

Bonnefield

Q2 2026 Newsletter

Row Crops & Permanent Crops

Building Balance in Farmland Portfolios

Farmland continues to gain recognition as a stable and diversifying asset class that has historically provided inflation protection, low correlation to public markets, and long-term value preservation. Within it, investors often compare two distinct categories: row crops such as grains, oilseeds, and pulses, and permanent crops such as fruit orchards and berry fields. Each has unique characteristics and, at Bonnefield, we believe the right balance of both offers investors attractive risk-adjusted returns.

Canadian Cropland Breakdown



Row / Broad Acre Crops

Total Land
~95 million acres[1]

Cash Receipts per Acre
$489[3]

Total Market Capitalization
$800 billion[4]



Permanent Crops

Total Land
~0.3 million acres[2]

Cash Receipts per Acre
$4,519[3]

Total Market Capitalization
$18 billion[5]

Row / Broad Acre Crops:

Scale and Stability

Row crops form the foundation of Canadian farmland, with approximately 95 million acres under production and an estimated market value exceeding $800 billion. On a total acre basis, they account for nearly all of Canadian farmland, representing 99% of total acres, and comprising approximately 97% of total farm cash receipts. The most common crops include wheat, canola, barley, soybeans, and corn, along with pulses such as lentils and peas.

Key Features of Row Crops



Enhanced Liquidity: Driven by its scale in Canada, row cropland is more broadly traded, with approximately 1% to 1.5% of total acreage transacting annually. This reflects the scale and depth of the operator base across highly productive regions.

Planting Flexibility: Annual planting allows operators to adapt to current market conditions, including commodity prices and input costs. While most Canadian farms operate on multi-year crop rotations, adjustments at the margin allow for incremental optimization of planting decisions to take advantage of current economic conditions without compromising soil health or long-term productivity of the land.

Diversified Exposure: While the Prairies account for over 80% of Canada's cropland on an acreage basis, they represent only approximately 55% of total farm cash receipts. As a result, Canadian row crop production is not only geographically distributed but also economically diversified, reducing reliance on any single region. This helps to reduce the impact of localized weather events, regional disruptions, and commodity-specific volatility, while also providing exposure to differing end-markets.

These characteristics underpin the role of row crops as the core of our farmland portfolios. Unlike many fruits and vegetables, broad acre crops can be stored and marketed over time, giving operators flexibility to manage price risk and optimize sales into favourable market conditions. In addition, operators apply several risk management practices, including input cost management and forward contracting, allowing them to lock in margins ahead of delivery and provide greater earnings visibility.

Together, the scale, liquidity, and diversification supports resilient income generation and long-term capital appreciation. Row crops have demonstrated strong resilience across market cycles, serving as a reliable source of long-term capital appreciation.

Permanent Crops:

A Smaller but Valuable Exposure

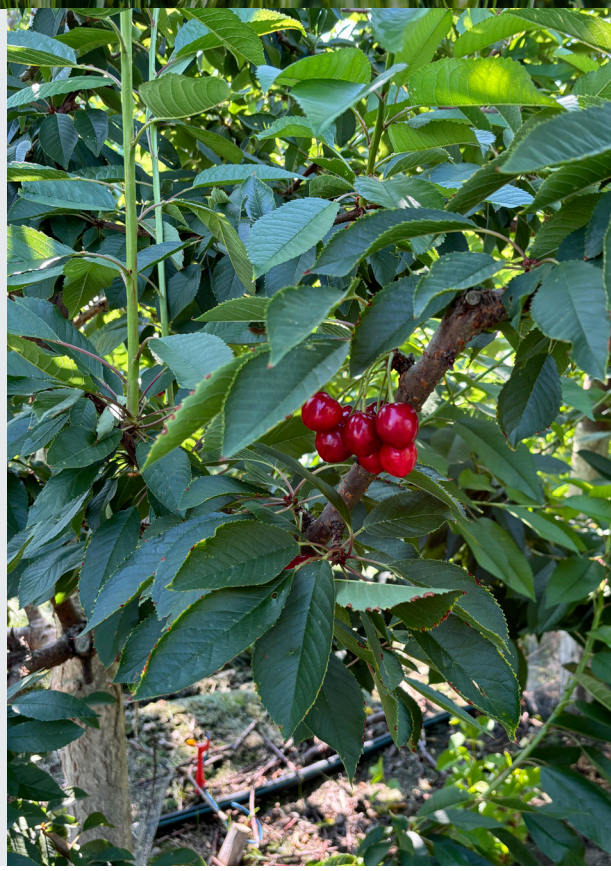
Permanent crops account for less than 1% of Canadian farmland, yet generate approximately 3% of total farm cash receipts, producing roughly ten times the income per acre relative to broad acre operations. These crops primarily include fruits and nuts, grown on long-lived trees, vines, and bushes/shrubs. Unlike annual crops, permanent crops are not replanted each year and instead remain in the ground for extended periods, often requiring several years to reach full productivity and delivering harvests over decades.

