot of different ways you can define that. You can define it as environment friendly, you can define it as key social aspects where you're keeping the American farmers farming and you're bringing jobs to these rural areas that have been depressed compared to the growth we see in urban areas, and then obviously it needs to be economically sustainable and economically viable and produce a nice return.

So, there are investors that we've spoken to that are really into sustainable agriculture and feel proud to own a piece of a farm, whether it's in the US or West Africa or South America or wherever, and help keep those farmers in what's arguably the most important industry in the world because we are all consumers of this industry. There's no way to avoid it: you're wearing products of agriculture, you're drinking products of agriculture and obviously you're eating them and sometimes it's in our houses if you include Timberland as part of that, our clothes and all those kind of things.

**Mark:** Right. Can you kind of talk a little bit about... and I can see that Scott got a question.

**Scott:** No, go ahead.

**Mark:** I just want to ask him about opportunity zones and why every time I go to a real estate anything inevitably somebody brings up the opportunity zone?

**Chris:** Yeah. So this is something that's really exciting for us. We are putting together an opportunity zone fund, it's going to be the first if not one of the first opportunity zone funds focused and ours is focused on sustainable agriculture and most of the OZFs - qualified opportunity zone funds that we learnt about are focused on real estate, so that's great. People have to have some place to live, in apartment buildings and renovating them and bringing jobs to urban areas, but about half of the 8,700 opportunity zones in the US are in rural areas. So obviously, what happens in rural areas is agriculture, and I think what's exciting about them from an investor standpoint is just the tax advantages.

I think most people are probably familiar with 1031 exchanges, and they're kind of tricky to do a 1031 exchange successfully. You got to have the right kind of asset but these opportunity zone funds the rules are much more flexible. So you can defer the capital gains from the sale of any kind of assets or it can be land, it can be an apartment building, it can be stocks or business even and you've got a much longer time period, I think 180 days and you differ those. They're pretty complicated rules and you've got to kind of follow along so you can defer recognition of those taxes until December 31st, 2026. But if you hold that investment opportunity zone for five years, you get a tax basis step up of 10%, you hold it for seven years you get a 15% step up and then sort of the real kicker is that any gains made on that initial investment in a opportunity zone fund you don't pay any capital gains on them, the post-acquisition gains if you hold it for 10 years. So it's definitely a long-term investment, but we've talked to a lot of investors who are really excited about this one because yes it's a great way to sort of

shield your gains from taxes but also because they're passionate about what we're doing with sustainable agriculture and bringing these jobs into these rural areas, growing food in new ways, in interesting ways and all that kind of things.

**Mark:** Scott Todd?

**Mark:** Wait, Scott, you're on mute.

**Scott:** Sorry about that. The zones that we're just discussing, it's funny to see how the application of those is kind of expanding. Like, they were getting ready to build a stadium here, like a baseball stadium here in Tampa area and they're going to use a zone fund if you will to raise the private equity which they did. I think the stadium kind of fell through, but essentially it's interesting to see the opportunities and the dynamics at play for like what you're doing with the sustainable portion of that.

**Chris:** Yeah. I'm very familiar with Tampa, I used to live there for several years so I know what you're talking about.

**Scott:** Yeah.

**Mark:** All right. Chris, let's just pretend that we're family, you're my brother in law, we're at a party, we're drinking a few beers and you come up to Scott and I are the guys "I know the future, I see it." Like you know that scene in... What was that movie Dustin Hoffman like his first movie Mrs. Robinson, coocachoo. What was that movie?

**Chris:** *The Graduate*...Wait, wait, wait is that....

**Mark:** *The Graduate*. The guy goes to Doff's office and goes like, "Plastics, all right just between us."

**Scott:** And nobody is listening by the way, nobody.

**Mark:** No one is listening. Just you know several million people. What's the next big opportunity in agriculture? Is it CBD, is it hydroponics, what is it?

**Chris:** So I mentioned Hemp, so I'll skip over that one that is hugely growing but I think it's what I call decentralized agriculture or urban agriculture. Not necessarily urban that's one form of it, suburban. The vision that I sort of see with agriculture is related to sort of the decline in retail. So



you have all these empty Sears and Toys "R" Us and buildings all over the country right there just sitting empty in areas that you've still got people that you need to feed. So why aren't we turning some of these buildings into indoor agriculture projects and that's happening in some places, but I see more and more of that happening. So you are instead of continuing to expand development, cut down trees and take away sort of native territory to produce arable land, why don't we take what we already have in the form of these sort of discarded buildings and repurpose them. So that's what I'm excited about.

**Mark:** Right. Now, at the risk of Scott Todd rolling his eyes, I've got to mention the word climate change. Is this something that can derail any agri' investment? Look at Scott. Scott I'm just joking. I know you're not really rolling your eyes.

**Scott:** I'm not rolling my eyes, no.

**Mark:** It's a thing, yeah.

**Chris:** Okay, so this is a risk management thing to me if you're just putting on the investor hat. Yeah, the climate change the climate is always changing, always going to change indoor agriculture, I'll keep working on that. That's one way to mitigate potential for changing climates because you're not relying. You're using much less water, you're doing it in a controlled environment, you're growing food closer to the consumer so don't have to burn as much fuel to get it to where it's consumed, and yes sure maybe you could invest in a project in a certain geographic area where 20 years from now there's not enough water or enough to grow something, but at the same one person's risk is another person's opportunity. So now, there are probably places that are more north that you can grow, have a longer growing season. So it's like anything else it's there is location, location, location is important with agriculture just like it's important in real estate investing.

