Kellogg-Morgan Stanley Sustainable Investment Challenge

Carbon Yield

Our fund addresses two fundamental challenges, climate change and broken commodity grain markets. Our proposal finances transitions to regenerative organic agriculture in the Midwest (USA). These agricultural practices create economic stability for farmers, while drawing down carbon to rebuild soil and mitigate climate change.

PROBLEMS: Carbon in the Atmosphere & Grain Markets that No Longer Sustain Midwest Farmers

Over 30% of global emissions since the industrial revolution are attributed to conventional agriculture. Much of the life - carbon - in the world's soils has been plowed up, oxidized, and released into the atmosphere. 60 carbon-rich harvests remain until soil is depleted, globally. Farming will either continue to be part of the problem or generate a scalable solution.

An average Midwest farm has **lost $12 to $57 per acre** since 2014. Extreme weather and trade policies will only exacerbate this trend.

Sustained commodity crop **price** depression.

Rising per unit **cost** of conventional inputs.
Quantity of inputs increase as soil health degrades.

SHRINKING MARGINS

Farmers need new options to regain economic stability.

SOLUTIONS: Organic and Regenerative Farming Combine to Remedy these Problems

Regenerative Agriculture

- ◊ Utilizes cover crops, no-till, crop rotations, and livestock integration
- ◊ Restores soil, draws down carbon
- ◊ Can offset 25-50% global emissions/year
- ◊ Drought and flood resistant
- ◊ Carbon offset eligible

Organic Agriculture

- ◊ A certified set of practices to reduce chemical use on farms.
- ◊ 15%/year demand growth since 1997
- ◊ 50-200% price premium
- ◊ Reduces reliance on expensive inputs

Organic Regenerative Agriculture

- ◊ **Offers multiple revenue streams**
- ◊ **Minimizes farming risks**
- ◊ **Provides greater upside**
- ◊ **Rewards farms for climate impact**

Est. 2.5 - 6 tons

Soil carbon /acre /year

$200 - $300

Profit / acre / year after transition

Carbon Yield

Carbon Yield Fund Seizes the Opportunity

Carbon Yield will issue loans ($400/acre) to Midwest grain farms that are initiating the organic certification process and implement regenerative practices. Loans keep farmers cash positive during the 3 year organic transition. Financing is offered at a 7% interest rate with interest payments deferred during the transition, to improve farmer liquidity.

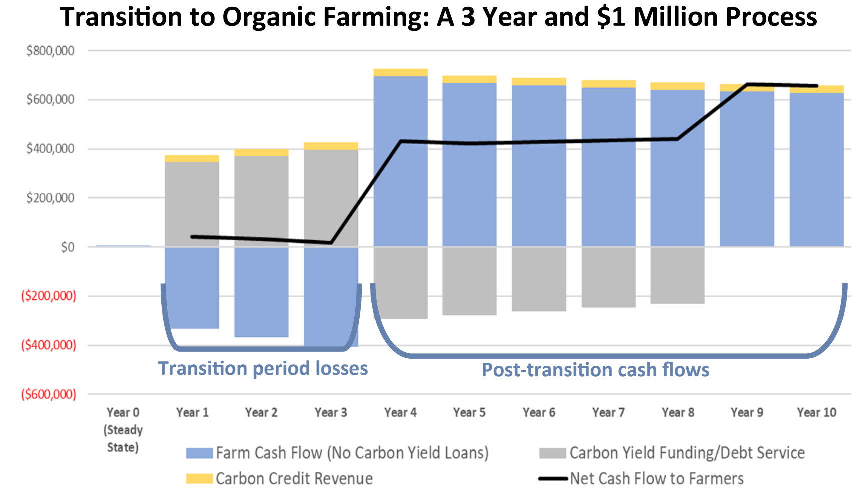
The fund will partner with infrastructure providers and government resources to support the transition. Carbon Yield leverages cheap government capital (RBIC) to create stronger returns and attract institutional investment. We also streamline registration and sale of Carbon Credits, utilizing in house expertise and bulk offset contracts.

A 2,500 acre farm endures an estimated $1 Million of losses during the transition period. Carbon Yield plugs that gap.

Barriers to Adoption Addressed through Carbon Yield Fund

- ◊ Large up front costs
- ◊ Loans unavailable for transition costs through existing lenders
- ◊ Yield loss during transition
- ◊ Suspicion of new practices
- ◊ Lack of organic infrastructure
- ◊ Farmer risk aversion, resistance to change
- ◊ New Equipment for practices

Transition to Organic Farming: A 3 Year and $1 Million Process



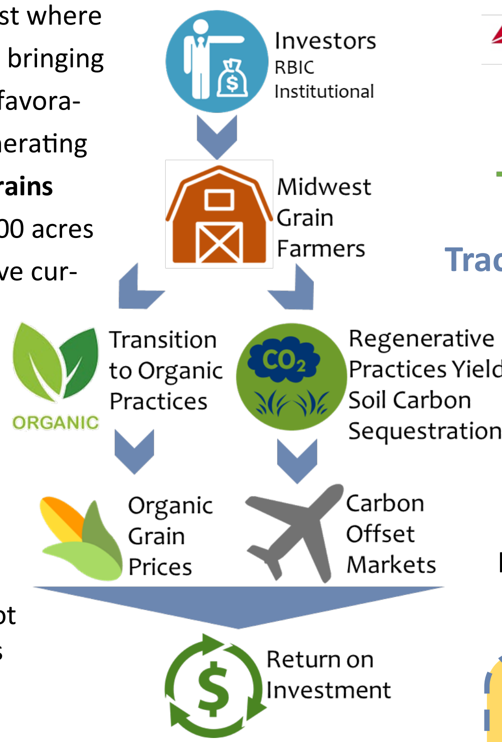
Large Addressable Market

The fund focuses on the upper-Midwest where organic infrastructure investments are bringing grains to market and where there are favorable conditions for row crops and regenerating soil carbon **U.S. demand for organic grains outstrips annual U.S. adoption.** 180,000 acres would need to transition annually above current rates to keep pace with demand.

