

**Why Invest in Canadian
Row Crop Farmland?**

December 2025

TABLE OF CONTENTS:

Executive Summary..... 3

The Case for Row Crop Farmland 4

Structural Tailwinds5-6

Why Canadian Row Crop Farmland? 7

The Role of Farmland in Mixed-Asset Institutional Portfolios 8-10

Program Overview 11-12

Program Performance 13

Key Program Differentiators – Mispricings and Managing Risk..... 14

Program ESG Practices – Measurable and Transparent 15

Conclusion 16

EXECUTIVE SUMMARY:

Canadian row-crop farmland is a real asset that has delivered superior risk-adjusted performance compared to equities and bonds, with materially higher Sharpe ratios. Return volatility is low, typically in the 4% range, with only a handful of down years in the past three decades, compared to approximately a quarter of the years for public equities.

Canadian farmland exhibits a strong ability to hedge both inflation and stagflation. Cross correlations are consistently near zero or negative with stocks and bonds, offering defensive qualities and muted drawdowns during periods of public and bond market distress. Structural demand is robust, fueled by global drivers of food security, feed production, fuel requirements, and water scarcity.

Veripath is Omnigence's farmland strategy, and the Veripath Farmland Fund represents the seventh fund in a program our team has managed since 2007. The Fund has a non-operated, cash-rent investment model, using our proprietary TerraFIRST technology platform to locate and capitalize on mispricings in productivity-adjusted land valuations. Productivity-adjusted prices in select Canadian provinces trade at approximately 50% discounts to developed-market peers, with additional intra-provincial "Productivity Smile" inefficiencies by soil type that TerraFIRST systematically uncovers.

The approach is designed to mitigate critical risks, including weather, operations, and valuation, through a framework that emphasizes long-duration leases with embedded escalators, upfront rent payments, broad geographic diversification, and advanced data-driven deal screening and portfolio oversight utilizing satellite imagery, machine learning, and automated agrology analytics.

The Fund has beaten the Canadian farmland index by 2%+ annually, delivered 10%+ net IRR with strong capital preservation and volatility reduction. Our team has been investing in the farmland space since 2008 with no down quarters, achieving ~11%+ gross land IRR with volatility of ~4%, and quarterly gross returns (land appreciation and rents) ranging between 2.6% and 5.8%.

The Fund achieves measurable ESG outcomes via portfolio-wide adoption of conservation agriculture, best farming practices incorporated into leases, quantifiable soil-carbon sequestration benefits, and its status as an UN-PRI signatory.

In an environment characterized by macroeconomic volatility, Canadian row-crop farmland presents institutional allocators with a highly liquid alternative allocation (160-million-acre market, annual turnover of approximately \$30 billion and a market cap of ~\$1 billion – large portfolios can be divested in <2 quarters on an orderly basis through all economic cycles). This liquidity, combined with farmland's capacity to expand the efficient frontier, mitigate drawdowns, and provide a hedge against recessionary and inflationary pressures, positions it as a useful component of multi-asset portfolios.



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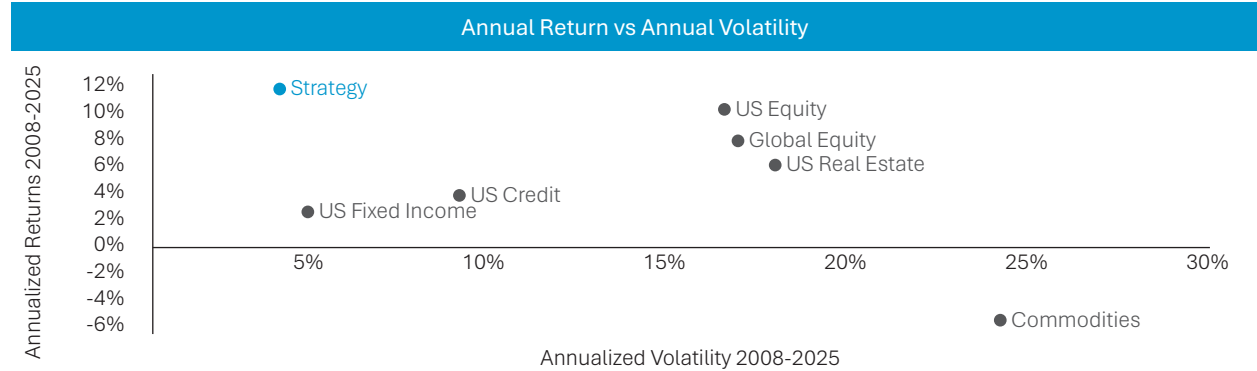
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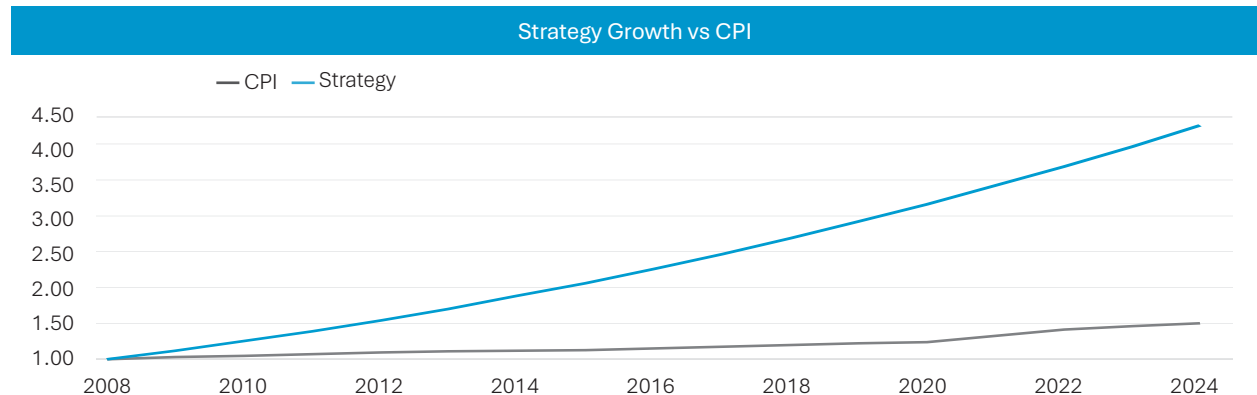
THE CASE FOR ROW CROP FARMLAND:

Durable Real Asset with Attractive Risk-Return Behaviours: Farmland is a non-depreciating, commodity-producing real asset, its enduring value anchored in the biological productivity of the land and the inelastic demand for food, feed, and fuel.



