

FARMLAND INDEX

NCREIF TOTAL FARMLAND INDEX POSTS SIXTH CONSECUTIVE QUARTER OF RECORD VALUE

FARMLAND TOTAL RETURNS							
	Total NPI	Total Farmland Index	Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
2nd Qtr 2022	3.23	1.45	0.37	1.42	3.06	2.23	2.07
1st Qtr 2022	5.33	2.63	0.49	0.22	9.26	3.95	2.21
One Year	21.45	9.71	4.16	6.21	26.70	13.54	5.15
Three Year	10.22	6.14	4.03	2.76	12.77	7.53	5.26
Five Year	8.86	6.13	5.56	4.53	8.51	6.68	6.31
Seven Year	8.84	6.69	7.48	5.86	5.39	5.61	7.28
Ten Year	9.67	9.47	12.31	7.92	6.84	7.45	8.05
Inception	9.21	10.65	12.49	6.73	10.31	9.50	8.48

FARMLAND INCOME AND APPRECIATION RETURNS					
	Income	Appreciation	Total Return	Property Count	Market Value
2nd Qtr 2022	0.60	0.85	1.45	1,300	14,599,765,279
1st Qtr 2022	0.67	1.96	2.63	1,284	14,423,483,830
One Year	3.82	5.73	9.71		
Three Year	3.93	2.16	6.14		
Five Year	4.18	1.89	6.13		
Seven Year	4.48	2.14	6.69		
Ten Year	5.49	3.85	9.47		
Inception	6.45	4.06	10.65		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION		
Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	981	8,867
Permanent Cropland	319	5,732
Total	1,300	14,600
Pacific West	282	5,786
Pacific Northwest	100	971
Corn Belt	402	1,748
Delta States	140	2,780
Southeast	69	799
Mountain	91	1,156
Southern Plains	19	276
Lake States	138	598
Northeast	8	35
Appalachian	7	103
Northern Plains	48	364
Other	59	485
Total	1,363	15,102

CROP TYPE DISTRIBUTION					
Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 6/30/2022		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	788	5317	3.35%	14.22%	17.91%
Annual-Fresh Produce	46	1065	4.05%	4.2%	8.37%
Annual-All Other	147	2485	3.88%	4.57%	8.57%
Annual-Total	981	8867	3.59%	10.1%	13.95%
Permanent-Apples	21	303	2.45%	-2.5%	-0.11%
Permanent-Almonds	65	1044	3.77%	-6.69%	-3.05%
Permanent-Citrus	25	389	2.11%	-0.52%	1.57%
Permanent-Pistachios	31	1020	6.39%	2.05%	8.54%
Permanent-Wine Grapes	96	2129	3.79%	0.91%	4.72%
Permanent-All Others	81	848	4.69%	1.76%	6.52%
Permanent-Total	319	5732	4.17%	-0.63%	3.51%
TOTAL	1300	14600	3.82%	5.73%	9.71%

The number of properties in the NCREIF Farmland Index (NFI) increased by 16 in Q2 2022 bringing the total property count to 1,300, and the NFI's market value reached a new record of \$14.6 billion. At the end of Q2 2022, the NFI was comprised of \$8.9 billion (61%) of annual cropland and \$5.7 billion (39%) of permanent cropland. Directly operated permanent crop properties represented \$4.2 billion (29%) of the NFI, while leased cropland properties

accounted for \$10.3 billion (71%).

Regionally, the Pacific West (40%), Delta States (19%), and Corn Belt (12%) comprised over 70% of the NFI, collectively. 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 Q2 2022, the NFI reported strong quarterly performance, albeit slightly lower than in the same quarter one year ago. Over the prior four quarters, the NFI's cumulative total return was 9.71%, resulting from an income return of 3.82%

and appreciation of 5.73%. Annual cropland's rolling 4-quarter return was 13.95%, a decline of approximately 17 basis points as compared to Q1 2022 due to declines in income and appreciation returns. Permanent cropland posted its third consecutive quarter of increasing total returns, reporting a rolling 4-quarter total return of 3.51%.

Over the past four quarters, the annual cropland sub-index generated an income return of 3.59% and appreciation of 10.10%, resulting in a total return of 13.95%. This result was approximately 2x the rolling 4-quarter total return as of Q2 2021 (6.57%) but down slightly from the previous quarter's rolling 4-quarter return (14.12%).

As of Q2 2022, the permanent cropland sub-index reported a rolling 4-quarter income return of 4.17% and appreciation of -0.63%, resulting in a total return of 3.51%. Recent returns produced by the permanent cropland sub-index are near 20-year lows. It is noteworthy that since 2000, almonds and wine grapes have comprised over 50% of the permanent cropland sub-index on average. Permanent crop returns have experienced periods of significantly higher and lower returns as compared to the annual cropland sub-index.

Pistachios once again accounted for the highest return over the prior 4 quarters at 8.54% while almonds accounted for the lowest return, -3.05%. The rolling 4-quarter returns for almonds, apples, pistachios, wine grapes, and citrus all lagged their 5-year and 10-year returns. Wine grapes generated their highest rolling 4-quarter return in over 11 quarters, a positive for an industry that has been struggling with oversupply and declining consumer demand over the past few years. The rolling 4-quarter performance of leased permanent cropland exceeded the performance of directly operated permanent by over 300 basis points, outperforming in terms of income and appreciation.

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