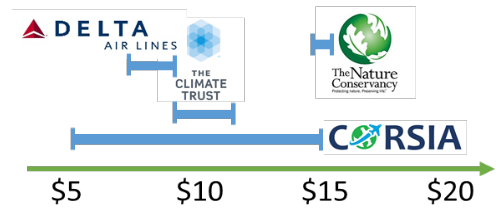
11,672 farms in the Midwest meet investment criteria

Midwest farms have felt greatest pain in the form of droughts and floods, low commodity prices, and massive soil carbon losses - up to 70 tons per acre. Large farm tracts are not overly indebted but need resources as they respond to macroeconomic and climate uncertainty.

Fund Diagram



Carbon Offset Pricing



Traction: Unlocking Carbon Credits

We are representing a 2,500 acre regenerative organic farm as it registers a carbon project under the Verified Carbon Standard. Our team has over a decade of carbon offset project development experience. We have engaged a range of carbon credit buyers to establish market pricing. The financial model assumes $7 per ton.

Key Fund Impacts

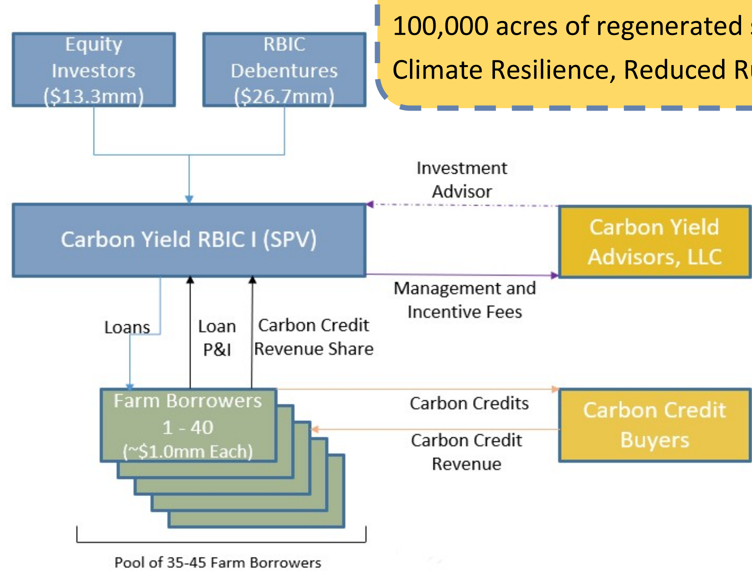
340,000 tons of emissions reductions

100,000 acres of regenerated soil

Climate Resilience, Reduced Runoff

Fund I Investment Profile

Fund Type:	Rural Business Investment Corporation
Investment Geography:	Midwest United States
Fund Size:	$13.3 Million
Target Leverage:	2:1 (Up to $26.7 million)
Investment Period:	5 Years; Based on Farms Identified in Years 1-3
Fund Life:	10-12 Years
Target IRR:	10-12% (net of fees)
Fees:	2% Management Fee (Committed Capital) & 20% Incentive Fee (6% Hurdle Rate)
Target Investors:	Family Offices Institutional Capital, and Farm Credit System Banks and Associations
Minimum Investment:	$1.0 million (Accredited Investors)



Investor Appeal

◊ Loans repaid with interest, carbon revenue split - stable returns

◊ Significant collateral (maximum 60% LTV)

◊ Real Estate fund allocation fit

◊ Carbon upside, but not dependent

Projected Investor IRR Sensitivity to Carbon Prices and Sequestration Rates

Carbon Storage (Tons/Acre)	Carbon Price/Ton: $3.00	$5.00	$7.00	$9.00
0	4.0%	4.0%	4.0%	4.0%
1.5	6.3%	7.3%	8.4%	9.4%
2.5	7.3%	9.1%	10.8%	12.4%
3.4	8.3%	10.6%	**12.8%**	14.9%

Identifying Farmers, Providing Support

Grain infrastructure partners like Pipeline Foods and ABCDs are addressing bottlenecks in the organic supply chain and engaging farmers in areas where adoption of regenerative organic practices makes sense. They provide farm planning resources, insurance products, transitional grain price premiums and long term organic contracts to create more certainty in the transition. These groups are seeking loan partners to help accelerate organic adoption; conventional farm lenders have not addressed this need.

Natural Resources Conservation Service local bureaus have credibility with farmers, spread the word about private soil health resources, and provide support for regenerating soil and implementing best practices.

Screening: Fund will target farms of 2,500 acres (1,000 acre minimum) with a maximum 60% LTV ratio. Carbon Yield will also review farm management plans and organic certification progress, and evaluate carbon credit projections as part of it's due diligence process.