

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2021**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **001-35795**

GLADSTONE LAND CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

54-1892552

(I.R.S. Employer Identification No.)

1521 Westbranch Drive, Suite 100

McLean, Virginia

(Address of principal executive offices)

22102

(Zip Code)

(703) 287-5800

Registrant's Telephone Number, Including Area Code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	LAND	The Nasdaq Stock Market, LLC
6.00% Series B Cumulative Redeemable Preferred Stock, \$0.001 par value per share	LANDO	The Nasdaq Stock Market, LLC
5.00% Series D Cumulative Term Preferred Stock, \$0.001 par value per share	LANDM	The Nasdaq Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 762(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting stock held by non-affiliates of the Registrant on June 30, 2021, based on the closing price on that date of \$24.06 per share on the Nasdaq Global Market, was approximately \$671.6 million. For the purposes of calculating this amount only, all directors and executive officers of the Registrant have been deemed to be affiliates.

The number of shares of the Registrant's common stock, \$0.001 par value per share, outstanding as of February 18, 2022, was 34,210,013.

Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement, to be filed no later than April 30, 2022, relating to the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

GLADSTONE LAND CORPORATION
FORM 10-K FOR THE YEAR ENDED
DECEMBER 31, 2021
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FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this Annual Report on Form 10-K (the “Form 10-K”) and the documents that are incorporated by reference herein contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions. Forward-looking statements relate to expectations, beliefs, projections, future plans, and strategies, anticipated events, or trends concerning matters that are not historical facts. These forward-looking statements include information about possible or assumed future events, including, among other things, discussion and analysis of our business, financial condition, results of operations (including funds from operations, core funds from operations, and adjusted funds from operations (each a non-GAAP financial measure and each as defined herein)), our strategic plans and objectives, cost management, occupancy and leasing rates and trends, liquidity and ability to refinance our indebtedness as it matures, anticipated capital expenditures (and access to capital) required to complete projects, amounts of anticipated cash distributions to our stockholders in the future, the impact of public health issues, such as the ongoing global pandemic of novel strains of the coronavirus (“COVID-19”), social or political unrest and safety concerns, and other matters. Words such as “may,” “might,” “believe,” “will,” “provided,” “anticipate,” “future,” “could,” “growth,” “plan,” “intend,” “expect,” “should,” “would,” “if,” “seek,” “possible,” “potential,” “likely” and variations of these words and similar expressions are intended to identify forward-looking statements, though not all forward-looking statements contain these words. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond our control, that are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecasted by such forward-looking statements. Statements regarding the following subjects, among others, are forward-looking by their nature:

- our business strategy;
- effects of the COVID-19 pandemic on our business, results of operations, liquidity, and financial condition;
- our ability to implement our business plan, including our ability to continue to expand both geographically and by crop type;
- pending and future transactions;
- our projected operating results;
- our ability to obtain future financing arrangements on favorable terms, including changes in interest rates;
- estimates relating to our future distributions;
- estimates regarding potential rental rate increases and occupancy rates;
- our understanding of our competition and our ability to compete effectively;
- market and industry trends;
- estimates of future operating expenses, including payments to our Adviser and Administrator (each as defined herein) under the terms of our Current Advisory Agreement and our Administration Agreement (each as defined herein), respectively;
- our compliance with tax laws, including our ability to maintain our qualification as a real estate investment trust (“REIT”) for federal income tax purposes;
- the impact of technology on our operations and business, including the risk of cyberattacks, cyberliability, or potential liability for breaches of our privacy or information security systems;
- projected cash requirements, including capital expenditures;
- our ability to redeem the Series B Preferred Stock and the Series D Term Preferred Stock (each as defined herein); and
- use of proceeds and availability of our lines of credit, long-term borrowings, current and future stock offerings, and other future capital resources, if any.

Forward-looking statements involve inherent uncertainty and may ultimately prove to be incorrect or false. You are cautioned to not place undue reliance on forward-looking statements. Except as otherwise may be required by law, we undertake no obligation to update or revise forward-looking statements to reflect changes to our assumptions, the occurrence of unanticipated events or actual operating results. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including, but not limited to:

- developments related to the COVID-19 pandemic, including new therapeutics, government regulations related to the pandemic, mitigating the economic effects of the pandemic, and the potential emergence and promulgation of new strains of COVID-19 which evade efficacy of existing treatments;
- our ability to successfully complete pending and future property acquisitions;
- general volatility of the capital markets and the market price of our capital stock;
- failure to maintain our qualification as a REIT and risks of changes in laws that affect REITs;
- risks associated with negotiation and consummation of pending and future transactions;
- changes in our business and investment strategy;
- the adequacy of our cash reserves and working capital;

