



PUBLIC BENEFIT REPORT

2022





Certified



Corporation

COVER: CENTRAL GRAZING COMPANY
DOUGLAS COUNTY, KANSAS

THIS PAGE: TULIP TREE GARDEN
WILL COUNTY, ILLINOIS

Iroquois Valley is a regenerative finance company. We partner with organic farmers and ranchers on land security and operating capital by raising funds from mission-aligned investors.

We work to create public benefit by enabling healthy food production, restoring soil, and improving water quality through the establishment of secure and sustainable farmland tenure.

Our public benefit report describes our impact by the categories identified in the B Lab Assessment, which we use as our 3rd party verification. This report covers the period between January 1 to December 31, 2022. Our B Lab Impact Assessment Score is 107.1.

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WELCOME

It is with immense gratitude for the work and support of our stakeholders that we present our 2022 Public Benefit Report. Without our Investors, Farmers, Team Members and Board the pursuit of healthy soils, healthy food and healthy people and communities would not be possible. As a result of the support from our stakeholders, our impact continues to grow and compound over time.

Today, 55% of our portfolio is certified organic. The ecological benefit of organic farmland is well-known. The economic benefit is also stronger for our farmers and investors as certified organic farmland has higher revenue potential. With 1% of farmland in the U.S. certified organic, the opportunity for both ecological and economic benefit is large.

An ongoing investment in farmer relationship management is bearing fruit. 90% of investments made in 2022 were to millennial farmers or younger. With the national average age of farmers approaching 60, attracting younger and more diverse farmers is critical as an estimated 400 million acres will transition over the next 20 years. With the support of a Conservation Innovation Grant from the USDA, we successfully piloted a new program to support socially disadvantaged farmers. This culminated in the launch of a new impact investment note in 2023, the Rooted in Regeneration Note.

In 2023, we look forward to building on the legacy and foundation Iroquois Valley has built supporting organic farmers with innovative financing solutions. With our community of stakeholders, I am confident that our impact will continue to grow.