**Mark:** Yeah, absolutely. Last question before we get to the tip of the week. Let's say Scott and I invest in Hemp. Now, if we were farmers and we were actually farming the way that we would sort of mitigate a bad season or a bad harvest if you will is to you know short the commodities. So now, we're hedging our bet on the commodities exchange which is you know like with an option. So, is this something that you guys also say, okay if you're going to invest, you're a credit investor you're going to invest \$100,000 in this fund in exchange you might want to buy an option here and mitigate it and cover the downside on a bad harvest?

**Chris:** So that's a great question, Mark. We certainly wouldn't discourage our investors from doing that if they had a large enough position in this particular offering to make it worthwhile. Say we had a pure soybean offering, yeah you should probably hedge that but rather what we do is we encourage the farmers to hedge and to put risk mitigation measures in place whether it's our crop insurance. You mentioned Hemp; well part of the 2018 Farm Bill was to allow crop insurance on Hemp, so that's a big deal and then the other way to mitigate the risk is via hedging be your futures and there's more and more of those it's not just commodity crops anymore and we have some partners that will help our farmers. Service providers that will help our farmers to hedge those risks so that you as an investor and the final way is to diversify right. So don't put all of your eggs in one basket and that's the beauty of our platform and our offering is you don't have to put your life savings into one investment that going to have a high risk. You can diversify not only your portfolio whether it's real estate, gold, silver, stocks, bonds or whatever. Put some of it into natural resources farming and agriculture but also across projects. So I think that diversification is what protects your principal and your risk.

**Mark:** I love it. All right, well, Chris we're at that point now in the podcast. I think this has been phenomenally enlightening and what a great idea by the way. Scott, we should have thought of these years ago.

**Scott:** It's definitely unique that's for sure.

**Mark:** Yeah, absolutely. So what is your tip of the week: a website, a resource, a book something actionable where The Art of Passive Income listeners can go improve their businesses, improve their lives? What have you got?

**Chris:** So thanks. You know there's a lot of books that I'd like to recommend, that I've read and that of kind of shaped the way we do things in the company here but one of them is *The Lean Startup* by Erick Ries, and that's just how to how to start a company on a shoestring budget and be agile and learn how to experiment and iterate and improve constantly. So that's if you're starting a small business I think *Lean Startup* is a good place to start.

**Mark:** All right, I've read it, it's a great book. Scott Todd, what's your tip of the week?

**Scott:** Mark, I had a situation in the last few days where I actually needed to share with somebody a pretty large file. So I needed to share with them - it worked out to be like 86MB file and there's no way of sharing that through

email and I need to be a little bit more secure. I didn't just want to put it in Dropbox or whatever. So essentially what I did was I found this website called HighTail.com, HighTail.com.

**Mark:** [HighTail.com](http://HighTail.com). H-I-G-H?

**Scott:** H-I-G-H T-A-I-L and so what that does is I've got the free plan. You can pay monthly if you want but the free plan gives you a file up to 100MB and essentially what that does is it provides it in a secure format. So I provide the email that I'm sharing it with, they get notified that they have this email, I can put in there an expiration date if I want so that it expires out. I'll get an email that confirms that it was delivered to their email address. So no more of this oh well I had the wrong email address. I know I got to the right place or a valid email address and it's worked out pretty well. So check it out, if you need a large file sent and you want it secured.

**Mark:** Well, what's the difference with like say WeTransfer? Is this better than [WeTransfer.com](http://WeTransfer.com)?

**Scott:** I don't know. I've never heard of it so I'm going to say yes.

**Mark:** All right, well, let's check out WeTransfer. Chris, do you want to weigh in on this?

**Chris:** No. You know we send a lot of documents back and forth securely. So, I'm going to give this a try.

**Mark:** Okay, WeTransfer sends them up to 2GB free and in this there is 100MB free otherwise, it's 12 bucks a month for 25GB. Okay, but you do get tracking this is pretty good.

**Scott:** Yeah, by the way check them out.

**Mark:** All right, nice.

**Scott:** Think about that.

**Mark:** Well, my tip of the week is learn more about Chris Rawley and you know the way that he's actually improving our lives by raising capital and helping out farmers that are doing, you know, amazing things and connecting us back to the earth learn more at [HarvestReturns.com](http://HarvestReturns.com). [HarvestReturns.com](http://HarvestReturns.com), we'll have a link to that and I'm personally interested in the learning more so I can we can't wait to get an offering Chris. As long

as I get a better return than whatever Scott Todd's investing in that really all I care about.

**Chris:** It's all about keeping up with the Joneses.

**Mark:** Keep up with the Todds, absolutely.

**Chris:** Keeping up with the Todds.

**Mark:** So Chris, are we good?

**Chris:** Yeah, I appreciate it guys.

**Mark:** Great. Scott Todd, are we good?

**Scott:** Mark, we're great.

**Mark:** Well, I want to thank all the listeners. I just want to remind you the only way, the only way we're going to get the quality of guests like a Chris Rawley from [HarvestReturns.com](http://HarvestReturns.com) is if you do us three little favors: you've got to subscribe, you've got to rate and you've got to review the podcast. Send us a screenshot of that review to [Support@TheLandGeek.com](mailto:Support@TheLandGeek.com). We're going to send you for free the \$97 *Passive Income Launch Kit* course. All right, well I want to thank everybody and let...

**Scott:** Freedom...

**Mark & Scott:** Ring.

**Mark:** Thanks everybody.

*[End of Transcript]*