- our failure to successfully integrate and operate acquired properties and operations;
- defaults upon early termination or non-renewal of leases by tenants;
- decreased rental rates or increased vacancy rates;
- the degree and nature of our competition, including other agricultural REITs;
- availability, terms, and deployment of capital, including the ability to maintain and borrow under our line of credit, arrange for long-term mortgages on our properties, and raise equity capital;
- our Adviser's and our Administrator's ability to identify, hire, and retain highly-qualified personnel in the future;
- changes in the environment, our industry, interest rates, or the general economy;
- changes in real estate and zoning laws and increases in real property tax rates;
- changes in governmental regulations, tax rates, and similar matters;
- the impact of COVID-19 and other health emergencies on the economy and the capital markets, including the measures taken by governmental authorities to address it, which may precipitate or exacerbate other risks and/or uncertainties;
- environmental liabilities for certain of our properties and uncertainties and risks related to natural disasters or climate change impacting the regions in which our tenants operate; and
- the loss of any of our key officers, such as Mr. David Gladstone, our chairman, president, and chief executive officer; Mr. Terry Lee Brubaker, our vice chairman and chief operating officer; Messrs. Bill Reiman and Bill Frisbie, our Executive Vice Presidents; or Mr. Lewis Parrish, our chief financial officer and assistant treasurer.

Summary Risk Factors

Below is a summary of the principal risk factors associated with an investment in our securities. In addition to the below, you should carefully consider the information included in "Risk Factors" beginning on page 15 of this Annual Report together with all of the other information included in this Annual Report and the other reports and documents filed or furnished by us with the United States Securities and Exchange Commission ("SEC") for a more detailed discussion of the principal risks (as well as certain other risks) that you should carefully consider before deciding to invest in our securities.

- *Our real estate portfolio is concentrated across a limited number of states, which subjects us to an increased risk of significant loss if adverse weather, economic, or regulatory changes or developments in the markets in which our properties are located.*
- *We currently lease many of our properties to medium-sized, independent farming operations and agricultural businesses, which may have limited financial and personnel resources and, therefore, may be less stable than larger companies, which could impact our ability to generate rental revenue.*
- *Some of our tenants may be unable to pay rent, which could adversely affect our cash available to make distributions to our stockholders or otherwise impair the value of your investment.*
- *Our investments in farms subject to leases with a participation rent component based on the annual gross revenues earned on the respective farm means that a portion of our cash flow is exposed to various risks, including risks related to declining crop prices and lower-than-average crop production, which could have a material adverse effect on the amount of rent we can collect and, consequently, our cash flow and ability to make distributions to our stockholders.*
- *Our real estate investments will consist of agricultural properties that may be difficult to sell or re-lease upon tenant defaults or early lease terminations, either of which would adversely affect returns to stockholders.*
- *Our operating results and the value of our properties may be impacted by future climate changes, adversely impacting the value of our properties and our ability to generate rental revenue.*
- *We may not be able to raise sufficient capital or borrow money in sufficient amounts or on sufficiently favorable terms necessary to attain the optimal degree of leverage to operate our business, which may have an adverse effect on our operations and ability to pay distributions.*
- *Interest rate fluctuations may adversely affect our results of operations.*
- *Our business may be adversely affected by the ongoing COVID-19 pandemic or other public health emergencies.*
- *Our Adviser is not obligated to provide a waiver of the incentive fee, which could negatively impact our earnings and our ability to maintain our current level of, or increase, distributions to our stockholders.*
- *Certain provisions contained in our charter and bylaws and under Maryland law may prohibit or restrict attempts by our stockholders to change our management and hinder efforts to effect a change of control of us, and the market price of our common stock may be lower as a result.*
- *We may not have sufficient earnings and profits to pay distributions on the Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, or common stock to be treated as dividends.*
- *We may not be able to maintain our qualification as a REIT for federal income tax purposes, which would subject us to federal income tax on our taxable income at regular corporate rates, thereby reducing the amount of funds available for paying distributions to stockholders.*
- *Investments in our common stock may not be suitable for pension or profit-sharing trusts, Keogh Plans, or individual retirement accounts, or IRAs.*

- *If our Operating Partnership fails to maintain its status as a partnership for federal income tax purposes, its income may be subject to taxation.*
- *We may have conflicts of interest with our Adviser and other affiliates, which could result in investment decisions that are not in the best interests of our stockholders.*
- *Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations or the operations of businesses in which we invest, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our business, financial condition, and operating results.*
- *We are dependent upon our key management personnel for our future success, particularly David Gladstone, Terry Lee Brubaker, Bill Reiman, Bill Frisbie, and Lewis Parrish.*

This list of risks and uncertainties, however, is only a summary of some of the most important factors to us and is not intended to be exhaustive. You should carefully review the risks set forth herein under Item 1A, “Risk Factors.” New factors may also emerge from time to time that could materially and adversely affect us.

