

FARMLAND INDEX

ANNUAL CROPLAND RECORDS HIGHEST QUARTERLY TOTAL RETURN SINCE Q1 2014

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Regional Farmland				
			Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
3rd Qtr 2021	5.23	1.51	0.51	2.35	4.14	2.32	0.98
2nd Qtr 2021	3.59	1.47	0.21	4.03	3.84	1.70	1.62
One Year	12.15	5.54	3.37	4.48	11.90	6.85	4.50
Three Year	6.72	4.90	4.72	2.22	6.17	5.15	6.24
Five Year	6.84	5.53	6.09	6.23	4.24	4.96	6.74
Seven Year	8.10	6.97	9.78	5.68	2.40	4.60	7.26
Ten Year	8.99	10.19	13.53	8.27	7.01	8.00	8.59
Inception	9.02	10.64	12.69	6.77	9.87	9.37	8.55

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
3rd Qtr 2021	0.90	0.61	1.51	1,235	13,244,209,396
2nd Qtr 2021	0.60	0.86	1.47	1,224	13,166,125,069
One Year	3.88	1.61	5.54		
Three Year	4.08	0.80	4.90		
Five Year	4.32	1.18	5.53		
Seven Year	4.99	1.91	6.97		
Ten Year	5.82	4.23	10.19		
Inception	6.52	3.99	10.64		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	947	8,084
Permanent Cropland	288	5,161
Total	1,235	13,244
Pacific West	255	5,215
Pacific Northwest	99	966
Corn Belt	389	1,443
Delta States	143	2,588
Southeast	65	755
Mountain	87	1,080
Southern Plains	21	294
Lake States	125	505
Appalachian	7	97
Northern Plains	41	290
Other	51	398
Total	1,283	13,631

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 09/30/2021		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	756	4703	3.09%	5.16%	8.38%
Annual-Fresh Produce	44	1025	4.07%	5.94%	10.2%
Annual-All Other	147	2355	3.81%	1.87%	5.73%
Annual-Total	947	8084	3.43%	4.28%	7.82%
Permanent-Apples	23	334	-3.97%	-3.82%	-7.78%
Permanent-Almonds	61	999	3.98%	-10.86%	-7.15%
Permanent-Citrus	20	306	4.44%	-3.19%	1.15%
Permanent-Pistachios	27	842	15.76%	3.61%	19.82%
Permanent-Wine Grapes	91	2037	1.86%	-0.73%	1.12%
Permanent-All Others	66	643	4.95%	0.99%	5.99%
Permanent-Total	288	5161	4.54%	-2.33%	2.13%
TOTAL	1235	13244	3.88%	1.61%	5.54%

At the end of Q3 2021, the NCREIF Total Farmland Index (NFI) consisted of 1,235 properties valued at over \$13.2 billion in market value. In Q3 2021, the NFI generated a total return of 1.51%, comprised of income and appreciation returns of 0.90% and 0.61%, respectively.

Annual Cropland, which accounted for approximately 60% of the NFI's total market value, continued to perform well reporting a total return of 2.25% in Q3 2021 and 7.82% over

the last four quarters. The quarter's results marked Annual Cropland's highest quarterly total return in over seven years and the seventh consecutive quarter of outperformance relative to Permanent Cropland. Annual Cropland's strong total return was largely a result of changing land values, which appreciated by 1.48% in Q3 2021 due to a confluence of factors, including strong commodity prices and low interest rates. On a regional basis in Q3 2021, Annual Cropland in the Pacific Northwest outperformed all regions with a total return of 4.62%, followed by the Corn Belt's total return of 4.14%. The Delta States region, which is the largest region within Annual Cropland accounting for 32% of its market value, returned 2.32% in the third quarter. Meanwhile,

Annual Cropland in the Lake States and Mountain States regions exhibited the lowest total returns for the quarter at 0.54% and 0.61%, respectively.

In Q3 2021, Permanent Cropland posted an income return of 1.11%, appreciation of negative 0.73%, and a total return of 0.38%, its lowest third quarter total return in over 15 years. Over the last four quarters, Permanent Cropland has produced a total return of 2.13%. The Pacific West region, which accounts for 85% of Permanent Cropland, generated a total return of 0.34% in Q3 2021, its lowest third-quarter total return since 2007. Severe drought conditions and rising water costs across the West likely weighed on income and appreciation returns. Permanent Cropland in the Pacific Northwest region also produced weak returns, reporting income and appreciation returns of negative 0.02% and negative 0.04%, respectively, in Q3 2021. Meanwhile, the Lake States region experienced relatively strong results, reporting a total return of 4.98% in the quarter.

When evaluating NFI's performance by crop type, pistachios exhibited the highest returns, reporting a total return of 4.26%. Annual – Fresh Produce and Annual – Commodity also produced relatively strong returns, reporting total returns of 3.12% and 2.73%, respectively. Two crop types, almonds and apples, reported negative total returns in Q3 2021. Almonds reported a total return of negative 4.00%, in large part due to appreciation of negative 6.11%. Meanwhile, apples produced income and appreciation returns of negative 0.23% and negative 0.04%, respectively.

Results from Q3 2021 and the prior four quarters highlight some of the benefits diversification can provide a farmland portfolio. Farmland has traditionally been a relatively stable source of investment returns, in part, because it is a limited resource that produces essentials to daily life. That reality should continue to serve farmland investors well amid rising inflation and an ongoing economic recovery.

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