

FARMLAND INDEX

NCREIF TOTAL FARMLAND INDEX POSTS ANOTHER QUARTER OF RECORD VALUE

FARMLAND TOTAL RETURNS

	Total NPI	Total Farmland Index	Regional Farmland				
			Pacific West	Pacific Northwest	Corn Belt	Delta	Southeast
1st Qtr 2023	(1.81)	2.08	0.39	2.93	4.88	2.92	2.24
4th Qtr 2022	(3.50)	3.10	0.45	1.95	9.51	3.89	0.46
One Year	(1.63)	8.88	2.68	7.32	22.86	12.01	8.24
Three Year	7.15	7.53	3.56	4.93	18.44	9.60	5.98
Five Year	6.71	6.52	4.39	4.78	11.98	7.74	6.88
Seven Year	6.85	6.55	5.74	6.44	8.64	6.55	6.81
Ten Year	8.34	8.46	10.77	6.47	6.91	6.59	7.55
Inception	8.94	10.63	12.27	6.75	10.66	9.58	8.47

FARMLAND INCOME AND APPRECIATION RETURNS

	Income	Appreciation	Total Return	Property Count	Market Value
1st Qtr 2023	.74	1.34	2.08	1,327	15,898,099,521
4th Qtr 2022	1.17	1.93	3.10	1,315	15,258,923,829
One Year	3.36	5.39	8.88		
Three Year	3.63	3.80	7.53		
Five Year	3.93	2.52	6.52		
Seven Year	4.21	2.27	6.55		
Ten Year	5.11	3.25	8.46		
Inception	6.39	4.10	10.63		

FARMLAND PROPERTY DISTRIBUTION BY PROPERTY TYPE AND REGION

Property Type	Number of Properties	Market Value \$ Millions
Annual Cropland	995	9,791
Permanent Cropland	332	6,107
Total	1,327	15,898
Pacific West	295	6,193
Pacific Northwest	106	1,101
Corn Belt	416	2,125
Delta States	139	2,964
Southeast	68	839
Mountain	90	1,197
Southern Plains	16	293
Lake States	138	666
Northeast	8	36
Appalachian	7	100
Northern Plains	48	403
Other	59	521
Total	1,390	16,437

CROP TYPE DISTRIBUTION

Crop Type	Number of Properties	Market Value \$ Millions	1 year returns ending 03/31/2023		
			Income Return	Appreciation Return	Total Return
Annual-Commodity	801	5972	3.63%	11.91%	15.84%
Annual-Fresh Produce	48	1103	3.92%	3.19%	7.2%
Annual-All Other	146	2716	3.84%	6.3%	10.31%
Annual-Total	995	9791	3.72%	9.3%	13.27%
Permanent-Apples	23	351	4.52%	3.4%	8.01%
Permanent-Almonds	70	1145	-0.66%	-1.99%	-2.66%
Permanent-Citrus	27	407	1.6%	-0.04%	1.58%
Permanent-Pistachios	33	1136	2.89%	1.62%	4.55%
Permanent-Wine Grapes	98	2213	3.85%	-1.14%	2.69%
Permanent-All Others	83	854	4.26%	-3.06%	1.09%
Permanent-Total	332	6107	2.8%	-0.49%	2.3%
TOTAL	1327	15898	3.36%	5.39%	8.88%

The number of properties in the NFI increased by 9 in Q1 2023 bringing the total property count to 1,327, and the NFI's market value reached a new record of \$15.9 billion. At the end of Q1 2023, the NFI was comprised of \$9.8 billion (62%) of annual cropland and \$6.1 billion (38%) of permanent cropland. Directly operated permanent crop properties represented \$4.6 billion (29%) of the NFI, while leased cropland properties accounted for \$1.5 billion (10%).

Regionally, the Pacific West (39%), Delta States (19%), and Corn Belt (13%) comprised over 70% of the NFI, collectively. The other 29% is represented by the Mountain (8%), Pacific Northwest (7%), Southeast (5%), Lake States (4%), Northern Plains (3%), Southern Plains (2%), Appalachian (1%), and Northeast (<1%).

In Q1 2023, the NFI reported strong quarterly performance, however performance was cooler than Q1 2022. Over the prior four quarters, the NFI's cumulative total return was 8.88%, resulting from an income return of 3.36% and appreciation of 5.39%. Annual cropland's rolling 4-quarter return was 13.27%, which was 116 basis points less than the Q1 2023 rolling 4-quarter return. Permanent cropland

strengthened slightly, posting another positive quarter of total return, reporting a rolling 4-quarter total return of 2.30%.

Over the past four quarters, the annual cropland sub-index generated an income return of 3.72% and appreciation of 9.30%, resulting in a total return of 13.27% which was slightly lower than last quarter's annual return of 14.43%.

As of Q1 2023, the permanent cropland sub-index reported a rolling 4-quarter income return of 2.80 % and appreciation of -0.49%, resulting in a total return of 2.30%. Q1 2023 is the lowest rolling 4-quarter ending in March total return since Q1 2002's return of -3.20%. The chart below demonstrates permanent crop returns have experienced periods of significantly higher and lower returns as compared to the annual cropland sub-index.

It is worth noting that the composition of the permanent cropland sub-index has evolved over time. In Q1 2006, nearly two-thirds of permanent cropland sub-index was concentrated in two crop types by market value - Almonds (37%) and Citrus (23%). Today, those two crop types only represent 25% of the permanent cropland sub-index by market value with Almonds at 19% and Citrus at only 7%. The permanent cropland sub-index is much more diversified with broader representation from Wine Grapes (36%), Pistachios (19%), and Apples (6%) all significantly contributing to the index.

Among permanent cropland properties, apples accounted for the highest return over the prior 4 quarters at 8.04% while almonds accounted for the lowest return, -2.66%. The rolling 4-quarter returns for most major permanent crop categories continue to lag their 5-year and 10-year returns. The rolling 4-quarter performance of leased permanent cropland exceeded the performance of directly operated permanent crops by 421 basis points, with the outperformance primarily a result of higher income returns.

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