Enhancing Rural Economies through Agroforestry: Assessing Emerging Opportunities

Accessing Land and Capital

Tuesday, March 20, 2018
KEVIN EGOLF

• Chief Financial Officer
• 13 year investing career
  – 8 years traditional markets
  – 5 years impact investing
• Not a farmer
IROQUOIS VALLEY FARMS

• Real Estate Investment Trust (REIT)
• Diversified Farmland Investment Portfolio
• Revenue comes from rent and lease payments
• Operating Company, not a fund

Iroquois Valley Farms is a farmland finance company connecting investors and organic farmers to farmland

www.iroquoisvalleyfarms.com
BUSINESS MODEL

Organic Farmland Investments

- Owned and Leased – 85%
- Mortgage Loans – 25%

REVENUE
- Rent (Base + Variable)
- Interest

Administration Costs

- Personnel
- Back Office
- Fundraising
- Other

EXPENSES

- Corporate Borrowings
  - Promissory Notes
  - Mortgages
- Interest Expense

NOTE INVESTORS

- Interest Payments

INTEREST EXPENSE

Net Income

DIVIDENDS

REIT EQUITY INVESTORS

www.iroquoisvalleyfarms.com
BUSINESS STRATEGY

Our business is built to support the business of our farmers

- Opportunities brought to us by farmers
- Internal process of approving the deal
- Finance land and create revenue through lease & mortgage payments
- Farmer-centric deals create land security
- Farmers are independent; run own businesses
TRADITIONAL LEASE STRUCTURE

• Five-year initial term
  – Two-year indefinite renewal provisions
• Fixed base rent
  – Based on purchase price
• Variable rent (on certain production systems)
  – After certain thresholds
• Purchase rights (FMV) after seven years
IROQUOIS VALLEY FARMS STATS

• Founded in 2007
• Working with 30+ farm families
• Own or finance over 8,500 acres
• $43 million asset base
• Over $1 million in revenue
• Over 300 investors (debt and equity)
• Growth and income expectations (2-3% cash; 6-7% stock appreciation)
TRIPLE BOTTOM LINE INVESTING

Social
- Healthy food production
- Support farm family businesses
- Land access to millennials
- Develop rural communities

Environmental
- Rebuild soil health
- Sequester carbon
- Water retention and storage
- Biodiversity increased
- Erode monoculture production

Financial - Full market return
### RETURN EXPECTATIONS

#### Historical Pricing

<table>
<thead>
<tr>
<th>Year</th>
<th>Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$224</td>
</tr>
<tr>
<td>2008</td>
<td>$260</td>
</tr>
<tr>
<td>2009</td>
<td>$292</td>
</tr>
<tr>
<td>2010</td>
<td>$400</td>
</tr>
<tr>
<td>2011</td>
<td>$508</td>
</tr>
<tr>
<td>2012</td>
<td>$552</td>
</tr>
<tr>
<td>2013</td>
<td>$552</td>
</tr>
<tr>
<td>2014</td>
<td>$568</td>
</tr>
<tr>
<td>2015</td>
<td>$568</td>
</tr>
<tr>
<td>2016</td>
<td>$615</td>
</tr>
</tbody>
</table>

#### Hypothetical Returns

<table>
<thead>
<tr>
<th>Component</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cash Yield</td>
<td>2.4%</td>
</tr>
<tr>
<td>Annual Land Appreciation</td>
<td>6.5%</td>
</tr>
<tr>
<td>Total Annual Return</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

### Financial - Full market return

www.iroquoisvalleyfarms.com
## IMPACT INVESTING SPECTRUM

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Investing</td>
<td>Seeks financial returns regardless of Environmental, Social or Governance (ESG) factors</td>
</tr>
<tr>
<td>Responsible Impact Investing</td>
<td>Investments are screened out based on ESG risk</td>
</tr>
<tr>
<td>Sustainable Impact Investing</td>
<td>Sustainability factors and financial returns drive investment selection</td>
</tr>
<tr>
<td>Thematic Impact Investing</td>
<td>Targeted themes and financial returns drive investment selection</td>
</tr>
<tr>
<td>Impact First Investing</td>
<td>Social and environmental considerations take precedence over financial returns</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>Financial returns disregarded in favor of social and environmental solutions</td>
</tr>
</tbody>
</table>

### Competitive Returns
- Negative Screens: Tobacco, Alcohol, Weapons, Gambling, Pornography, Nuclear Energy
- Factors Considered: Carbon footprint, Resource use, Waste reduction, Compensation, Product safety, Gender equality
- Solutions For: Climate change, Population growth, Urbanization, Water scarcity, Food systems
- Support For: Innovation & Risk Taking, Proof of Concept/Pilots, Enabling Environments, Commercial Capital Leverage
AGROFORESTY EXPERIENCE...

... is limited.

Boone County Organic Aronia Berries

Main Street Project Hazelnuts
IROQUOIS VALLEY FARMERS

Supporting more than 30 farm families with land access