All references to “we,” “our,” “us,” and the “Company” in this Form 10-K mean Gladstone Land Corporation and its consolidated subsidiaries, except where it is made clear that the term refers only to Gladstone Land Corporation.

PART I

ITEM 1. BUSINESS

Overview

We are an externally-managed, agricultural REIT that is engaged in the business of owning and leasing farmland. We are not a grower of crops, nor do we typically farm the properties we own. We currently own 164 farms comprised of 112,542 acres across 15 states in the U.S., as well as several farm-related facilities.

Our farmland is predominantly concentrated in locations where farmers are able to grow either fresh produce annual row crops (e.g., certain berries and vegetables), which are typically planted and harvested annually, or certain permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes). To a much lesser extent, we also own farms that grow certain commodity crops (e.g., corn and beans). In addition, we own several farm-related facilities that are necessary to the farming operations on the underlying farmland, such as cooling facilities, packinghouses, processing facilities, and various storage facilities. While our focus will continue to be on farmland growing either fresh produce annual row crops or certain permanent crops, in the future, we expect to acquire more farmland that grows commodity crops on a selective basis, as well as more farm-related facilities.

We conduct substantially all of our business activities through an Umbrella Partnership Real Estate Investment Trust (“UPREIT”) structure, by which all of our properties are held, directly or indirectly, by Gladstone Land Limited Partnership (the “Operating Partnership”). We control the sole general partner of the Operating Partnership and currently own, directly or indirectly, 99.4% of the common units of limited partnership interest in the Operating Partnership (“OP Units”). We have in the past, and may in the future, offer equity ownership in our Operating Partnership by issuing additional OP Units to farmland owners in consideration for acquiring their farms. See “*Our Investment Process—Types of Investments*” below for additional information regarding OP Units.

We are managed by our external adviser, Gladstone Management Corporation (the “Adviser”), and Gladstone Administration, LLC (the “Administrator”), provides administrative services to us. Both our Adviser and our Administrator are affiliates of ours and each other.

Upon the pricing of our initial public offering (the “IPO”), on January 29, 2013, our shares of common stock began trading on the Nasdaq Global Market (“Nasdaq”) under the symbol “LAND.” Our shares of 6.00% Series B Cumulative Redeemable Preferred Stock, par value \$0.001 per share (the “Series B Preferred Stock”) are traded on Nasdaq under the symbol “LANDO,” and our shares of 5.00% Series D Cumulative Term Preferred Stock (the “Series D Term Preferred Stock”) trades on Nasdaq under the symbol “LANDM.” In addition, we have registered our 6.00% Series C Cumulative Redeemable Preferred Stock, par value \$0.001 per share (the “Series C Preferred Stock”). The Series C Preferred Stock is not listed on a national securities exchange, and there is currently no public market for shares of the Series C Preferred Stock.

Our Investment Objectives and Our Strategy

Our principal business objective is to maximize stockholder returns through a combination of: (i) monthly cash distributions to our stockholders, which we hope to sustain and increase through long-term growth in cash flows from increased rents; (ii) appreciation of our land; and (iii) capital gains derived from the sale of our properties. Our primary strategy to achieve our business objective is to invest in and further diversify our current portfolio of primarily triple-net-leased farmland and farm related properties. In addition, we may also acquire certain commercial properties used by businesses that support agricultural communities, including those businesses which obtain financing under the U.S. Farm Credit System. This strategy includes the following components:

- *Owning Farms, Farm-Related Real Estate, and Real Estate used by Businesses that Support Farming Communities for Income.* We own and intend to primarily acquire additional farms and farm-related properties and lease them to independent and corporate farming operations, including sellers who desire to continue farming the land after we acquire the property from them. We may also acquire commercial properties used by businesses that support farming communities, including those businesses that obtain financing under the U.S. Farm Credit System. Such businesses may include, but are not limited to, farmer-owned cooperatives, rural infrastructure providers, and other agribusinesses. We intend to hold most acquired properties for many years and to generate stable and increasing rental income from leasing these properties.
- *Owning Farms, Farm-Related Real Estate, and Real Estate used by Businesses that Support Farming Communities for Appreciation.* We intend to lease acquired properties over the long term. However, from time to time, we may sell one or more properties if we believe it to be in the best interests of our stockholders and best to maintain the overall

value of our portfolio. Potential purchasers may include real estate developers desiring to develop the property, financial purchasers seeking to acquire property for investment purposes, or farmers who have operated or seek to operate the land. Accordingly, we will seek to acquire properties that we believe have potential for long-term appreciation in value.

