

IROQUOIS VALLEY  
FARMLAND REIT



# Iroquois Valley Spring 2020 Webinar

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# OVERVIEW

- Good News! (Highlights from the Farm Portfolio)
- Calendar Overview
- Share Price Update
- 2019 Financials Review
- 2020 Outlook
- Conservation in Action
- Investment Opportunities
- Q&A

# OUR FARMS IN THE NEWS – Janie’s Mill

Follow the Food

BBC

YOU'RE READING



By Harold Wilken

Harold Wilken, a miller from Ashkum, Illinois, has found himself on the frontline of the effort to put food on people's tables during the coronavirus pandemic. He tells the BBC's Follow the Food about what he is doing to cope.

- Iroquois Valley's first tenant in 2007
- Wilken family now farms several thousand acres, 550 owned by Iroquois Valley
- 500 unique mail-orders per day during COVID-19!

*"Most people can't believe it when they call to ask if we have flour and we say yes. They ask what type we have and we say "All kinds". They just don't understand how we can. But that is the beauty of the way we are set up here." - Harold Wilken*

# OUR FARMS IN THE NEWS – Yker Acres

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## America's Family Meat Farms Need Your Help

*Small meat farmers have been devastated by restaurant closures, and now many of them are selling directly to you.*

- 160 acres in Carlton, MN
- 2016 Mortgage Financing
- Video featured on [iroquoisvalley.com/farms/farm-stories/](http://iroquoisvalley.com/farms/farm-stories/)

*“Our farm is about so much more than making a living. It’s about animal welfare and being able to provide well-raised meat that people can trust has been treated correctly, doesn’t have toxic hormones or pesticides, and is a clean source of essential proteins and fats... If it was just about a wage, we would have quit a long time ago because for the amount of time, effort, and turmoil we’ve gone through, we could be doing something else.” - Matt Weik*

# NEW MORTGAGE – Prairie Fruits



Prairie Fruits farmers, business owners, and soil scientists, Dr. Wes Jarrell & Dr. Leslie Cooperband

## PRACTICING WHAT THEY TEACH

### RESTORATION FROM THE MIDDLE

- Spring 2020 addition to the portfolio
- Pasture-based goat dairy, selling into restaurants and institutions including Sweetgreen
- One of the only operations of its kind in the Midwest
- Farmers are PhDs in Soil Science
- Model farm for network of goat dairies that can restore native ecosystem to a landscape dominated by conventional soy and corn
- Pasteurized and raw cheese and goat gelato (!)

# NEW LEASE – Little Farm By the Sea

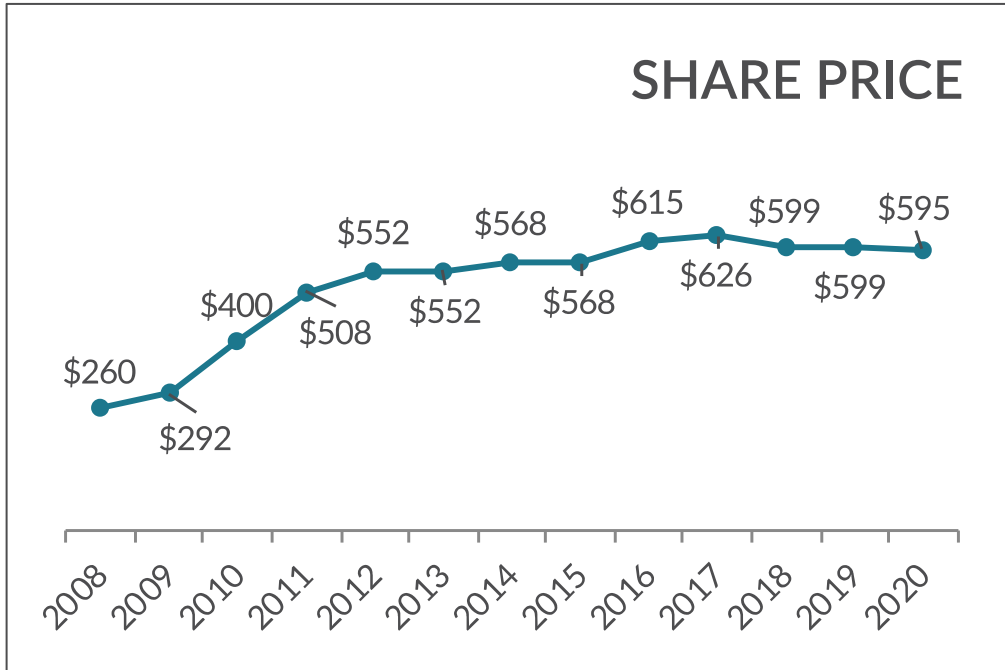


- First farm in Pacific Northwest (Olympic Peninsula, Washington)
- Pastured livestock includes chickens, ducks, and lambs with pigs and cattle to come
- Regenerative practices focus on rotating animals on large pasture with trees and wetlands
- Direct-to-consumer and grocery store sales; plans to scale operations for Seattle, WA and Portland, OR