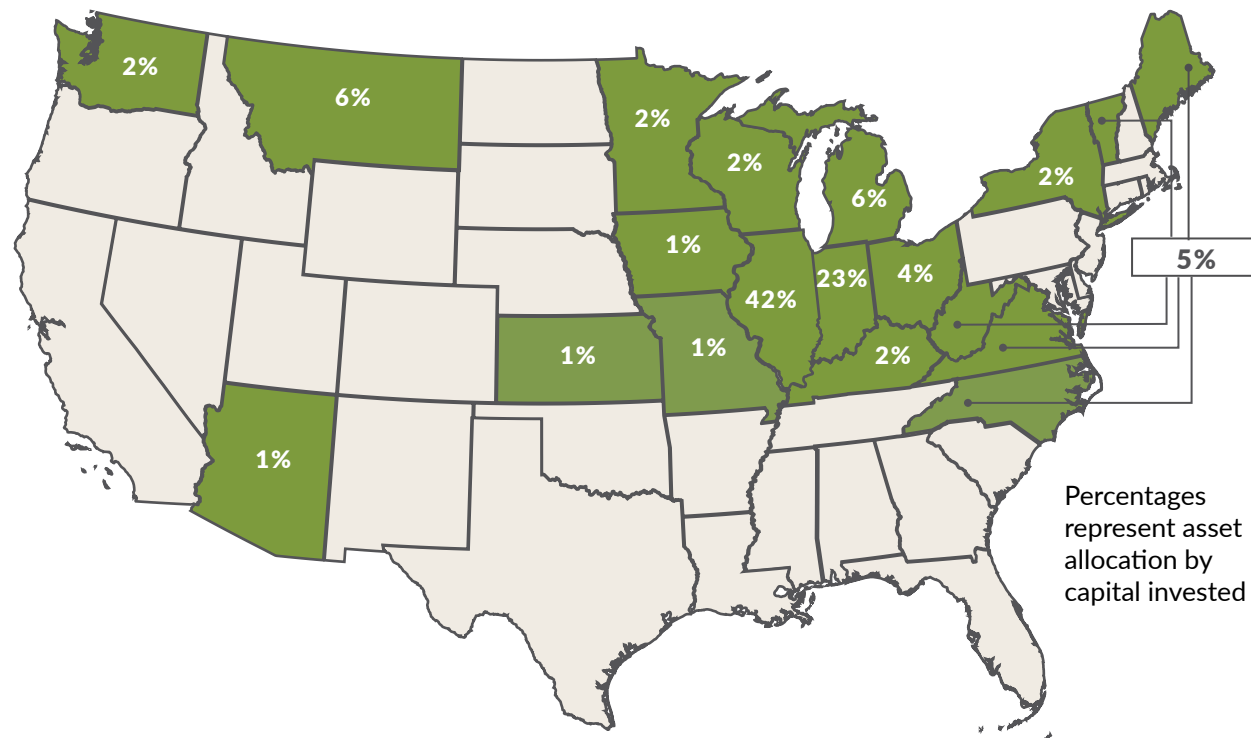
Sincerely,

Christopher Zuehlsdorff

Chris Zuehlsdorff | CEO

ENVIRONMENT WHERE WE WORK

CANNON RIVER WATERSHED RESTORATION
AT SHARING OUR ROOTS
DAKOTA COUNTY, MINNESOTA



PORTFOLIO BREAKDOWN

114 INVESTMENTS

Closed 20 transactions in 2022

29,892 ACRES*

*55% of our portfolio acreage is certified organic

19 STATES

MARKET VALUE: \$88,513,564

ENVIRONMENT WHERE WE WORK



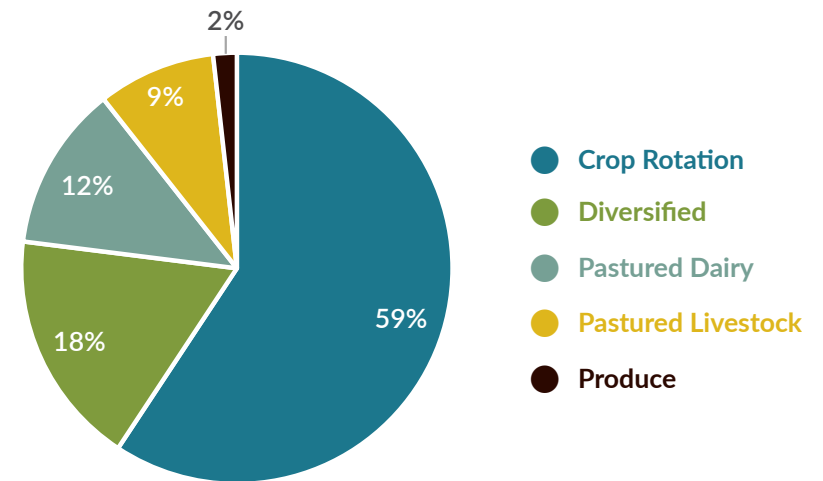
GRAY FAMILY FARMS
IROQUOIS COUNTY, ILLINOIS

Iroquois Valley's work to provide land security to organic farmers is based on the premise that land security enables land stewardship.

Research bears this out: in a 2016 study on US farmland ownership, tenure, and transfer, 70% of lease agreements were reported as annual, cash rent agreements. This means that if a farmer wants to invest in longer-term soil health and conservation practices, they are often deterred because they lack land security and time to see those projects through.

From the beginning, we structured our leases as 7-year agreements that are indefinitely renewable. At the end of a 7-year term, the farmer earns the ongoing right to purchase the farm. We offer mortgages so that farmers can own land, and we also offer operating capital support as their businesses develop. At the close of 2022, our portfolio was 68% leases, 29% mortgages, and 3% operating capital investments.

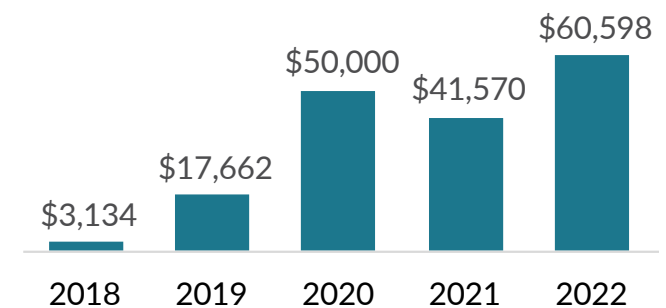
PRODUCTION MIX



SOIL HEALTH & CONSERVATION

Iroquois Valley conducts an annual soil health survey to learn about the practices our farmers use to improve soil health on the land they manage (practices we support through our in-house Soil Restoration Pool grant program). We are partnering with Earth Economics to expand the survey and begin reporting on ecosystem service valuations, which will be released in a special report in fall 2023.