- *Continue Expanding our Operations Geographically.* Our properties are currently located in 15 states across the U.S., and we expect that we will acquire properties in other farming regions of the U.S. in the future. While our primary regions of focus are the Pacific West and the Southeastern regions of the U.S., we believe other regions of the U.S., such as the Pacific Northwest and Mid-Atlantic regions, offer attractive locations for expansion, and, to a lesser extent, we also expect to seek farmland acquisitions in certain regions of the Midwest on a select, opportunistic basis, as well as other areas in the U.S.
- *Continue Expanding our Crop Varieties.* Currently, the majority of tenants who farm our properties grow either annual row crops dedicated to fresh produce, such as berries (e.g., strawberries and raspberries) and fresh vegetables (e.g., tomatoes, lettuce, and bell peppers), or certain permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes). To a lesser extent, we also own farms growing certain commodity crops (e.g., corn and beans). We will seek to continue our recent expansion into other permanent crops and, to a lesser extent, commodity crops, while maintaining our focus on annual row-crop farms growing fresh produce and farms growing certain permanent crops.
- *Using Leverage.* To maximize our number of investments, we intend to borrow through loans secured by long-term mortgages on our properties, and we may also borrow funds on a short-term basis or incur other indebtedness.
- *Owning Mortgages on Farms and Farm-Related Real Estate.* In certain circumstances, we may make senior secured first lien mortgage loans (secured by farms or farm-related real estate) to farmers for the purchase of farmland, properties related to farming and for other farm related needs. We do not expect that, over time, our mortgages held will exceed 5.0% of the fair value of our total assets.

We intend to acquire more farmland and farm-related properties in our regions of focus that is already or will be leased to farmers, and we expect that most of our future tenants will be independent or corporate farming and business operations that are all unrelated to us. We intend to continue to lease the majority of our farms and farm-related facilities on a triple-net lease basis to tenants who sell their products through national corporate marketers-distributors. We may also acquire and lease commercial properties used by businesses that support farming communities. We expect to continue to earn rental income from our real estate assets.

Our Investment Process

Types of Investments

We expect that substantially all of our investments will continue to be comprised of income-producing agricultural real property, and we expect that the majority of our leases will continue to be structured as triple-net leases. We may also acquire properties used by businesses that support farming communities. Investments will not be restricted as to geographical areas, but we expect that most of our investments in farmland real estate will continue to be made within the U.S. Currently, our properties are located across 15 states in the U.S.

We anticipate that we will make substantially all of our investments through our Operating Partnership. Our Operating Partnership may acquire interests in real property in exchange for the issuance of shares of our common stock, OP Units, cash, or through a combination of the three. OP Units issued by our Operating Partnership will be redeemable at the option of the holder for cash or, at our election, shares of our common stock on a one-for-one basis at any time after holding the OP Units for one year. We currently, and may in the future, hold some or all of our interests in real properties through one or more wholly-owned subsidiaries, each classified as a qualified REIT subsidiary.

Property Acquisitions and Leasing

We anticipate that many of the farms and farm-related facilities we purchase will be acquired from independent farmers or agricultural companies and that they will simultaneously lease the properties back from us. These transactions will provide the tenants with an alternative to other financing sources, such as borrowing, mortgaging real property, or selling securities. We anticipate that some of our transactions will be in conjunction with acquisitions, recapitalizations, or other corporate transactions affecting our tenants. We also expect that many of the farms and farm-related facilities we acquire will be purchased from owners who do not farm the property but rather lease the property to other tenant-farmers. In situations such as these, we intend to have a lease in place prior to or simultaneously with acquiring the property. For a discussion of the risks associated with leasing property to leveraged tenants, see “*Risk Factors—Risks Relating to Our Business and Operations—Some of our tenants may be unable to pay rent, which could adversely affect our cash available to make distributions to our stockholders or otherwise impair the value of your investment.*”