Within the Canadian context, the combination of land appreciation and cash rents has yielded returns comparable to equities, yet with significantly reduced volatility. For institutional investors, this profile translates into a superior risk-adjusted return proposition, enabling the expansion of the efficient frontier when strategically integrated into mixed-asset portfolios. Empirical evidence consistently highlights farmland's ability to deliver steady appreciation, infrequent drawdowns, and resilience across diverse economic cycles, establishing it as a stabilizing allocation amidst turbulent financial markets.

Inflation, Real Rates, and Portfolio Resilience: The value chain of farmland is intrinsically tied to the pricing dynamics of food and feed commodities, causing land values and rental rates to align closely with inflationary trends, particularly in stag-



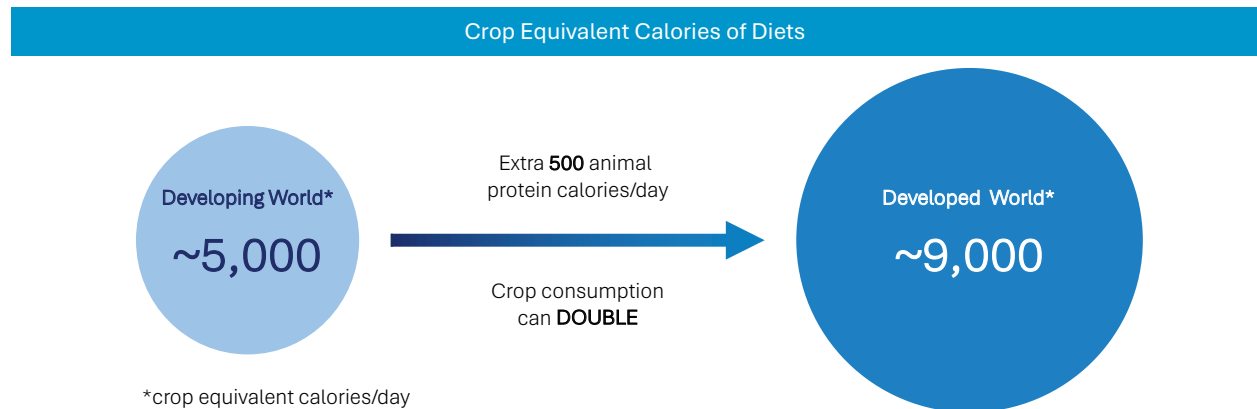
flationary or low/negative real-rate regimes. Historical analyses of stress periods, including the early-2000s technology sector correction, the Global Financial Crisis, and the COVID-19-induced market shock, reveal farmland's tendency for shallow and infrequent drawdowns relative to public equities and fixed-income assets. This inherent capital-preservation attribute enhances funding stability for institutional portfolios, mitigating liquidity pressures during periods of heightened market turbulence.

Low Correlation and Downside Protection: Farmland returns exhibit low to negative correlations with public equities and bonds, a defensive quality that manifests as positive or stable contributions during downturns in other asset classes. This uncorrelated behaviour enhances portfolio diversification, effectively reducing overall volatility and elevating Sharpe ratios within multi-asset frameworks, making it a critical tool for risk management.

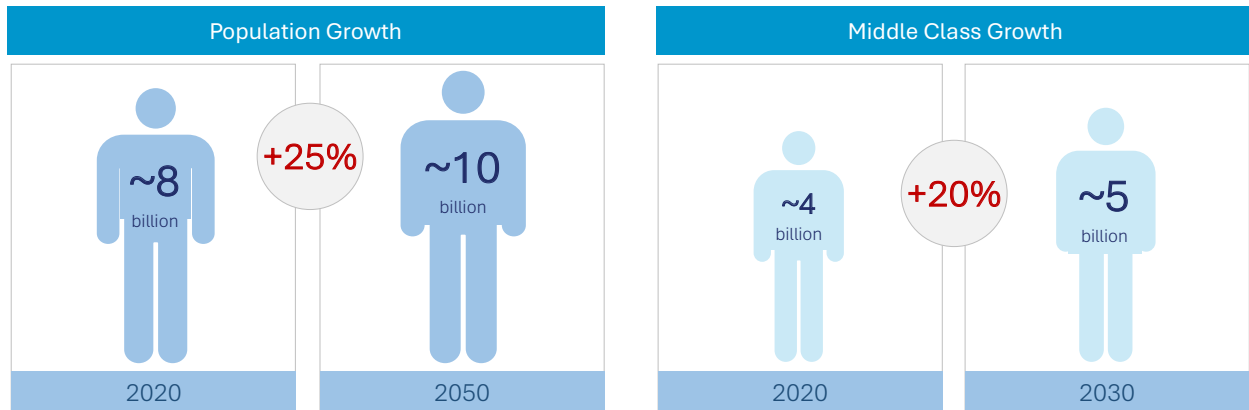
Correlation vs Asset Classes		
	2008-2025	2020-2025
Commodities	-0.09	-0.18
Global Equity	-0.06	0.03
US Equity	-0.05	0.09
US Credit	0.00	0.04
US Real Estate	0.05	-0.02
US Fixed Income	0.09	0.11

STRUCTURAL TAILWINDS:

Food, Feed, Fuel and Water: The projected global population growth to approximately 10 billion by 2050, alongside the emergence of over 1 billion middle-class consumers by 2030, is reshaping global diets to be more protein intensive. This transition, which can require up to 8 times more grain calories per calorie of animal protein produced, exerts a multiplier effect on crop demand. Concurrently, the global stock of arable land per capita is diminishing due to urbanization, desertification, and soil degradation, intensifying scarcity pressures. Water constraints in major importing regions further elevate Canada's strategic role as a water-abundant exporter, where agricultural exports effectively embody virtual water resources (1 tonne of wheat requires 1,000 tonnes of water to grow).