SOIL RESTORATION POOL AWARDS



ENVIRONMENT WHERE WE WORK



HIGHLIGHTS FROM THE SOIL RESTORATION POOL PROGRAM

SHARING OUR ROOTS - EXPANDING SILVOPASTURE BY IMPROVING WATER ACCESS

This project sought to fully operationalize a 20 acre organic silvopasture field and continue our soil testing protocol. Previously, this field was fenced with the help of prior Soil Restoration Pool funds. In order to fully utilize the potential of this field from a cash flow perspective and a conservation perspective, a few improvements remained prior to 2022, which were water access for livestock, field improvements (amendments) and additional solar-electric fencing. Images show planning for the water line project as well as cattle accessing water at their field location in the depths of winter.

RICHVIEW FARM - COVER CROPPING FOR HEALTHY SOIL

This project implemented winter rye as a cover crop immediately following corn harvest. The image shows rye seeded with remaining corn stubble. Keeping soil covered throughout fall and winter is an effective weed management tool that supports soil fertility and water filtration.



CLIENTS OUR FARMERS

MINT CREEK FARM
FORD COUNTY, ILLINOIS

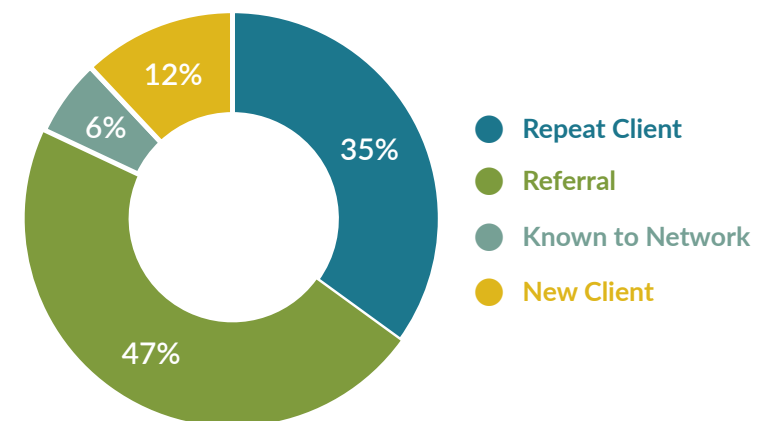
CLIENT BREAKDOWN

Farmer Relationships	65
Exits in 2022	5

Portfolio exits in 2022 resulted from three borrowers who paid off their mortgages during their 5-year interest-only period. All of our mortgages include an interest-only component as well as the ability to pre-pay without penalty. One exit represents a farmer purchasing the farm from us and retaining ownership. The last exit was a transaction to accommodate a forward sale provision built into the purchase of 40 acres out of approximately 160 acres total. These 40 were strategically important to the farmers, and they continue to lease 120 acres with us.

Our farmer relations team is gratified to see that our commitment to customer service resulted in a significant increase in referrals, up from 33% in 2021.

CLIENT SOURCE: 2022



CLIENTS OUR FARMERS

TULIP TREE GARDENS
WILL COUNTY, ILLINOIS



FARMER DEMOGRAPHICS

WOMEN FARMERS

Women involved in farm operations and decision-making.

78%

BIPOC FARMERS

Black, Indigenous, People of Color involved in farm operations and decision-making.

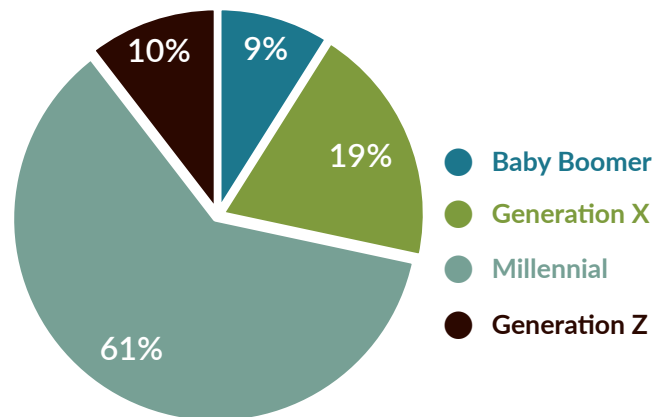
11%

GENERATIONAL SUPPORT

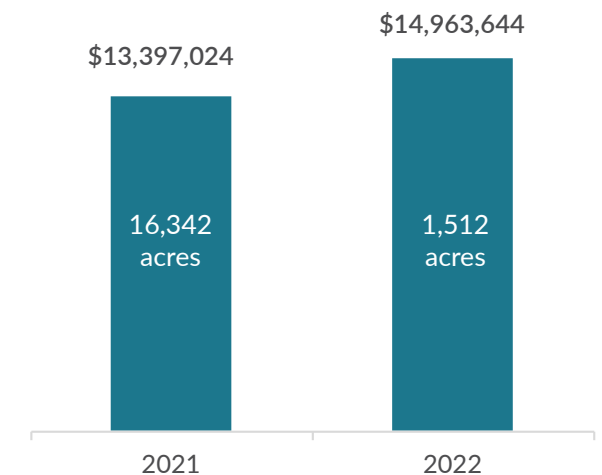
Farmers working with the next generation to directly support farmland transfer.