We intend to own and lease primarily single-tenant, agricultural real property, and we may acquire and lease properties used by businesses that support farming communities. Generally, we will lease properties to tenants that our Adviser deems creditworthy under triple-net leases that will be full-recourse obligations of our tenants or their affiliates. Most of our agricultural leases have original terms ranging from 3 to 10 years for farms growing annual row crops and 7 to 15 years for properties growing permanent crops, often with options to extend the lease further. Rent is generally payable to us in advance on either an annual or semi-annual basis, with such rent typically subject to periodic escalation clauses provided for within the lease. The escalation clauses may specify fixed dollar amounts or percentage increases each year, or they may be variable, based on standard cost of living or inflation indices. In addition, some leases that are longer-term in nature may require a regular survey of comparable land rents, with the rent owed per the lease being adjusted to reflect then-current market rents. We also have leases that include a variable rent component based on the gross revenues earned on the respective farm. In these types of agreements, we will generally require the lease to include the guarantee of a minimum amount of rental income that satisfies our investment return criteria.

We believe that we can acquire farmland that we will be able to lease at annual rental rates providing net capitalization rates generally ranging from 5% to 7% or more of the properties' market values. However, there can be no assurance that we will be able to achieve this level of rental rates. Since rental contracts in the farming business for annual row crops are customarily short-term agreements, rental rates are typically renegotiated regularly to then-current market rates.

Underwriting Criteria and Due Diligence Process

Selecting the Property

We consider selecting the right properties to purchase or finance as the most important aspect of our business. Buying quality farmland that can be used to grow a variety of different crops and that is located in desirable locations is essential to our success.

Our Adviser works with real estate contacts in agricultural markets throughout the U.S. to assess available properties and farming areas. We believe that our Adviser is experienced in selecting valuable farmland and will use this expertise to identify promising properties. The following is a list of important factors in our selection of farmland:

- *Water availability.* Availability of water is essential to farming. We seek to purchase properties with ample access to water through an operating well on site or rights to use a well or other source that is located nearby. Additionally, we may, in the future, consider acquiring properties that rely on rainfall for water if the tenant on that property mitigates the drought risk by purchasing drought insurance. Typically, leases on properties that would rely on rainfall would be longer term in nature.
- *Soil composition.* In addition to water, for farming efforts to be successful, the soil must be suitable for growing crops. We will not buy or finance any real property that does not have soil conditions that we believe are favorable for growing the crops farmed on the property, except to the extent that a portion of an otherwise suitable property, while not favorable for growing the crops farmed on the property, may be utilized to build structures used in the farming business, such as cooling facilities, packinghouses, distribution centers, greenhouses, and storage facilities.
- *Location.* Farming also requires optimal climate and growing seasons. We typically seek to purchase properties in locations that take advantage of climate conditions that are needed to grow fresh produce row crops. We intend to continue to expand throughout the U.S. in locations with productive farmland and financially sound tenant-farmers.
- *Price.* We intend to purchase and finance properties that we believe are a good value and that we will be able to rent profitably for farming over the long term. Generally, the closer a property is located to urban developments, the higher the value of the property. As a result, properties that are currently located in close proximity to urban developments are likely to be too expensive to justify farming over an extended period of time, and, therefore, we are unlikely to invest in such properties.

Our Adviser will perform a due diligence review with respect to each potential property acquisition. Such review will include an evaluation of the physical condition of a property and an environmental site assessment to determine potential environmental liabilities associated with a property prior to its acquisition. One of the criteria that we look for is whether mineral rights to such property, which constitute a separate estate from the surface rights to the property, have been sold to a third party. We generally seek to invest in properties where mineral rights have not been sold to third parties; however, in cases where access to mineral rights would not affect the surface farming operations, we may enter into a lease agreement for the extraction of minerals or other subterranean resources, as we have done in the past on a few of our properties. We may seek to acquire mineral rights in connection with the acquisition of future properties to the extent such mineral rights have been sold off and the investment acquisition of such rights is considered to be favorable after our due diligence review. Despite the conduct of these reviews, there can be no assurance that hazardous substances or waste, as determined under present or future federal or state laws or regulations, will not be discovered on the property after we acquire it.

Our Adviser will also physically inspect each property and the real estate surrounding it to estimate its value. Our Adviser's due diligence will be primarily focused on valuing each property independent of its rental value to particular tenants to whom we plan to rent. The real estate valuations our Adviser performs will consider one or more of the following items:

- The comparable value of similar real property in the same general area of the prospective property, to the extent possible.
- The comparable real estate rental rates for similar properties in the same general area of the prospective property.
- Alternative uses for the property to determine if there is another use for the property that would give it higher value, including potential future conversion to urban or suburban uses, such as commercial or residential development.
- The assessed value as determined by the local real estate taxing authority.