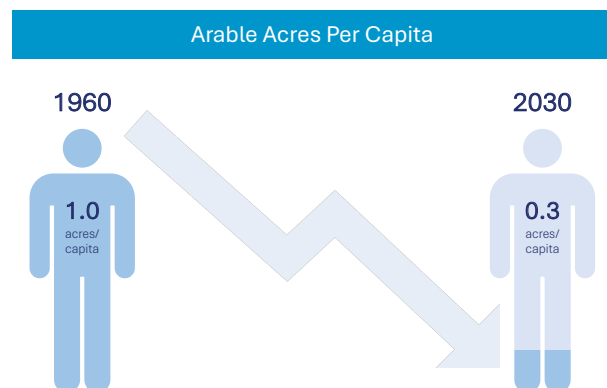


Population Growth: The annual addition of approximately 170 million individuals to the global middle class, predominantly in Asia, accelerates the demand for protein-rich foods.



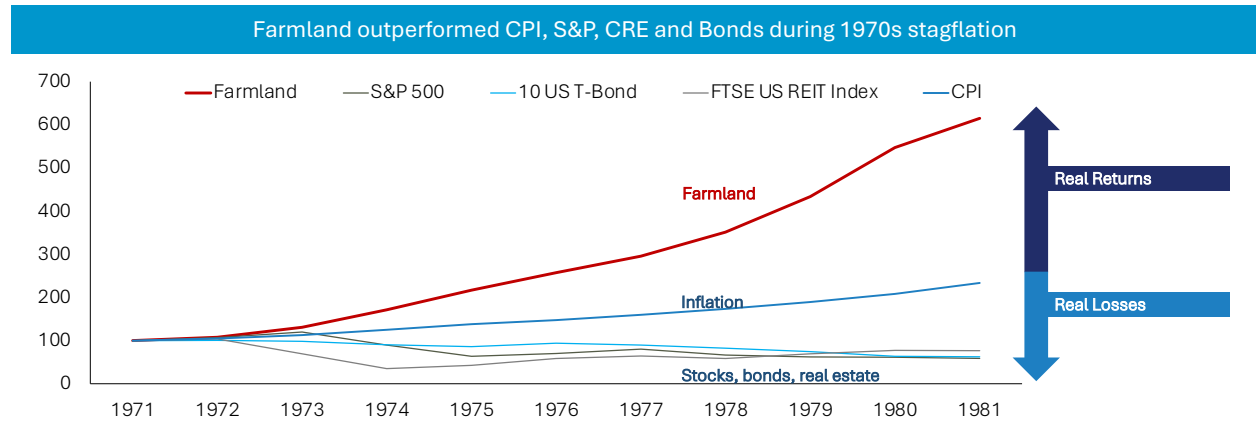
In China and India, collectively accounting for ~50% of global grain consumption, rising incomes could potentially double global crop demand through feed-grain multipliers, significantly bolstering exports for Canadian agricultural producers.

Land Scarcity and Degradation: The annual global loss of ~25 million arable acres, driven by anthropogenic pressures, is projected to reduce per-capita arable land from 1.0 acres in 1960 to ~0.3 acres by 2030. This imposes upward pressure on land values, particularly in geopolitically stable and productive regions like Canada.



Water as a Strategic Asset: Agriculture is a primary consumer of freshwater resources globally. This positions Canada's abundant reserves as a strategic asset and the nation's farmland serves as an investible proxy for global water deficits, with crop exports to water-stressed markets in Asia and the Middle East effectively monetizing this resource. Annual exports embody ~50 billion tonnes of virtual water – equivalent to the needs of ~166 million households.

Inflation and Stagflation Resilience: Historical data underscore Canadian farmland's exceptional performance during inflationary episodes, appreciating over 300% in the 1970s – outstripping CPI, equities, bonds, and commercial real estate. As a non-depreciating asset whose price reflects the production of a perpetual stream of commodities, farmland preserves and compounds capital well in inflationary regimes.



Climate and Productivity Dynamics: Climate change projections favour Canada, anticipating yield enhancements from extended growing seasons and moderate heat-risk exposure. This relative advantage positions Canadian farmland as a hedge against productivity declines in other regions, reinforcing its stature as a scalable and resilient contributor to global food security.

WHY CANADIAN ROW CROP FARMLAND?

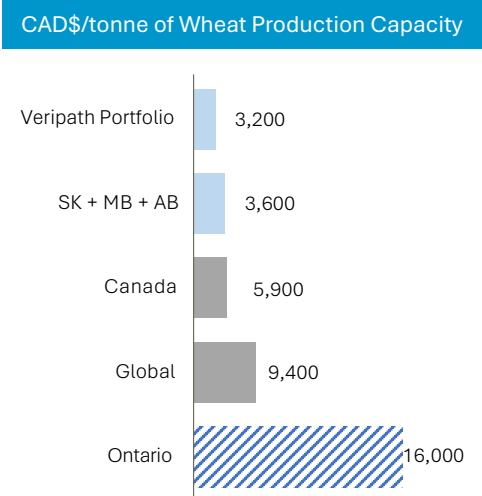
Structural Inefficiencies and Access: With <2% institutional ownership, the Canadian farmland market is fragmented and inefficient. Canadian farmland remains under-owned compared to private equity, real estate, and infrastructure.

Productivity-Adjusted Pricing: When normalized for the price of wheat-production capacity, Canadian farmland trades at approximately 50% discounts to developed-market averages. Within Canada, provincial variations reveal further inefficiencies, creating a “*Productivity Smile*” where certain soil types are even more undervalued relative to both local and global productivity benchmarks. The TerraFIRST platform is designed to systematically identify and over-capture these productivity price discounts, unlocking significant value creation opportunities.

Water and Climate Resilience: Canada holds approximately 20% of the world’s freshwater reserves, ranks among the least vulnerable nations on composite climate vulnerability indices, and is forecasted to maintain low-to-moderate heat-risk profiles through the century. These natural endowments ensure yield stability, access to reliable insurance markets, and operational continuity, providing a robust foundation for long-term investment.

Scope to Unlock Additional Returns Through Change of Use: The Veripath team has valuable experience in converting land from pasture to farmland, and from non-irrigated to irrigated.