# IMPORTANT DATES FOR INVESTORS

1 <sup>ST</sup> QUARTER	December / January Declaration of Dividend	January 15 Semi-Annual Interest Payment	End of January Tax documents available
2 <sup>ND</sup> QUARTER	April 30 Form 1-K Due (Annual Report with Audited Financials)	April / May Determination of new offering price	Early May Submission of amended REIT offering circular to SEC
3 <sup>RD</sup> QUARTER	July 15 Semi-Annual Interest Payment	July / August Annual meeting, election of Board of Directors	September 30 Semi-Annual report due (SEC Form 1-SA)
4 <sup>TH</sup> QUARTER	October / November Redemption period (if appropriate)	December / January Declaration of Dividend	

# NEW REIT PRICE - \$595/share



*Value is determined as follows:*

- Market price of the owned land determined through appraisals (1/3 of the portfolio) and a “desktop appraisal” (2/3 of the portfolio)
- 5% premium added to owned land that is certified organic
- Book value of mortgages, cash, receivables, other
- 10% company premium added to total equity value
- Valuation Memo available for review



# 2019 AUDITED FINANCIALS – Highlights

- 2019 Annual Report (SEC Form 1-K) now available for all existing investors through the online portal or upon request
- Available to the public on our website:  
<https://iroquoisvalley.com/documents/>
- Includes audited financials, management commentary, and other information

	2019	2018
Assets	\$55,152,974	\$49,707,684
Total Debt/Assets	31.7%	37.4%
Notes/Total Debt	91%	58%
G&A Expense/Revenue	40.3%	30.2%
Lease Revenue	\$1,260,850	\$1,335,411
Mortgage Revenue	\$695,561	\$563,978
<b>Total Revenue</b>	<b>\$1,990,333</b>	<b>\$1,907,675</b>

# 2019 AUDITED FINANCIALS – Highlights

- Higher G&A a reflection of additional staff compensation and repairs/maintenance
  - Also reflects changes in grant reimbursement allocations and Organic Transition Pool payments
- New accounting standard (ASC-842) required \$71,000 past due lease payments to be netted out on income statement impacting lease revenue figure

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# 2019 AUDITED FINANCIALS – Problem Farms

Farm	State	Operation	Acreage	Type	Amount	Challenge	Resolution
Richview Farms	NY	Pastured Dairy	101	Mortgage	\$0.3MM	Loss of farmer's original market; now successfully pivoting to new market mix	Restructured mortgage, payments current
Sheldon Flats	NY	Pastured Dairy	220	Mortgage	\$0.5MM	Farmer bankruptcy followed by Company foreclosure	Pasture leased to new organic tenant. Working through sale, delayed legal process
Susquehanna	NY	Pastured Dairy	280	Lease	\$0.5MM	Farm abandoned by former tenants	Farm listed for sale, lease
Mackinaw	IL	Crop Rotation	114	Lease	\$1.0MM	Farm abandoned by former tenants	New tenancy with established organic farmer
Union Fair	ME	Pastured Dairy	180	Lease	\$0.4MM	Farmer bankruptcy (re-organization), \$143K impairment	Proposed restructuring of the lease; possible sale of farm

These farms comprise less than 5% of total invested assets.

