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DECEMBER 31, 2018 VALUATION

On April 24, 2019, the Board of Directors approved $599 as the new share price. This price will be used in our upcoming Direct Public Offering (DPO) as well as any future tenders or redemptions. The share price reflects Iroquois Valley Farmland REIT, PBC's value as of December 31, 2018, but is effective as of the approval date (Apr. 24). This new price reflects a 4.3% decline versus the price last year of $626 and is the first year since inception that we reported a decline in valuation.

As a reminder, the Board has historically updated the share price annually. This usually occurs in March after the financials are complete and the audit process is nearing completion. Given that we filed DPO early in 2019, we pushed the valuation process ahead a few weeks and issued a price in mid-February. During the audit review process, the auditors identified some record inconsistencies, which when reconciled changed the equity per share value as of December 31, 2018. As such we have updated the share price for a second time this year. The methodology used for the latest valuation is identical to the process used earlier in the year and that of last year. This methodology is consistent with historical practice. First, we obtain the equity value as reported in our financial statements. This is reflected in the "Book / Cost Basis" column in the table below. We do not believe this represents the market value of our assets and need to do further analysis to obtain a representative market value.

For our owned real estate, our starting point for market value is independent third-party appraisals and valuations. Given that we believe organic farmland is undervalued in most standard appraisals and comparable analyses, we add an incremental value of five-percent for farms that have gone through organic transition and have received certification. Additionally, on select farms that have consistently achieved strong variable revenue (above that of the base rent), we looked at a capitalization rate analysis. The capitalization rate is based on comparable metrics from publicly traded farmland companies and publicly available information. On two farms, we used the valuation implied by the net-revenue capitalization rate over the appraised value (with premium).

We believe the book value of the mortgages represents the current market value given our fixed-rate terms are limited in duration and most loans have floating rate mechanics after the initial fixed period. Additionally, we have included loss reserves in the book value as reported in our financials to capture principal repayment risks.

After compiling a market asset value, our board also added a 10% operating company premium. The premium is based, among many things, on:

- the diversification value that a corporate portfolio brings,
- our track record of selecting farmland tenants,
- the business relationships that we have developed with generations of farmers, farmer associations and farmer cooperatives,
- our growth potential (including our expanding mortgage business),
- our history of innovation in conservation finance and the impact investing space,
- our scalability as a decentralized entity in the high growth organic market, and
- the future earnings potential and economic efficiencies of our new REIT structure.

Given that we are in growth mode, we believe that many standard REIT valuation metrics are not applicable or available, but we will continue to evaluate whether those are appropriate.

The overall company valuation decline was driven by two factors. The first and largest factor was a decline in the value of our owned farmland portfolio. The past few years have seen declining conventional farm incomes across the United States. The overall macro-farm economy has created stagnant farmland market values nationally, with significant variations depending on the market. This year, more of our markets were in the declining category than we have seen in the past. With all that being said, it should be noted that all these analyses have a subjective element where intangible factors are not always assessed. This may make one farm go down 10% in one year and bounce back up 10% in following year. Given our portfolio of farms, the impact of any one farm's valuation is modest, but still affects the Company valuation. The final impact of the decline was the fact that our dividend payout was above that of our financial reported net income. Our REIT payout requirements are based on cash reporting which deviated significantly from our accrual financial reporting given the large amount of unrealized loss reserves recorded in 2018. This payment above the reported net income created about 10-15% of the year-over-year decline. It should be further noted that at some point, the non-cash reserves will either be realized or reversed. At that time, this variance will revert the other way with our cash income being less than our financial reported net income.

The table below provides more details on the valuation calculation.

		2018 Valuation	
	2017 Market Valuation	**Book / Cost Basis**	**Market Asset Value**
Investments in Farmland	$36,248,233	$35,836,362	$36,581,160
Investments in Farmland Mortgages (1)	7,688,090	12,275,582	12,275,582
Cash	458,373	878,342	878,342
Receivables and Accrued	585,138	603,008	603,008
Other	106,566	114,390	114,390
Total Assets	$45,086,400	$49,707,684	$50,452,481
Total Liabilities	$16,781,924	$18,614,153	$18,614,153
Equity Value	$28,304,476	$31,093,531	$31,838,328
Shares Outstanding	49,402.803	58,294.635	58,294.635
Equity Value per Share	$573	$533	$546
Equity Value per Share (diluted)	$571	$533	$546
Operating Company Premium (2)	$2,830,448		$3,183,833
Adjusted Equity Value (3)	$31,134,924		$35,022,161
Adj. Equity Value per Share	$630		$601
Adj. Equity Value per Share (diluted)	$626		$599

Note: 2017 figures as of December 31, 2017. 2018 figures as of December 31, 2018.
Note: Diluted share count reflects the effects of option dilution on the value per share calculation.
(1) Book basis net of allowances for loan losses and reflects estimated market value.
(2) Reflects a 10.0% premium applied to the equity value.
(3) Equals Equity Value plus Operating Company Premium.