- Irrigation: Only ~2% of Canadian farmland is irrigated, compared to much higher levels globally. Canada has potential to expand irrigation by up to 400%. Converting unirrigated land to irrigated acreage increases yields while reducing their volatility, enables higher value crops, and ultimately increases land values. The Fund has conducted several successful dryland to irrigated land conversions and has a stable of irrigatable acres in its portfolios.
- Pasture: Properly screened pastureland can be converted to row crop use.

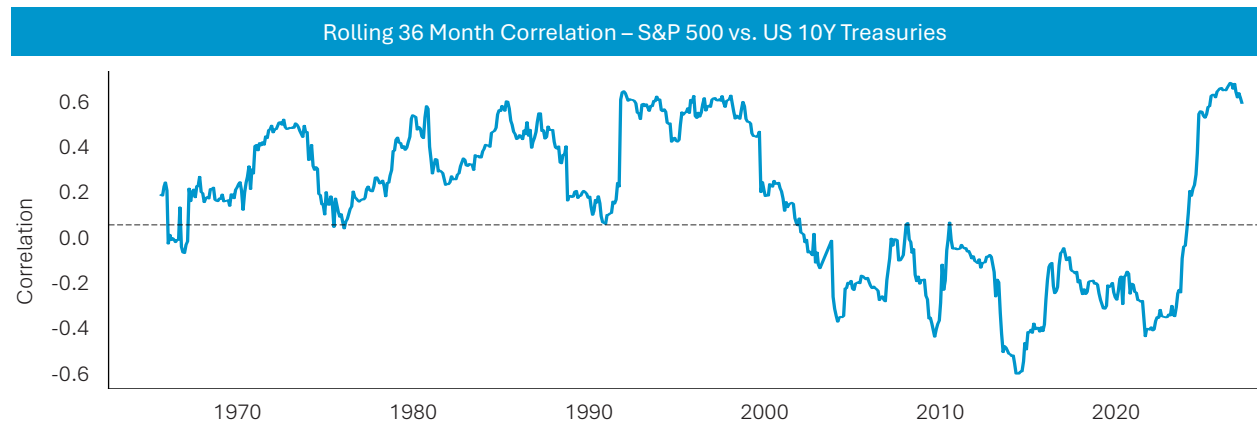
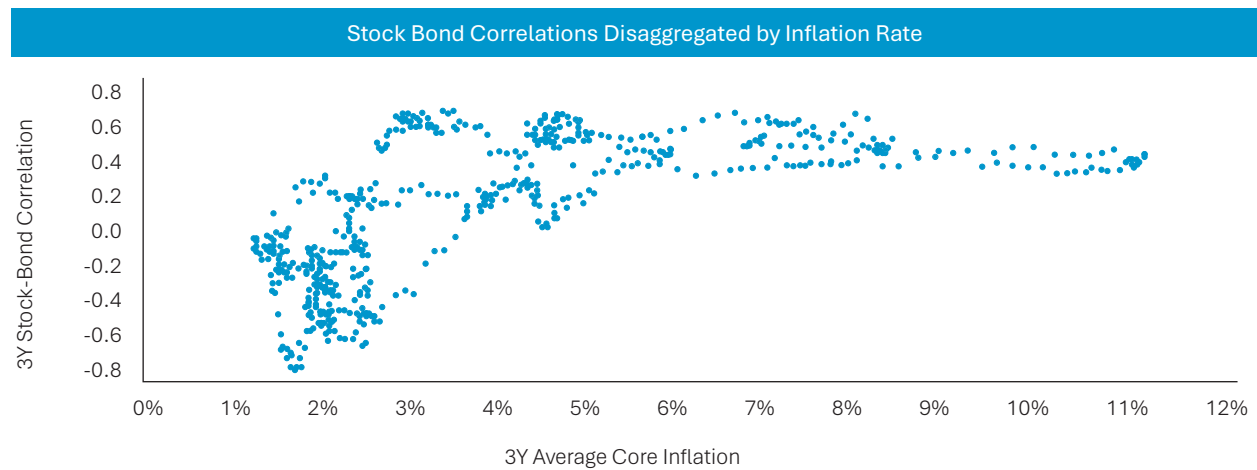


THE ROLE OF FARMLAND IN MIXED ASSET INSTITUTIONAL PORTFOLIOS:

Farmland represents one of the most durable and structurally diversifying real-asset classes available to institutional allocators. Farmland produces return patterns that differ meaningfully from traditional assets such as public equities and fixed income.

This section evaluates farmland's contribution to institutional portfolios across two distinct macroeconomic scenarios. The first is stagflationary/inflationary environments characterized by high inflation, slowing growth, and positive stock-bond correlation. The second is stable macro environments in which stocks and bonds retain their negative correlation of the last two decades.

It must be noted that the possibility of an extended inversion in the negative stock bond correlation relied on in portfolio construction cannot be underestimated given that historically this relationship has more often been positive and particularly so during period of elevated inflation or stagflation:



Notes: SP 500 v 10-year Treasuries, GS10/*TNX pre-2002, IEF post 2002

Impact on a 60/40 Portfolio of a 10% Farmland Addition: An assumed 55% equity / 35% bond / 10% farmland portfolio was created for evaluation under both scenarios. A 5% risk-free rate is used in the stagflation scenario and 3% in the stable macro scenario.