56%

FARMER AGE



INVESTMENTS IN YOUNG FARMERS



90% of our total investments in 2022 were for millennial & gen Z farmers, up from 54% in 2021.

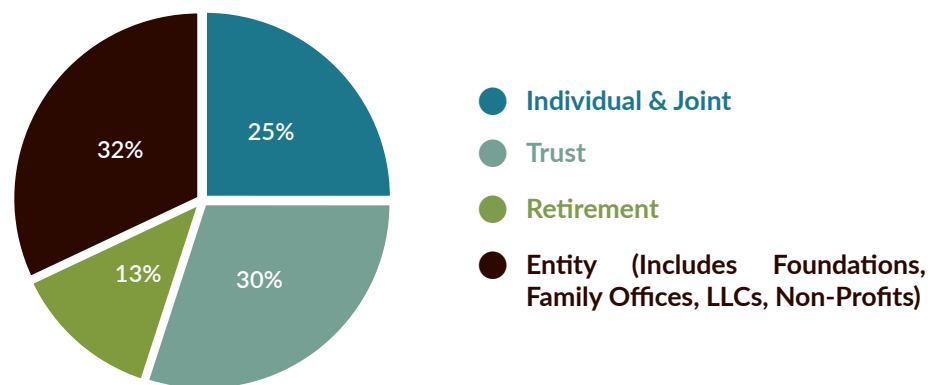
COMMUNITY OUR INVESTORS

Iroquois Valley continued to expand our investor base by adding 69 new shareholders and 18 new noteholders. Additionally, we increased our financial advisor relationships by welcoming 7 advisors to our network.

We are proud to have approximately 650 REIT shareholders as of December 31, 2022, all of whom are supporting independent organic farmers. The value of our shares increased significantly from \$686 as of January 1, 2022, to \$801 as of December 31, 2022.

Our share value is based on appraisals of the underlying farmland. Farmland values in the United States increased considerably in 2021, and the Iroquois Valley Board of Directors decided to re-value the shares twice a year to more accurately reflect the value of the land owned by the Company. We also added a second redemption period so that shareholders can redeem at the current valuation.

INVESTOR TYPE



INVESTOR TESTIMONIAL

"We're glad to see that Iroquois Valley continues to do well, so that we get dividends and the stock price increases. It's nice to know that investing in regenerative organic agriculture is not only the right thing to do, but a good thing to do financially."

– Otis & Ann Godfrey

WORKERS OUR STAFF



Staff, board, investors, and farmers gathered for a tour and dinner at Sumac Creek Farm in Kankakee County, IL in August 2022.

We began 2022 with an interim CEO as our board worked with an independent search firm to seek a permanent CEO. The search culminated in summer 2022 with the hiring of a CEO and COO. To support team cohesion, our team initiated a strategic planning process with an advisory firm.

Iroquois Valley's team totaled 11 people, with plans to expand our farmer relations team in 2023. Our team is entirely remote; in 2022, our team worked from California, Illinois, Indiana, Minnesota, Montana, and New York.

Our benefits expanded: we now offer an education assistance program to support professional development. In addition, we offer comprehensive healthcare and health savings, a socially responsible 401(k), financial planning resources, two weeks guaranteed paid time off and additional accruals alongside federal bank holidays.



GOVERNANCE OUR BOARD

As of December 31, 2022, Iroquois Valley remained governed by a nine-person Board of Directors. Our directors are elected by shareholders at our annual shareholder meeting for terms ranging from two to five years. The board demographics include four women, three people of color and backgrounds include real estate, medicine, finance, law, and farming.

In 2022, the Board met twelve times. One meeting was an in-person convening following our annual shareholder meeting.

BOARD ACCOMPLISHMENTS

NEW COMMITTEES

The Board established three new standing committees in 2022. In addition to the Investment Committee (which has been active since 2018), the Board launched the following standing committees:

- i) Finance (including Audit)
- ii) Governance & Board Development
- iii) Farmer Sustainability

Each director serves on at least one committee, and many serve on more than one.