Permanent crops are inherently more capital intensive and operationally complex, with greater sensitivity to factors such as weather variability, pests, and labour

availability. They require more specialized labour, equipment, and ongoing management than row/broad acre crops. However, they also benefit from strong and growing consumer demand, particularly for fresh, nutritious, and locally produced food, which can support premium pricing and attractive long-term returns for well-managed assets.

Although permanent crops involve higher capital intensity and more operational complexity, they also offer:

- Attractive cash flow profile once trees and bushes reach maturity.
- Diversification benefits, since permanent crop pricing often follows different patterns compared with grains and oilseeds.
- Exposure to specialty markets that are influenced by consumer trends and supply constraints.



What Does This Mean for Bonnefield's Portfolio

Our Approach

Bonnefield's portfolios are anchored by row crop exposure, reflecting its scale within the Canadian cropland landscape. While row crops form the core of our strategy, we incorporate selective exposure to permanent crops to enhance portfolio diversification and yield potential. We partner with progressive row crop and permanent crop operators across Canada to acquire high-quality farmland that is representative of the Canadian agriculture landscape.

Row crops provide scale, liquidity, and stability. Their inherent flexibility through annual planting decisions and geographic diversification allows operators to respond to changing market conditions while managing risk across regions and commodities. This adaptability, combined with deep and active land markets, underpins their role as the defensive backbone of the portfolio.

Permanent crops, while a much smaller component of Canadian agriculture, offer complementary characteristics. Their ability to generate higher income per acre and provide access to specialty, higher-margin markets creates an opportunity to enhance overall portfolio returns when deployed selectively and with discipline.

Bonnefield's approach to permanent crops is grounded in risk management and operator alignment. Where appropriate, we structure agreements so that biological and replanting risk sit primarily with the farming operator, however, Bonnefield maintains the ability to capture crop performance outcomes on the upside through our flex lease agreements. This helps separate operational risk from farmland ownership. We prioritize partnerships with experienced operators that directly market their

products and that participate further along the value chain, including processing, packaging, storage, and marketing. This vertical integration reduces reliance on spot market dynamics, provides greater visibility into pricing and demand, and supports more stable and resilient cash flows.

At the portfolio level, combining row crops with measured exposure to permanent crops creates a more balanced return profile. Row crops provide stability and long-term capital appreciation, while permanent crops contribute incremental income and diversification benefits.

This balanced approach aligns with our broader investment philosophy. Diversification across crop type, geographies, and operator expertise is central to delivering stable, risk-adjusted returns and long-term value creation for our investors.

	Row / Broad Acre Crops	Permanent Crops
Return Profile	Capital appreciation, with some stable income	Capital appreciation, with meaningful income that drives return
Risk Profile	Exposure to commodity markets	Biological
What Can Hurt the Most?	Prolonged margin compression	Oversupply
Portfolio Role	Stable, safe, capital appreciation	Income, diversifying

Takeaway

It is our belief that farmland investing is not about choosing between row crops and permanent crops but finding the right opportunity. At Bonnefield, portfolios are designed to harness the reliability and scale of row crops, complemented by the income-generating potential of permanent crops, resulting in a resilient and well-diversified investment strategy.

1. Based on total land in crops. Source: Statistics Canada. Table 32-10-0249-01 Land use, Census of Agriculture, 2021.
2. Based on total fruit area. Source: Statistics Canada. Table 32-10-0364-01 Estimates, production and farm gate value of fresh and processed fruits. Statistics Canada. Table 32-10-0456-01 Production and value of greenhouse fruits and vegetables.
3. Based on total 2025 national crop cash receipts and fruit cash receipts dividend by acreage. Statistics Canada. Table 32-10-0045-01 Farm cash receipts, annual (x 1,000) https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210004501
4. Based on average price per acre across total acres in row / broad acre crops. Sources: Statistics Canada. Table 32-10-0047-01 Value per acre of farm land and buildings at July 1; Statistics Canada. Table 32-10-0153-01 Land use, Census of Agriculture historical data
5. Market capitalization calculated based on total fruit area and Bonnefield internal estimations for province based price per acre for permanent crops. Source: Statistics Canada. Table 32-10-0364-01 Estimates, production and farm gate value of fresh and processed fruits. Statistics Canada. Table 32-10-0456-01 Production and value of greenhouse fruits and vegetables.

Bonnefield Financial

Bonnefield is a leading Canadian owned and operated farmland and agriculture investment manager, providing financing to progressive farmers and agricultural operators through land-lease and non-controlling equity solutions.

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