		55/35/10 Portfolio	60/40 Portfolio
Stagflation	Return	5.28%	3.88%
	Volatility	11.77%	12.34%
	Sharpe	0.023	-0.091
Stable	Return	7.25%	6.65%
	Volatility	7.24%	7.23%
	Sharpe	0.587	0.505

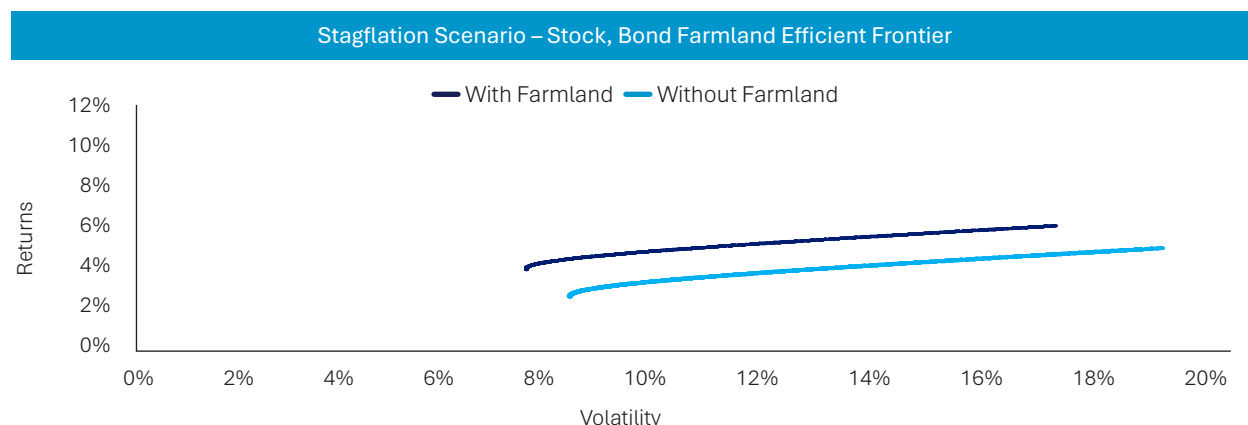
In the stagflation scenario, the elevated risk-free rate suppresses Sharpe ratios across all asset mixes, however, farmland’s low volatility and negative correlations mitigate risk and prevent deeper drawdowns. In the stable macro environment, farmland significantly improves the portfolio’s Sharpe ratio by lowering volatility and adding a stable return premium generating a meaningful enhancement over traditional mixes.

Stagflation Scenario: Stagflation combines the most adverse features of the economic cycle: persistent inflation, declining real growth, and a tendency to tightening monetary policy. In such periods, the traditional diversification between equities and bonds disappears. Stock–bond correlations rise into positive territory, eliminating the defensive contribution of fixed income and exposing multi-asset portfolios to simultaneous losses.

In this environment, farmland’s characteristics become disproportionately valuable. Most importantly, farmland retains negative correlation to both equities and bonds at the precise moment traditional diversification fails.

Correlation	Stocks	Bonds	Farmland	Return	Volatility
Stocks	1.000	-	-	5%	19%
Bonds	0.400	1.000	-	2.5%	8%
Farmland	-0.200	-0.050	1.000	16.5%	5%

This structure reflects a complete deterioration of traditional diversification. Equities and bonds move together (+0.40), meaning both risk assets and hedges fail simultaneously. Farmland’s negative correlations reintroduce diversification into a broken portfolio construction framework, acting as one of the few effective hedges available.



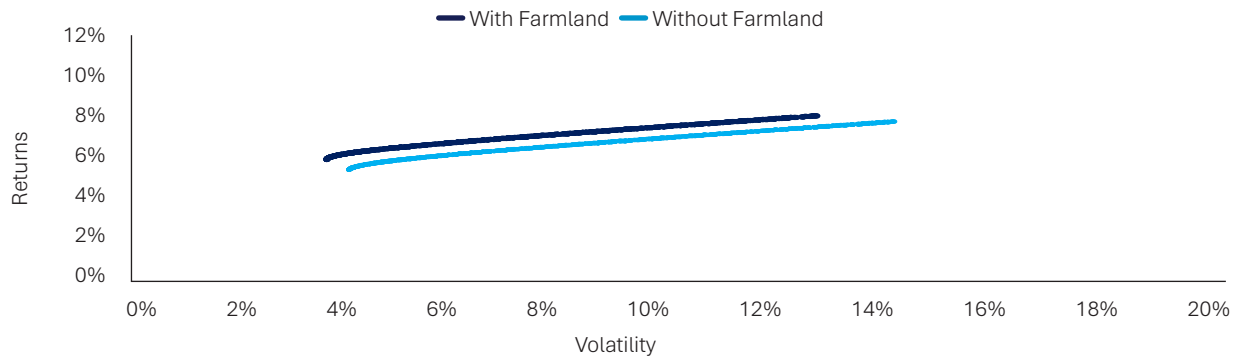
When farmland is incorporated, the frontier shifts outward, even under elevated inflation and weakened bond hedging, demonstrating farmland’s ability to improve efficiency despite poor macro conditions.

Stable Scenario: In the stable scenario, inflation is controlled, growth is positive and on trend, and monetary-policy volatility is low. Under these conditions, equities and bonds maintain their negative correlation – the foundation of the traditional 60/40 portfolio. Fixed income provides protection during equity drawdowns, while equities compensate for the lower long-term returns of bonds.

Correlation	Stocks	Bonds	Farmland		Return	Volatility
Stocks	1.000	-	-	Stocks	8%	14%
Bonds	-0.350	1.000	-	Bonds	5%	5%
Farmland	-0.100	-0.025	1.000	Farmland	11%	4%

Even when diversification between stocks and bonds continues to function as it has in the last two decades, farmland remains additive. It offers a return premium relative to bonds, low volatility relative to equities, and persistently low correlations to both. This combination enhances Sharpe ratios materially and improves long-term compounding through volatility reduction.

Stable Macro Scenario – Stock, Bond Farmland Efficient Frontier



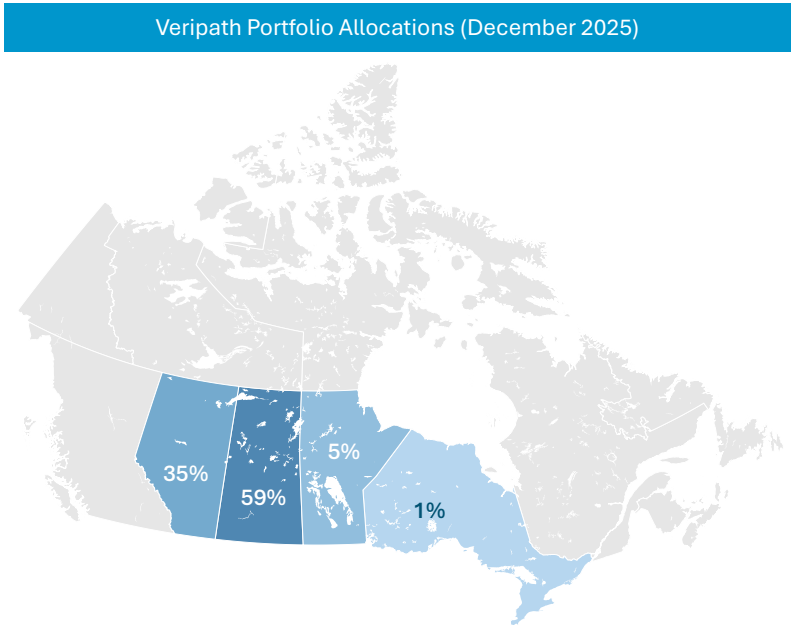
The frontier in the stable macro scenario is tighter than in stagflation, but farmland still shifts the boundary outward, demonstrating risk-adjusted improvements even when the traditional diversification engine is working.