In addition, our Adviser will generally supplement its valuation estimate with an independent real estate appraisal in connection with each investment that it considers. These appraisals may take into consideration, among other things, the terms and conditions of the particular lease transaction, the quality of the tenant's credit and the conditions of the credit markets at the time the lease transaction is negotiated. However, in certain limited situations, the actual purchase price of a property may be greater or less than its appraised value. When appropriate, our Adviser may engage experts to undertake some or all of the due diligence efforts described above.

Upon completion of a due diligence investigation and a decision to proceed with an investment, the Adviser's investment professionals who have primary responsibility for the investment present the investment opportunity to the Adviser's investment committee. The investment committee then determines whether to pursue the potential investment. Prior to the closing of an investment, additional due diligence may be conducted on our behalf by attorneys, independent accountants, and other outside advisers, as appropriate.

Underwriting the Tenant, Due Diligence Process, and Negotiating Lease Provisions

In addition to property selection, underwriting the tenant that will lease the property is also an important aspect of our investment process. Our Adviser will evaluate the creditworthiness of the tenant and assess its ability to generate sufficient cash flow from its agricultural operations and other business operations, as applicable, to cover its payment obligations to us pursuant to our lease. The following is a list of criteria that our Adviser may consider when evaluating potential tenants for our properties, although not all criteria may be present for each lease:

- *Experience.* We believe that experience is the most significant characteristic when determining the creditworthiness of a tenant. Therefore, we seek to rent our properties to farmers that have an extensive track record of farming their property and particular crops successfully and, in some cases, to other tenants with meaningful management experience and a strong operating history.
- *Financial Strength.* We evaluate each potential tenant's financial stability, considering factors such as its rating by a national credit rating agency, if any, management experience, industry position and fundamentals, operating history, and capital structure, as applicable. We primarily seek to rent to farming operations that have financial resources to invest in planting and harvesting their crops. We generally require annual financial statements of new tenants to evaluate the financial capability of the tenant and its ability to perform its obligations under the lease.
- *Adherence to Quality Standards.* We seek to lease our properties to those farmers that are committed to farming in a manner that will generate high-quality crops. We intend to identify such commitment through their track records of selling produce into established distribution chains and outlets.
- *Lease Provisions that Enhance and Protect Value.* When appropriate, our Adviser attempts to include lease provisions that require our consent to specified tenant activity or require the tenant to satisfy specific operating tests. These provisions may include, for example, requiring the tenant to meet operational or financial covenants or to indemnify us against environmental and other contingent liabilities. We believe that these provisions serve to protect our investments from adverse changes in the operating and financial characteristics of a tenant that may impact its ability to satisfy its obligations to us or that could reduce the value of our properties. Our Adviser generally also seeks covenants requiring tenants to receive our consent prior to any change in control of the tenant.
- *Credit Enhancement.* To mitigate risk and enhance the likelihood of tenants satisfying their lease obligations, our Adviser may also seek cross-default provisions if a tenant has multiple obligations to us or seek a letter of credit or a guaranty of lease obligations from each tenant's corporate affiliates, if any. We believe that these types of credit enhancements, if obtained, provide us with additional financial security.
- *Diversification.* Our Adviser will seek to diversify our portfolio to avoid dependence on any one particular tenant, geographic location, facility type or crop type. By diversifying our portfolio, our Adviser intends to reduce the adverse effect on our portfolio of a single underperforming investment or a downturn in any particular geographic region. Many of the areas in which we purchase or finance properties are likely to have their own microclimates and, although they appear to be in close proximity to one another, generally will not be similarly affected by weather or

other natural occurrences at the same time. We currently own properties in 15 different states across the U.S., and over time, we expect to expand our geographic focus to other areas of the Southeast, Pacific Northwest, Midwest, and Mid-Atlantic. We will also attempt to continue diversifying our portfolio of properties by seeking additional farmland that grows a variety of different crop types, while maintaining our current focus of owning and leasing farmland that grows fresh produce annual row crops and certain permanent crops. Refer to Item 7, “*Management’s Discussion and Analysis of Financial Condition and Results of Operation—Overview—Portfolio Diversification*,” for a summary of our portfolio diversification and concentrations.

