

FARMLAND INDEX

ANNUAL CROPLAND ROLLING 4-QUARTER TOTAL RETURNS IMPROVE FOR 5TH CONSECUTIVE QUARTER

	FARMLAND TOTAL RETURNS						
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
2nd Qtr 2021	3.59	1.47	0.21	4.03	3.84	1.70	1.62
1st Qtr 2021	1.72	0.86	0.14	0.65	1.64	1.42	0.85
One Year	7.37	4.97	4.26	1.70	8.95	4.78	4.02
Three Year	5.50	4.82	5.03	1.65	4.99	4.83	7.01
Five Year	6.13	5.51	6.41	6.16	3.42	4.59	6.90
Seven Year	7.72	6.96	9.98	5.48	1.93	4.53	7.03
Ten Year	8.79	10.24	13.64	8.39	6.91	7.91	8.46
Inception	8.94	10.68	12.78	6.75	9.81	9.37	8.59

For the 5th consecutive quarter, the Annual Cropland rolling 4-Quarter returns have increased and also exceeded similar returns for Permanent Cropland. As a result, 2Q 2021 NCREIF Total Farmland Index (NFI) rolling 4-quarter total returns attained their highest level in 1½ years at 4.97%.

In Q2 2021, the NFI generated a total return of 1.47% in Q2 2021. These second quarter results outpaced both Q1 2021 and Q2 2020 by 61 and 86 basis points respectively.

	FARMLAND INCOME AND APPRECIATION RETURNS				
	Income	Appreciation	Total Return	Property Count	Market Value
2nd Qtr 2021	0.60	0.86	1.47	1,224	13,166,125,069
1st Qtr 2021	0.79	0.07	0.86	1,222	13,046,580,364
One Year	3.73	1.20	4.97		
Three Year	4.14	0.67	4.82		
Five Year	4.46	1.02	5.51		
Seven Year	5.00	1.89	6.96		
Ten Year	5.85	4.25	10.24		
Inception	6.54	4.00	10.68		

At the end of Q2, the NFI represented 1,224 properties with a combined market value of \$13.2 billion, comprised of 61% in Annual Cropland and 39% in Permanent Cropland. Annual Cropland Q2 2021 total returns were 2.20%, up 64 basis points from Q1 2021 driven primarily by capital appreciation of 1.42% with the remaining 0.78% coming from income. Permanent Cropland Q2 2021 returns were 0.36%, up 10 basis points from Q2 2020, with 0.34% coming from income and 0.03% coming from capital appreciation. Permanent crop performance tends to be lower during the first half of the calendar year as this time period represents “non-harvest” quarters. Over the trailing four quarters, Annual Cropland

returned 6.57% driven by large increases in soft commodity pricing while Permanent Cropland generated a 2.56% total return.

From a regional standpoint, the Northern Plains region outpaced all regions in Q2 2021, with a 4.90% total return. In addition, the Pacific Northwest and Corn Belt both had impressive results with total returns above 3.0% for the quarter. Farms in the Pacific West, Mountain, and Appalachian regions had the weakest performance in the quarter, however, total returns remained positive at 0.21%, 0.86% and 0.90%, respectively. The Lake States had the highest total returns over the trailing four quarters at 9.93%, while the Pacific Northwest had the lowest performance, albeit still positive, at 1.70%.

Among Crop Type Subindexes, Annual – Fresh Produce, outpaced all crop types during Q2 2021 producing a total return of 3.26%. Additionally Annual – Commodity, Annual – All Others, Apples, Pistachios, and Permanent – All Others all produced positive total returns above 1.0%. The weakest Q2 2021 total returns among crop types were Almonds at -0.42% and Wine Grapes at -0.63%. Over the trailing four quarters, Pistachios generated the highest total returns at 17.11%, conversely Apples produced the lowest total returns at -7.47%.

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	937	7,977
Permanent Cropland	287	5,189
Total	1,224	13,166
Pacific West	254	5,238
Pacific Northwest	100	989
Corn Belt	382	1,357
Delta States	143	2,571
Southeast	64	749
Mountain	89	1,082
Southern Plains	21	311
Lake States	121	481
Appalachian	7	96
Northern Plains	41	283
Other	50	388
Total	1,272	13,545

Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 6/30/2021		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	746	4622	3.08%	3.03%	6.18%
Annual-Fresh Produce	43	1000	3.97%	5.32%	9.45%
Annual-All Other	148	2356	3.87%	2.2%	6.13%
Annual-Total	937	7977	3.43%	3.07%	6.57%
Permanent-Apples	27	381	-3.53%	-3.93%	-7.47%
Permanent-Almonds	62	1019	2.66%	-4.71%	-2.13%
Permanent-Citrus	18	305	4.52%	-3.43%	0.98%
Permanent-Pistachios	28	888	15.56%	1.39%	17.11%
Permanent-Wine Grapes	89	2012	1.59%	-1.18%	0.4%
Permanent-All Others	63	584	4.93%	1.48%	6.47%
Permanent-Total	287	5189	4.16%	-1.56%	2.56%
TOTAL	1224	13166	3.73%	1.2%	4.97%

Looking at total returns by Management Type, Leased - Permanent Cropland outperformed Directly Operated - Permanent Cropland by 1.42% in Q2 2021 and 5.21% over the trailing four quarters. Leased Permanent Cropland has generated total returns of 1.43% in Q2 2021 and 6.57% over the past four quarters.

The Q2 2021 quarterly results highlights the variance in return performance across different sub-sectors of the U.S. farmland investment universe. Annual crops paced by rising commodity prices should continue to drive investment demand resulting in strong return performance. On permanent crop farmland, the post-pandemic economic recovery, a growing global middle class, and healthier lifestyle trends are expected to continue to facilitate strong demand for permanent crop produce.

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