Implications for Institutional Allocators: Across both scenarios, farmland systematically strengthens portfolio efficiency. In stagflation, it restores diversification when equities and bonds fail simultaneously, often acting as the only scalable asset with both inflation protection and negative correlation to financial assets. In stable macro environments, it enhances Sharpe ratios by contributing consistent real returns with exceptionally low volatility. These attributes underscore why farmland is best viewed as a strategic allocation rather than simply a tactical inflation hedge. Given the increasing likelihood of macro volatility and the possibility of an extended breakdown in the negative stock bond correlation, farmland provides allocators with a durable and essential component of long-term portfolio construction.

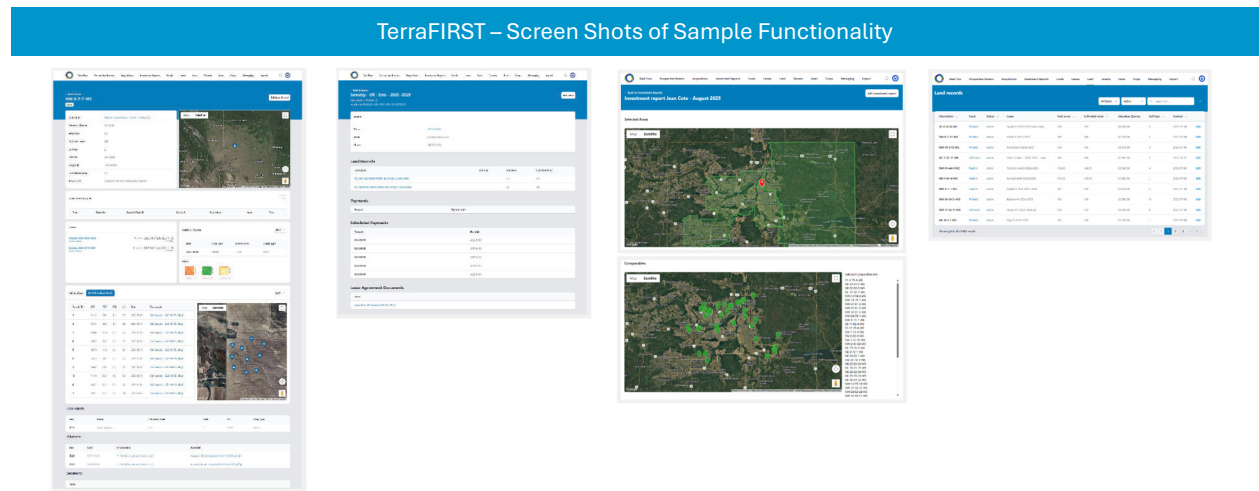
PROGRAM OVERVIEW:

Veripath sits within Omnigence’s farmland program, continuing the same investment team, governance framework, and processes that have guided the strategy since 2007. The Fund’s approach and philosophy can be summarized as follows:

- **Geographics Focus:** Evergreen, non-operated portfolio of Canadian row-crop farmland.
- **Value Oriented:** Over-capture acres with productivity price discounts and the lowest historical yield volatility and highest positive yield trends.
- **Non-Operated, Cash-Rent Model:** 100% upfront spring payments to eliminate fall default risks, avoiding operational exposure and attendant impacts of commodity price volatility.
- **Row-Crop Focus:** Exclude high-capital, weather-sensitive permanent crops, preserving flexibility to adapt crop mixes in response to market dynamics and climatic shifts.
- **Long-Duration Leases with Escalators:** Aligns tenant incentives with inflation adjustments and long-term land stewardship.
- **Geographic Diversification:** Construct multi-provincial portfolios with independent operators and spacing exceeding 100 km between major clusters to mitigate weather-related risks.
- **Data-Driven Acquisition & Monitoring via TerraFIRST:** Utilize factor-based algorithms to pinpoint pricing inefficiencies and ensure continuous oversight through satellite, AI, and agrological analysis.



TerraFIRST™ Platform – Selected Capabilities: The Fund’s proprietary TerraFIRST platform integrates advanced real-time functionalities across acquisition, portfolio construction, monitoring and land management:



- Acquisition Screens: Assess productivity-adjusted pricing, yield trends and volatility, provincial Sharpe ratios, rent structures, turnover liquidity, lease escalations, and portfolio impacts on diversification and inflation correlation.
- Portfolio Construction Engine: Optimizes provincial and soil allocations to enhance factor exposures, including inflation correlation, up/down capture, and liquidity.
- Monitoring & Diagnostics: Employs satellite and AI for crop classification, zero-till/cover-crop detection, and cultivation ratios; tracks soil chemistry time-series (e.g., NPK, pH, micronutrients); and automates monitoring analysis, KPI alerts and remediation workflows.
- Capital & Operations: Manages deal-flow tracking, lease administration, renewal forecasting, and redemption modeling.

TerraFIRST Monitoring and Metrics:

- Satellite/AI: Tracks crop type, tillage practice, cover-crop, cultivation ratios, and emerging productivity metrics in real time through growing season.

