

FARMLAND INDEX

TOTAL FARMLAND RECORDS HIGHEST QUARTERLY APPRECIATION RETURN IN EIGHT YEARS

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
4th Qtr 2021	6.15	3.80	2.75	2.08	8.05	4.42	(0.19)
3rd Qtr 2021	5.23	1.51	0.51	2.35	4.14	2.32	0.98
One Year	17.70	7.83	3.63	9.41	18.77	10.21	3.29
Three Year	8.37	5.22	3.89	3.02	8.76	5.96	5.81
Five Year	7.75	5.72	5.65	6.02	6.16	5.79	6.27
Seven Year	8.56	6.56	8.14	5.56	3.69	4.98	7.04
Ten Year	9.32	9.68	12.63	8.28	6.45	7.59	8.20
Inception	9.11	10.68	12.68	6.78	10.06	9.45	8.47

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
4th Qtr 2021	1.60	2.20	3.80	1,260	13,792,631,635
3rd Qtr 2021	0.90	0.61	1.51	1,235	13,244,209,396
One Year	3.95	3.79	7.83		
Three Year	3.88	1.31	5.22		
Five Year	4.14	1.53	5.72		
Seven Year	4.51	2.00	6.56		
Ten Year	5.61	3.94	9.68		
Inception	6.52	4.03	10.68		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	958	8,389
Permanent Cropland	302	5,403
Total	1,260	13,793
Pacific West	268	5,454
Pacific Northwest	98	994
Corn Belt	396	1,559
Delta States	142	2,650
Southeast	66	758
Mountain	89	1,114
Southern Plains	20	300
Lake States	129	551
Appalachian	7	97
Northern Plains	42	305
Other	52	414
Total	1,309	14,195

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 12/31/2021		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	768	4925	3.39%	9.36%	12.98%
Annual-Fresh Produce	45	1042	4.11%	5.58%	9.85%
Annual-All Other	148	2425	3.88%	3.86%	7.85%
Annual-Total	958	8389	3.62%	7.25%	11.06%
Permanent-Apples	23	339	1.67%	-0.57%	1.11%
Permanent-Almonds	61	978	4.05%	-8.27%	-4.44%
Permanent-Citrus	23	352	4.54%	-3.81%	0.61%
Permanent-Pistachios	29	898	6.46%	2.78%	9.39%
Permanent-Wine Grapes	92	2063	4.14%	0.09%	4.22%
Permanent-All Others	74	774	4.9%	1.43%	6.38%
Permanent-Total	302	5403	4.43%	-1.32%	3.06%
TOTAL	1260	13793	3.95%	3.79%	7.83%

At the end of 2021, the NCREIF Farmland Index (NFI) consisted of 1,260 properties valued at \$13.8 billion, its highest level to date. The total farmland return – the sum of the appreciation and income return – was 3.8% in Q4 2021, with 2.2% appreciation and 1.6% income. Each quarterly return metric, total, appreciation, and income recorded the highest value it has in 6, 8, and 3 years,

respectively. High performing returns also occurred for the year, and not just the quarter, with an annual total return of 7.8%, consisting of 3.8% appreciation and 3.9% income.

The annual cropland category, which accounts for 61% of the NFI's market value, performed well, reporting an annual total return value of 11.1%. While the annual income return value of 3.6%, which is only 30 basis points higher than last year, contributed to the total return's performance, the main driver was the annual appreciation return of 7.3% -- the highest level seen

since 2013. A continuation of strong commodity prices, a low supply of high-quality land and low interest rates amongst other factors have sustained the rise in farmland values. On a regional basis, the highest annual total returns were noted in the Corn Belt at 18.8% and the Pacific Northwest at 17.8%. The lowest annual total return was recorded in the Mountain region at 5.5%.

The permanent cropland category posted an annual total return value of 3.1%, with -1.3% appreciation and 4.4% income. Despite the annual total return being double the amount it was last year, it is still the second lowest total return seen in the last 15 years, with last year's total being the lowest. From a regional standpoint, the Lake States held a strong annual total return of 16.5%, with a majority of it deriving from an annual appreciation return of 12.8%. On the other hand, the Pacific West and Pacific Northwest had smaller annual total returns of 3.1% and 1.5%, respectively. Both of these regions also had negative annual appreciation returns of -1.4% and 0.5%, respectively.

Now when evaluating NFI's annual performance by crop type, Commodities (13.0%), Fresh Produce (9.9%), and Pistachios (9.4%) exhibited the highest annual total returns, while Almonds (-4.4%), Citrus (0.6%), and Apples (1.1%) indicated the lowest.

Traditionally, farmland as an asset has been used as a hedge to protect against inflation. This year has proven that theory true with the rise of farmland values outpacing the rate of inflation. In a year of high inflation and several other unpredictable factors, farmland and its value has continued to be resilient.

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