

FARMLAND INDEX

AMID ECONOMIC UNCERTAINTY AND VOLATILITY, FARMLAND MARCHES ON

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
3rd Qtr 2020	0.74	0.96	1.38	(0.37)	1.39	0.34	0.52
2nd Qtr 2020	(0.99)	0.61	(0.04)	1.07	0.97	1.00	2.65
One Year	2.00	3.84	3.61	2.67	4.45	3.85	5.78
Three Year	5.11	5.33	6.42	4.72	3.09	5.02	7.40
Five Year	6.28	6.13	8.28	6.35	1.19	4.09	7.83
Seven Year	7.98	8.35	13.01	6.84	2.16	5.13	8.10
Ten Year	9.37	10.86	14.70	8.57	7.63	8.55	7.73
Inception	8.95	10.82	13.01	6.85	9.80	9.46	8.69

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
3rd Qtr 2020	0.76	0.21	0.96	1,194	12,396,087,581
2nd Qtr 2020	0.58	0.02	0.61	1,175	11,949,245,757
One Year	4.00	(0.15)	3.84		
Three Year	4.26	1.04	5.33		
Five Year	4.61	1.47	6.13		
Seven Year	5.46	2.80	8.35		
Ten Year	6.21	4.48	10.86		
Inception	6.61	4.07	10.82		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	917	7,527
Permanent Cropland	277	4,869
Total	1,194	12,396
Pacific West	240	4,915
Pacific Northwest	97	898
Corn Belt	379	1,316
Delta States	141	2,391
Southeast	67	746
Mountain	87	1,085
Southern Plains	21	245
Lake States	118	451
Appalachian	7	96
Northern Plains	37	253
Other	44	349
Total	1,238	12,745

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 9/30/2020		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	728	4295	2.99%	0.67%	3.68%
Annual-Fresh Produce	44	936	3.76%	1.27%	5.06%
Annual-All Other	145	2296	3.97%	0.34%	4.32%
Annual-Total	917	7527	3.39%	0.64%	4.05%
Permanent-Apples	31	377	0.13%	1.99%	2.14%
Permanent-Almonds	58	986	6.13%	-0.46%	5.63%
Permanent-Citrus	16	299	4.79%	2.09%	6.95%
Permanent-Pistachios	25	782	9.95%	-0.28%	9.63%
Permanent-Wine Grapes	89	1957	3.07%	-4.28%	-1.25%
Permanent-All Others	58	470	5.23%	0.89%	6.18%
Permanent-Total	277	4869	5.06%	-1.47%	3.55%
TOTAL	1194	12396	4%	-0.15%	3.84%

The NCREIF Total Farmland Index (NFI) generated a Q3 2020 total return of 0.96%, the highest of the calendar year, as the NFI continues to inch higher despite the wide-ranging challenges stemming from the COVID-19 pandemic. This performance is nearly identical to Q3 2019. On an annual basis, the NFI generated a total return of 3.84%. The 4.00% income return was offset slightly by the -0.15% on capital returns. The NFI continues to reach

new records in terms of market value and properties with a market value of \$12.4 billion spread across 1,194 farms, vineyards, groves, and orchards.

Annual Cropland Q3 2020 total returns were 1.07% with 0.77% coming from income and 0.30% coming from capital appreciation. Permanent Cropland Q3 2020 total returns were 0.80% with 0.74% coming from income and 0.06% coming from capital appreciation. Both Property Type subindexes posted their best returns of the year in Q3 2020. Over the past 12 months, Annual Cropland returned 4.05% while Permanent Cropland generated 3.55%. When comparing 12-month periods ending on September 30th, this is the first time Annual Cropland generated higher returns than

Permanent Cropland since the period ending September 30th, 2011.

The Southern Plains region had the best performance of all NFI regions with a 2.46% quarterly total return. The Pacific West, Corn Belt, Mountain, and Lake States all had quarterly total returns above 1.00%. Farms in the Pacific Northwest and Appalachian regions had small negative quarterly returns of -0.37% and -0.41%, respectively. The Southern Plains has had the best performance over the past 12 months with a 7.23% total return while the Northern Plains have had the lowest performance with a -2.37% total return.

Fresh Produce had the largest Q3 2020 return when looking at the Crop Type subindexes with a 2.42% quarterly total return. The weakest quarterly total returns of any Crop Type were found in the Apples and Wine Grapes at 0.06% and 0.07%, respectively. On an annual basis, Pistachios have performed the best with a 9.63% total return while Wine Grapes have struggled with a -1.25% total return.

The Management Type subindex shows that Leased Permanent crops have outperformed Directly Operated Permanent crops by 0.70% in Q3 2020 and by 2.24% over the last 12 months. Directly Operated Permanent crops have generated total returns of 0.66% and 3.11% in Q3 2020 and the last 12 months, respectively, while Leased Permanent crops have generated total returns of 1.36% and 5.35% in Q3 2020 and the last 12 months, respectively.

The variety of returns across Property Types, Regions, Crop Types, and Management Types are all indicative of the importance of having exposure to a diversified farmland portfolio. It worth pointing out that while some regions had a negative return this quarter, all crop types generated positive total returns. Farmland continues to live up to its reputation as a solid store of value with income returns even in challenging times.

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