Satellite	Agrology	Farmers
We track crop health during growing season	We track 26 variables by 160-acre field every 3-to-5-years	We collect farmer reports to capture soil-level data

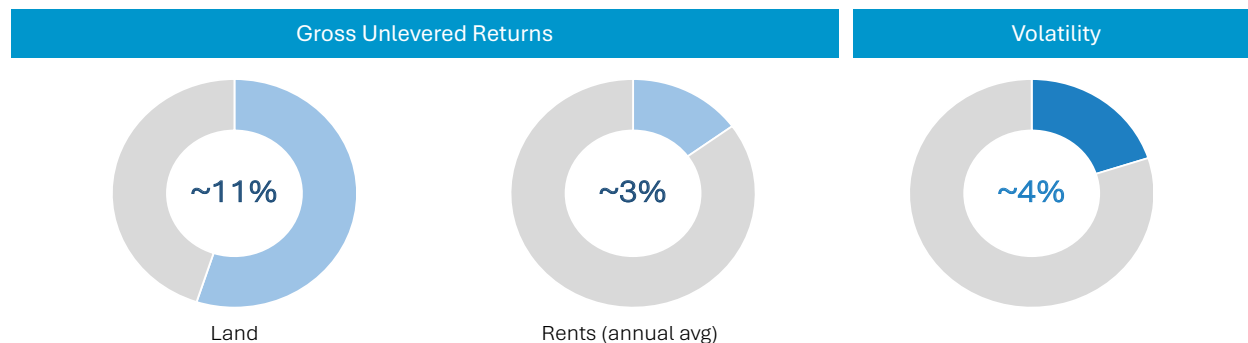
- Annual Farmer Reports (Post-Harvest): Ground truth data that documents crop type, tillage, cover-crop, inputs, and yields.
- Agrology Sampling (Acquisition/3-5 Years): Analyzes NPK, organic matter, pH, micronutrients, cation exchange capacity, salinity, and soil health indices.

TerraFIRST Example Decision Flow (Pre/Post Analysis):

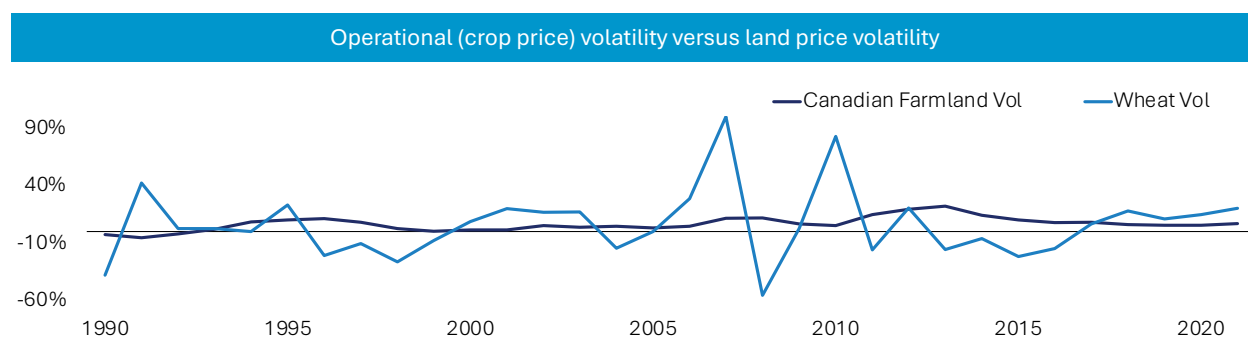
- Validates productivity discounts against Canadian and global averages; rejects assets priced above productivity price norms.
- Evaluates historic yield trends (favoring positive slopes) and volatility (targeting <10% of long-term average).
- Confirms lease rates and structures meet portfolio minimums, including escalators and upfront cash terms.
- Assesses local market turnover and liquidity; avoids price-taker geographies.
- Simulates pre- and post-acquisition impacts on portfolio, including inflation correlation, Sharpe uplift, diversification, and liquidity/capex profiles.
- Cross-verifies pricing through land-titles data and comparable sales; supports underwriting.

PROGRAM PERFORMANCE:

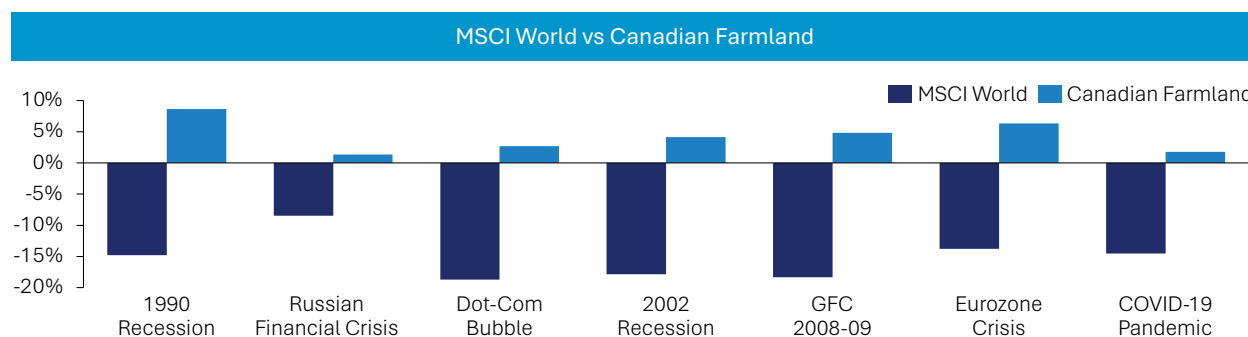
Track-Record: Our investment team's track record since inception in 2008 is 100% positive quarters (no drawdowns), with returns (gross, unlevered, reflecting land appreciation and rents; excluding fees and leverage) ranging from 2.6% to 5.8% quarterly. The gross land IRR is ~11% with a standard deviation of ~4%, rents add ~3% annually +/- depending on where in the rental rate cycle the market is.



Commodity vs. Land-Price Volatility: Row-crop land prices exhibit approximately 75% lower volatility than crop prices, validating our non-operated, upfront-rent strategy to shield portfolios from commodity price volatility.



Crisis-Period Behavior and Downside Metrics: Farmland's drawdowns are infrequent and shallow relative to equities, listed REITs, and corporate credit with no impact from large public market events where low correlation is maintained. Rolling three-year periods demonstrate a high incidence of positive returns, reinforcing its role as a stability sleeve. The Veripath investment team has had no drawdowns since 2008, including through multiple market events.