DIRECTOR COMPENSATION

The Board adopted a policy for the compensation of non-employee directors to help attract and retain the skills, knowledge, and network of an engaged and diverse set of directors. The policy provides for both cash and equity compensation.

GOALS

SKYWOMAN FOREVER FARM
SCHOHARIE COUNTY, NEW YORK

CATEGORY	2022 GOALS	HOW WE DID	2023 GOALS
Environment Where We Work	Evaluate how to continue growing the funding pool. Improve soil health survey participation.	The SRP is fully maximized with farmers being awarded all available funds. We are exploring partnerships to enable donations into the pool. With the support of a USDA NRCS Conservation Innovation Grant, we are expanding our soil health survey and collection methods.	Improve our product offerings to grow the portfolio with diversity (geographic, farmer, and operation) in mind.
Customers Our Farmers	Invest in underwriting and loan management software to improve customer service and internal efficiency.	We identified CamoAg (formerly Tillable) and Abrigo as complementary systems to support portfolio management, underwriting, and relationship management. We began onboarding both systems in 2022. We also refined our underwriting process to be more inclusive.	Implement CamoAg as a property management system; onboard of all leased farms by year-end 2023.
Community Our Investors	Attract capital from larger organizations to enable Iroquois Valley to expand our investments in organic and regenerative farmers.	In 2022 Iroquois Valley diversified its investor base by adding 19 new entity investors and 79 new trust accounts. We also received our largest investment from a single investor. We intend to build on 2022's success in the upcoming years.	Continue to grow and diversify our investor base. Launch new debt offering by summer 2023.
Workers Our Staff	Support professional development and evaluate benefit package.	Iroquois Valley established an education assistance program to support employees pursue professional development activities, including degree and certificate programs, affiliations, events, and more.	Hire two additional relationship managers to provide customer service to our growing farmer network.
Governance Our Board	Revamp the standing Board committees.	The Board established three new standing committees in 2022. We also adopted and implemented a director compensation committee to recognize the meaningful workload assumed by our directors, and to help us attract and retain an engaged and diverse Board.	Complete a Board Skills Assessment Matrix and continue succession planning.



OUR B LAB SCORE

Iroquois Valley's most recent B Impact Assessment was verified in April 2022. Our score decreased from 135.2 to 107.1. We believe that Iroquois Valley has become a far more impactful organization in the time since our prior assessment. We are disappointed that the progress we've made in recent years was not captured in our last assessment.

Iroquois Valley's business has evolved since our first certification in 2012, and since our last recertification in 2019. We have increased our mortgage and operating capital lending in order to support more organic farmers at different stages of their land security journeys, refined policies, and improved benefits for staff and board, all initiatives highlighted annually in this report.

The B Impact Assessment is dynamic. First, the assessment changes year over year so that previous "best practice" answers are updated to reflect "better practices". This means previous highest scoring answers may only receive fractional points. Second, the assessment varies widely depending on the type of business certifying. Even for businesses like ours, new questions can be added depending on how we answer certain prompts. When we began the recertification process, we were opted into an impact module that had an expanded Environment section that featured 73 questions including new categories to us—land and wildlife conservation and toxin reduction and remediation—both of which are highly relevant to organic agriculture. During the verification process, our Environment section was reduced, and those categories were removed, leaving our Environment score dependent on only 29 questions. This resulted in the largest disparity between assessment and verification, although we experienced disparities across all five categories. Unfortunately, we were unsuccessful in our attempts to meet with B Lab staff to discuss our results and advocate to include what we felt were relevant measures in our verification. Our next opportunity to recertify is in 2025.

Iroquois Valley believes that B Lab Certification remains a rigorous methodology and plans to continue using its certification. We use additional assessments such as the ImpactAssets 50, Aeris verification, and produce our own reports to tell our full story. Our public benefit report provides the space to share our work more holistically, and we are proud to release our 2022 report with a spirit of openness and commitment to continuous improvement.

FOR MORE INFORMATION

VISIT OUR WEBSITE:
IROQUOISVALLEY.COM

REACH OUT:
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This report is not an offer to sell or a solicitation of an offer to buy any securities from Iroquois Valley. Sales of securities shall only be made in compliance with applicable securities laws, and through appropriate offering documents providing detailed disclosures regarding the Company's business and the risks of investment. In addition, some of the statements herein may constitute forward-looking statements. Such forward-looking statements describe anticipated or hoped for outcomes, but are subject to various risks and uncertainties. Past performance is not an indication of future results.



BLACK WIND FARM
ALBANY COUNTY, NEW YORK