



VAN LANSCHOT
KEMPEN

Farming for a better future

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Kempen SDG Farmland

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LIFE ON LAND



Anna Ferschtman
Sustainability writer

Many major problems facing our society today, are somehow linked to the agricultural sector. Think climate change, draughts, deteriorating soil quality, declining biodiversity and (in)sufficient food production. Intensive modern farming practices have played a major role in this. There is an urgent need for a food transition that leads to a more sustainable food production system.

Regenerative farming can offer comprehensive solutions for several issues facing agriculture and food production. Van Lanschot Kempen's Richard Jacobs, investing pioneer in regenerative farming and co-head of Kempen Private Markets, talks about how this works in practice.

Regenerative vs conventional

So what is regenerative agriculture? 'Let's examine how it differs from conventional methods first', says Jacobs. 'Conventional farming practice, as we see it, typically works 'against' nature: killing weeds, killing fungi. In contrast, regenerative farming helps restore nature by taking advantage of the natural tendencies of ecosystems to regenerate when disturbed. It seeks to improve soil fertility, water management and biodiversity with the goal of increasing yields while reducing environmental impacts by using fewer resources.'

An important effect of regenerative practices is the heightened ability of soil to capture carbon. Jacobs: 'In a healthy soil, plants can efficiently draw carbon from the atmosphere and sequester it: thus helping mitigate global warming.'

Regenerative farming is unique among other sustainable and organic farming systems in that it focuses on quantitative, measurable outcomes, without dogmatically prescribing how those outcomes should be achieved. As a result, regenerative farmers are outcome-oriented while these methods create evidence whether sustainability goals - such as healthier, more nutrient dense food, soil or nature recovery - are being met.

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The need for a different take on farming is undeniable.



Richard Jacobs
co-Head Private Markets

Urgent need for change

The need for a different take on farming is undeniable, says Jacobs. 'Over the past decades there have been huge gains in crop yields, amongst others through the use of artificial fertilisers. But as a result, soil health and fertility have strongly deteriorated and biodiversity loss has reached a critical stage. These resources are finite and there are growing concerns about how to produce enough healthy food to feed the growing world population.'

In addition, agriculture is responsible for about a quarter of global greenhouse gas emission. Indeed the list goes on, says Jacobs: '50% of biodiversity loss in freshwater is caused by food systems, and food production is also responsible for 70% of freshwater withdrawals.'¹

¹ Global Risks Report 2022, the World Economic Forum

Regenerative farming in practice: symbiosis is key

There are several key principle in the regenerative practice: circular farming, crop diversion, using cover crops, no tilling and actively promoting biodiversity. These all amount to the goal of protecting and regenerating the soil, not taking more than we give back. Because just 30 cm below our feet, there is a complex, efficient but fragile system of microbial life and fungal filaments that can nurture plants and produce food in a sophisticated way.

Jacobs: 'This is the zone that humanity depends on. It is also this zone that is ignored in traditional agriculture: tillage partly destroys the zone. Once the 50cm deep plough drills through the web of fungi this symbioses between plant roots and fungi that we are reliant on is gone.'



Once ignored and disturbed, it only slowly comes back and regenerates. It takes time and effort to restore soil balance and re-establish the symbioses between plants, bacteria and fungi. This is what regenerative farming is about, says Jacobs: 'Embracing natural capital solutions and adding tools that help the natural system to thrive.'

Potential for ecological regeneration and attractive returns

Farmland is part of a broader, emerging investment class, Natural Capital, that can provide opportunities to combine financial returns with direct real world impact. Many natural resources are still being used as non-renewables, exhausting and polluting the planet. But investing in natural capital can also be turned into a force for good: restoring and preserving the ecosystems that we all enjoy.

Investors should therefore consider carefully what possible investment is truly sustainable or – preferably – regenerative, as to find a way to keep enjoying the natural assets that we have, while maintaining and sustaining the underlying natural capital source for the future. Timberland and Farmland, presently are the most accessible asset classes within Natural Capital, with niche segments like water and environmental offsets following suit.

'Van Lanschot Kempen cooperates with farmers around the world, ranging from potato growers in the US, organic vegetable farmers in Denmark to tree nut growers in Australia', Jacobs says. 'All these farmers demonstrate that regenerative practices can offer significant benefits whether they be financial, ecological or in terms of welfare. We think that investors should play a more significant role in expediting the transformation of agriculture to a regenerative system. There is a long term potential out there for attractive revenue returns and capital growth from a healthier, more durable agricultural system serving generations to come.'

General risks to take into account when investing in Farmland

Please note that all investments are subject to market fluctuations. Investing in agricultural land has an average risk. These categories are generally characterised by stable income and relatively stable collateral. On the other hand, the tradability can be limited.

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Capital at risk

The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested. Past performance provides no guarantee for the future.

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