While our Adviser seeks tenants it believes to be creditworthy, tenants are not required to meet any minimum rating established by an independent credit rating agency. Our Adviser’s standards for determining whether a particular tenant is creditworthy will vary in accordance with a variety of factors relating to specific prospective tenants. The creditworthiness of a tenant is determined on a tenant-by-tenant and case-by-case basis. Therefore, general standards for creditworthiness cannot be applied. We monitor our tenants’ credit quality on an ongoing basis by, among other things, periodically conducting site visits to the properties to ensure farming operations are taking place and to assess the general maintenance of the properties. To date, no significant changes to credit quality of our tenants have been identified, and our tenants generally continue to pay pursuant to the terms of their respective leases.

Use of Leverage

Our strategy is to use borrowings as a financing mechanism in amounts that we believe will maximize the return to our stockholders. We generally expect to enter into borrowing arrangements directly or indirectly through our Operating Partnership. Our governing documents and policies do not impose a limitation on the amount we may borrow against any single investment property, nor do they impose a limitation on our overall level of borrowing.

We believe that, by operating on a leveraged basis, we will have more funds available and, therefore, will be able to make more investments than would otherwise be possible. We believe that this will allow us to pursue a more diversified portfolio. Our Adviser and Administrator use their best efforts to obtain financing on the most favorable terms available to us.

We anticipate that our prospective lenders may also seek to include loan provisions whereby the termination or replacement of our Adviser would result in an event of default or an event requiring the immediate repayment of the full outstanding balance of the loan. The replacement or termination of our Adviser may, however, require the prior consent of a lender.

We may refinance properties during the term of a loan when, in the opinion of our Adviser, a decline in interest rates makes it advisable to prepay an existing mortgage loan, when an existing mortgage loan matures, or if an attractive investment becomes available and the proceeds from the refinancing can be used to make such investment. The benefits of the refinancing may include an increase in cash flow resulting from reduced debt service requirements, an increase in distributions to stockholders from proceeds of the refinancing, if any, or an increase in property ownership if some refinancing proceeds are reinvested in real estate.

Investment Limitations

There are numerous limitations on the manner in which we may invest our funds. We have adopted a policy that without the permission of our Board of Directors, we will not:

- invest 50% or more of our total assets in a single property at the time of investment;
- invest in real property owned by our Adviser, any of its affiliates or any entity in which our Adviser or any of its affiliates have invested;
- invest in commodities or commodity futures contracts, with this limitation not being applicable to futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in properties and making mortgage loans;
- invest in contracts for the sale of real estate unless the contract is in recordable form and is appropriately recorded in the chain of title;
- issue equity securities on a deferred payment basis or other similar arrangement;
- grant warrants or options to purchase shares of our stock to our Adviser or its affiliates;
- engage in trading, as compared with investment activities, or engage in the business of underwriting, or the agency distribution of, securities issued by other persons;
- invest more than 5% of the value of our assets in the securities of any one issuer if the investment would cause us to fail to maintain our qualification as a REIT;
- invest in securities representing more than 10% of the outstanding securities (by vote or value) of any one issuer if the investment would cause us to fail to maintain our qualification as a REIT; or

- acquire securities in any company holding investments or engaging in activities prohibited in the foregoing clauses.

Conflict of Interest Policy

We have adopted policies to reduce potential conflicts of interest. In addition, our directors are subject to certain provisions of Maryland law that are designed to minimize conflicts. However, we cannot assure you that these policies or provisions of law will reduce or eliminate the influence of these conflicts.

We have adopted a policy that, without the approval of a majority of our independent directors, we will not:

- acquire from or sell to any of our officers or directors, the employees of our Adviser or Administrator, or any entity in which any of our officers, directors, or such employees has an interest of more than 5%, any assets or other property;
- borrow from any of our directors or officers, the employees of our Adviser or Administrator, or any entity in which any of our officers, directors, or such employees has an interest of more than 5%; or
- engage in any other transaction with any of our directors or officers, the employees of our Adviser or Administrator, or any entity in which any of our directors, officers, or such employees has an interest of more than 5%.

Consistent with the provisions of the Sarbanes-Oxley Act of 2002, we will not extend credit, or arrange for the extension of credit, to any of our directors and officers. Under the Maryland General Corporation Law, a contract or other transaction between us and one of our directors or officers or any other entity in which one of our directors or officers is also a director or officer or has a material financial interest is not void or voidable solely on the grounds of the common directorship or interest, the fact that the director or officer was present at the meeting at which the contract or transaction was approved or the fact that the director's vote was counted in favor of the contract or transaction if:

- the material facts relating to the common directorship or interest and as to the transaction are disclosed to our Board of Directors or a committee of our Board, and our Board or the committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the directors not interested in the contract or transaction, even if the disinterested directors do not constitute a quorum of the Board or committee;
- the fact of the common directorship or interest is disclosed to our stockholders entitled to vote on the contract or transaction, and the contract or transaction is approved or ratified by a majority of the votes cast by the stockholders entitled to vote on the matter, other than shares owned of record or beneficially by the interested director, corporation or entity; or
- the contract or transaction is fair and reasonable to us as of the time authorized, approved or ratified by the Board of Directors, a committee or the stockholders.