# 2020 OUTLOOK

**Cautiously optimistic about planting, summer weather, harvest, prices,  
& land value**

- No new major problems as a result of COVID-19
- New staff increases capacity to:
  - Manage relationships with existing tenants and borrowers
  - Conduct more robust underwriting
  - Expand operating lines of credit with higher returns to the Company
  - Raise more capital
  - Scale the revenue producing assets
- New innovations through 2019 Conservation Innovation Grant

# PARTNERSHIP & COLLABORATION

Iroquois Valley is currently a leader or partner in \$4MM of grant funding



# 2019 CONSERVATION INNOVATION GRANT

USDA NRCS Conservation Innovation Grant: three-year, \$1.4MM grant  
(50% NRCS, 50% match)



## ESTABLISH HEALING SOILS FOUNDATION

*501c non-profit to partner with philanthropic, community, corporate, and governmental capital to share risk*



## ESTABLISH SOIL CAPITAL RESERVE

*Enable philanthropic donations for conservation practices that will mitigate the risk/return profile for investors*



## EXPAND WORKING LINES OF CAPITAL

*Emphasis on conservation practices for cover crops, fencing, soil building, trees, water quality, and more*

# CONSERVATION IN ACTION: ROCK CREEK PROJECT



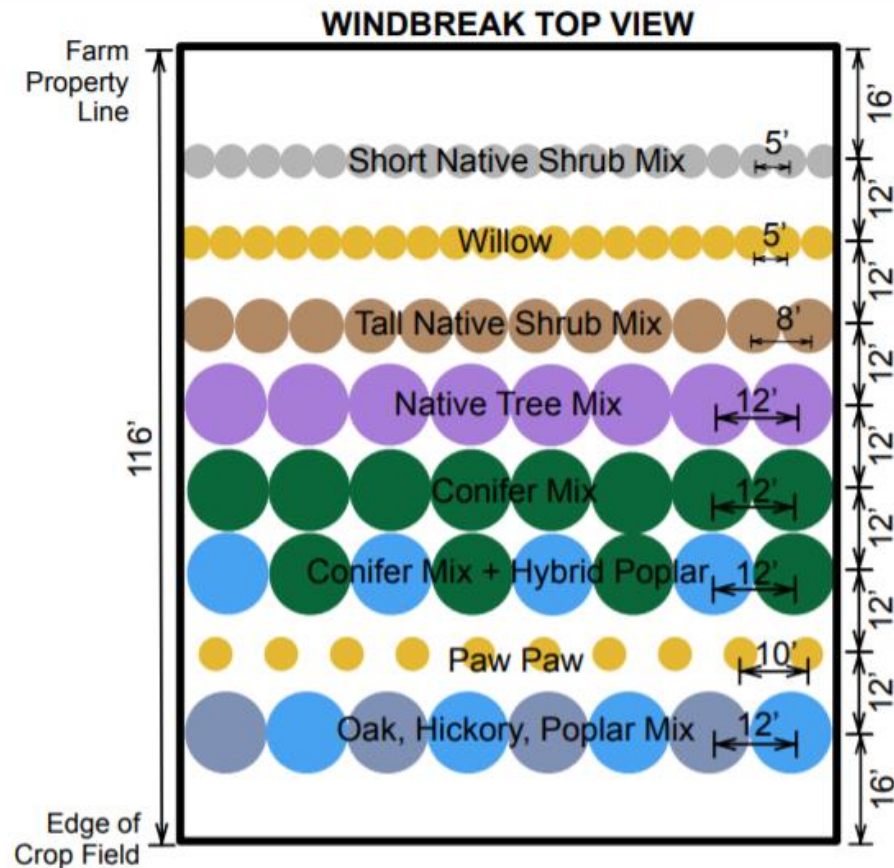
*Restoration of native ecosystems and wetland health  
in North Central Illinois*

# CONSERVATION IN ACTION: ROCK CREEK PROJECT





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# INVESTMENT OPPORTUNITIES

## REIT EQUITY SHARES

Own stock in a diversified portfolio of organic farmland supporting independent farmers

“Growth and income” return: dividend plus appreciation of land

Accessible minimum investment: \$10,115  
(17 shares)

Redemption rights accrue after 5 years

Available to retail investors\*

\*Investment amount must not exceed 10% of annual income or net worth

## SOIL RESTORATION NOTES

Loan Iroquois Valley capital to acquire farmland

Receive 2.25% annual return in semi-annual interest payments

Create an additional 0.5% annual return for farmers converting soil

5-year term

Accessible minimum investment: \$50,000

Available to accredited investors only

# Q&A

## CONTACT US



**David E. Miller**  
Co-Founder and CEO



**Mark Schindel**  
Chief Financial &  
Investment Officer



**Arnold Lau**  
Chief Operating  
Officer



**Fany Bortolin**  
Senior Vice President



**John Steven Bianucci**  
Director of Impact



**Alex Mackay**  
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Investor Relations



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