

FARMLAND INDEX

LED BY ANNUAL CROPLAND, NCREIF FARMLAND INDEX TOTAL RETURNS ACCELERATE HIGHER IN Q1 2022

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
1st Qtr 2022	5.33	2.63	0.49	0.22	9.26	3.95	2.21
4th Qtr 2021	6.15	3.80	2.75	2.08	8.05	4.42	(0.19)
One Year	21.87	9.73	3.99	8.94	27.66	12.95	4.68
Three Year	9.60	5.89	4.11	2.98	11.81	6.97	5.30
Five Year	8.54	6.17	5.79	5.67	7.99	6.43	6.39
Seven Year	8.82	6.65	7.65	5.69	4.99	5.37	7.18
Ten Year	9.61	9.56	12.55	8.05	6.74	7.50	8.07
Inception	9.19	10.69	12.59	6.74	10.29	9.50	8.48

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
1st Qtr 2022	0.67	1.96	2.63	1,284	14,423,483,830
4th Qtr 2021	1.60	2.20	3.80	1,260	13,792,631,635
One Year	3.82	5.75	9.73		
Three Year	3.93	1.91	5.89		
Five Year	4.18	1.93	6.17		
Seven Year	4.49	2.09	6.65		
Ten Year	5.58	3.85	9.56		
Inception	6.49	4.06	10.69		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	967	8,730
Permanent Cropland	317	5,693
Total	1,284	14,423
Pacific West	280	5,748
Pacific Northwest	100	993
Corn Belt	398	1,696
Delta States	142	2,737
Southeast	68	783
Mountain	89	1,138
Southern Plains	19	306
Lake States	132	571
Northeast	8	35
Appalachian	7	86
Northern Plains	45	347
Other	56	451
Total	1,344	14,892

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 03/31/2022		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	773	5196	3.41%	14.1%	17.85%
Annual-Fresh Produce	46	1058	4.09%	5.81%	10.08%
Annual-All Other	148	2476	3.84%	4.62%	8.59%
Annual-Total	967	8730	3.62%	10.23%	14.12%
Permanent-Apples	23	329	1.26%	-0.72%	0.55%
Permanent-Almonds	64	1044	4.11%	-6.51%	-2.54%
Permanent-Citrus	24	370	3.51%	-2.05%	1.41%
Permanent-Pistachios	31	1017	6.52%	3.49%	10.2%
Permanent-Wine Grapes	96	2114	3.54%	-0.34%	3.17%
Permanent-All Others	79	820	4.8%	1.97%	6.84%
Permanent-Total	317	5693	4.13%	-0.77%	3.34%
TOTAL	1284	14423	3.82%	5.75%	9.73%

The NCREIF Farmland Index (NFI) added 24 properties in Q1 2022 bringing the total property count up to 1,284 and a new record market value of \$14.4 billion. In Q1 2022, the total market value of the annual cropland sub-index was \$8.73 billion accounting for 61% of the NFI's total market value while the remaining \$5.70 billion was in permanent cropland. The permanent crop index was further divided by management type between directly operated and

leased with directly operated permanent crop properties representing \$4.19 billion (74%) and leased permanent crop properties accounting for \$1.51 billion (26%).

Regionally, the NFI continues to be dominated by the Pacific West (40%) and followed by the Delta States (19%) and the Corn Belt Region (12%). The other 29% is represented by the Mountain (8%), Pacific Northwest (7%), Southeast (5%), Lake States (4%), Southern Plains (2%), Northern Plains (2%), Appalachian (1%), and Other (<1%).

In Q1 2022, the NFI's total returns continued the recent trajectory upwards to new highs by generating total returns of 9.73%, consisting of 3.82% income and 5.75% appreciation

returns over the last four quarters. The NFI's Rolling 4-Quarter total returns are the highest since December 2015 and the annual cropland Rolling 4-Quarter total are the highest since December 2013. Permanent cropland Rolling 4-Quarter total returns have not had multiple quarters of sub-4% annual returns since the early 2000's.

The annual cropland category generated total Rolling 4-Quarter returns of 14.12%. This represented a 2.75x increase in the total return compared to the Rolling 4-Quarter from March 2021 of 5.14%. Annual cropland in Corn Belt, Northern Plains, Lake States, Pacific Northwest, and Northern Plains all exceeded 10% total returns over the past four quarters. The NFI's annual cropland subindex has never had a negative annual total, income, or appreciation return since inception in Q4 1990.

The permanent cropland sub-index generated total Rolling 4-Quarter returns of 3.34%. This is only modestly higher than the Rolling 4-Quarter from March 2021 of 2.45%. Over the last four quarters, the permanent crop subindex has generated a 4.13% income return and -0.77% capital return. The permanent crop subindex total and income returns are the lowest since the early 2000's. The capital component is in the third period of negative consecutive Rolling 4-Quarter returns since 2000.

When looking at the specific commodities and management types of permanent crops, pistachios stand out both in terms of the highest annual returns of the past four quarters at 10.20%. Almonds, on the other hand, generated the lowest total return over the last year coming in at negative 2.54%. Consistent with the broader permanent crop subindex, both management types (Directly Operated and Leased) have generated lower returns in the One- and Five-Year time periods compared to the Ten-Year. Permanent crop farms that were leased have outperformed directly operated farms in both the One- and Five-Year periods but trail over the Ten-Year.

Dan Murray
Executive Director
UBS