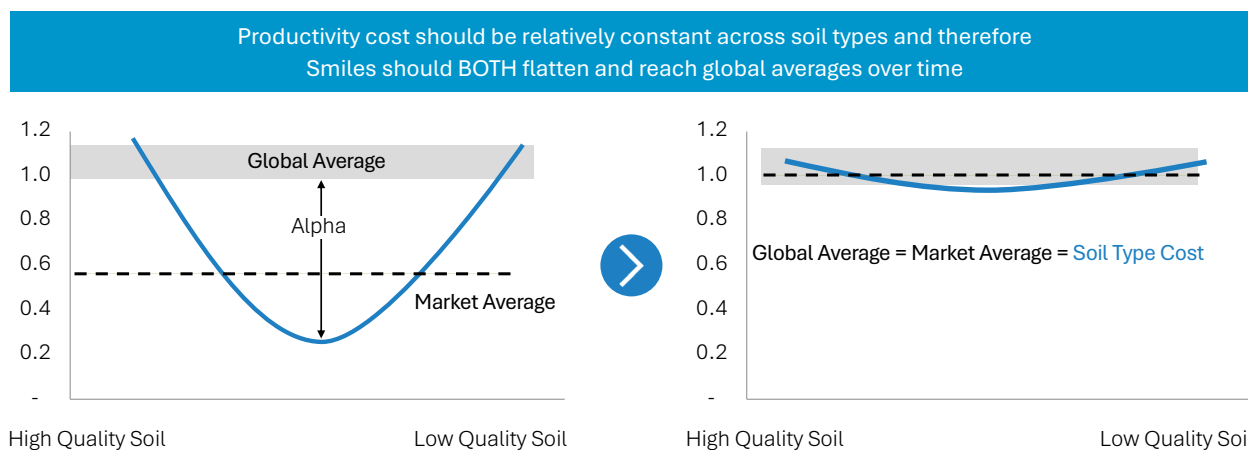


Benchmarking and Factor Model: Compared to broad market indices (e.g., MSCI, TSX Small Cap, commodity baskets), the Fund's factor-weighted approach delivers superior up/down capture and reduced volatility, prioritizing provinces and soils with discounted productivity adjusted prices, elevated Sharpe ratios and minimal drawdowns.

KEY PROGRAM DIFFERENTIATORS – MISPRICINGS AND MANAGING RISK:

Veripath captures alpha by screening for mean-reverting productivity adjusted price discounts, strict valuation and leverage discipline and through the careful management of core risks.

Productivity Pricing and the “Productivity Smile”: Canadian markets exhibit systematic productivity pricing discounts relative to developed-market peers, further accentuated by intra-provincial “*Productivity Smiles*” where mid-tier soils trade further below provincial averages. TerraFIRST quantifies these curves, tilting acquisitions toward undervalued segments with the expectation that discounts will compress toward global averages over time.



Valuation Discipline and Leverage: The Fund maintains a target loan-to-value (LTV) of ~25% at the fund level to limit leverage risks. TerraFIRST has screens for land titles-reconstructed pricing, comparables, and productivity thresholds to avoid overpayment, favoring provinces with low productivity adjusted pricing, high historic Sharpe ratios, fewer drawdown years, and deeper rental markets.

Risk Management: The Fund’s approach mitigates key risks – weather, commodity price volatility, valuation, farming practices, liquidity and leverage.

- Weather/Climate Variability: Mitigated through geographic dispersion, selection for positive yield trends and low volatility, operator crop insurance, and row-crop flexibility.
- Commodity-Price Volatility: Addressed via the non-operated model, 100% upfront spring rents, operator diversification, and avoidance of profit-sharing structures.
- Valuation and Pricing Risk: Controlled with productivity-adjusted price screens, land titles-reconstructed market pricing, turnover depth analysis, and pre/post-acquisition simulations.
- Farming-Practice and Stewardship Risk: Managed through conservation-agriculture lease terms, satellite/AI verification, recurring agrology sampling, and renewal discipline. Through satellite monitoring, farmer reporting and mandatory best practices provisions in leases Veripath has achieved 100% zero/min till practices on its land, far better than ~50% penetration of zero/min till in Canadian market.
- Liquidity/Exit Risk: Reduced by focusing on high-turnover provinces, cultivating a diversified buyer base, and maintaining moderate LTV.
- Interest-Rate and Leverage Sensitivity: Limited by targeting ~25% LTV, embedding escalators in long-duration leases, and tilting toward provinces with strong Sharpe ratios and minimal drawdown years.

PROGRAM ESG PRACTICES – MEASURABLE AND TRANSPARENT:

The Fund embeds ESG performance into its operating model through enforceable farming standards, quantifiable carbon benefits, and a data-driven verification architecture. This approach ensures that sustainability commitments are transparent, auditable, and aligned with long-term asset productivity.

Conservation Agriculture: Lease covenants enforce minimum/zero-till and crop-rotation practices. TerraFIRST validates adoption using satellites and AI with ground truth from farmer reports, promoting erosion control, moisture retention, and carbon sequestration benefits.

Soil-Carbon Capture: A zero-till portfolio may sequester ~0.5 tonnes of carbon per acre annually. At a reference price of \$50/tonne and a land cost of \$2,000/acre, a \$10 million investment (assuming 100% zero-till) implies ~2,500 tonnes captured yearly, with outcomes varying by soil type, moisture levels, and practice intensity.

Governance, Verification, and Reporting: As an UN-PRI signatory, Veripath integrates satellite/AI, farmer reports, and agrol-ogy data for auditable “trust-but-verify” evidence. Business intelligence overlays identify outliers (e.g., tillage shifts), triggering remediation and renewal protocols.

CONCLUSION:

Canadian row-crop farmland represents a useful combination of defensive stability and growth potential, driven by consistent demand for calories and protein, underpinned by water and climate resilience, and enhanced by a strong value proposition in the form of mean reverting productivity adjusted pricing discounts. Veripath Farmland Fund’s data-centric, non-operated strategy, powered by the real-time TerraFIRST platform, translates these structural advantages into alpha complemented by verifiable ESG benefits. For institutional investors navigating an era of macroeconomic uncertainty, investing in this asset class via Veripath’s platform enhances portfolio efficiency, mitigates downside risks, and preserves real purchasing power.



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