Our policy also prohibits us from purchasing any real property from, or co-investing in any real property with, our Adviser, any of its affiliates, or any business in which our Adviser or any of its subsidiaries have invested. If we decide to change this policy on co-investments with our Adviser or its affiliates, we will seek approval of our independent directors.

Our Adviser and Administrator

We are externally managed by our Adviser. The officers, directors, and employees of our Adviser have significant experience in making investments in and lending to businesses of all sizes, including investing in real estate and making mortgage loans. We have entered into an investment advisory agreement with our Adviser, which was most recently amended and restated effective July 1, 2021 (the "Current Advisory Agreement"), under which our Adviser is responsible for managing our assets and liabilities, for operating our business on a day-to-day basis, and for identifying, evaluating, negotiating, and consummating investment transactions consistent with our investment policies as determined by our Board of Directors from time to time.

Our Administrator employs our chief financial officer, treasurer, chief compliance officer, general counsel and secretary (who also serves as our Administrator's president, general counsel, and secretary), and their respective staffs and provides administrative services to us under the amended and restated Administration Agreement entered into on February 1, 2013 (the "Administration Agreement").

David Gladstone, our chairman, chief executive officer, president, and largest stockholder, is also the chairman, chief executive officer, and the controlling stockholder of our Adviser and our Administrator. Terry Lee Brubaker, our vice chairman and chief operating officer and a member of our Board of Directors, also serves in the same capacities for our Adviser and Administrator.

Our Adviser has an investment committee that evaluates and approves each of our investments. This investment committee is currently comprised of Messrs. Gladstone and Brubaker, Mr. John Sateri, and Ms. Laura Gladstone, who is a managing director with Gladstone Capital. We believe that the review process of our Adviser's investment committee gives us a unique competitive advantage over other agricultural real estate companies because of the substantial experience that the members possess and their unique perspective in evaluating the blend of corporate credit, real estate, and lease terms that collectively combine to provide an acceptable risk for our investments.

Our Adviser's board of directors has empowered the investment committee to authorize and approve our investments, subject to the terms of the Current Advisory Agreement. Before we acquire any property, the proposed transaction is reviewed by the investment committee to ensure that, in its view, the transaction satisfies our investment criteria and is within our investment policies. Approval by the investment committee will generally be the final step in the property acquisition approval process, although the separate approval of our Board of Directors is required in certain circumstances, which are described below.

Our Adviser and Administrator are headquartered in McLean, Virginia, a suburb of Washington D.C., and our Adviser also has offices in several other states. Refer to Item 7, "Management Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our Adviser and Administrator," for a detailed discussion on the fee structure of each of the Adviser and Administrator.

Adviser Duties and Authority under the Current Advisory Agreement

Under the terms of the Current Advisory Agreement, our Adviser is required to present to us investment opportunities consistent with our investment policies and objectives as adopted by our Board of Directors. In performing its duties, our Adviser, either directly or indirectly by engaging an affiliate:

- finds, evaluates, presents, and recommends to us a continuing series of real estate investment opportunities consistent with our investment policies and objectives;
- provides advice to us and acts on our behalf with respect to the negotiation, acquisition, financing, refinancing, holding, leasing, and disposition of real estate investments;
- enters into contracts to purchase real estate on our behalf in compliance with our investment procedures, objectives, and policies, subject to approval of our Board of Directors, where required;
- takes the actions and obtains the services necessary to effect the negotiation, acquisition, financing, refinancing holding, leasing, and disposition of real estate investments; and
- provides day-to-day management of our real estate activities and other administrative services.

Our Board of Directors has authorized our Adviser to make investments in any property on our behalf without the prior approval of our Board if the following conditions are satisfied:

- our Adviser has determined that the total cost of the property does not exceed its determined value; and
- our Adviser has provided us with a representation that the property, in conjunction with our other investments and proposed investments, is reasonably expected to fulfill our investment objectives and policies as established by our Board of Directors then in effect.

The actual terms and conditions of transactions involving investments in properties shall be determined in the sole discretion of our Adviser, subject at all times to compliance with the foregoing requirements. Some types of transactions, however, will require the prior approval of our Board of Directors, including a majority of our independent directors, including, but not limited to, the following:

- any acquisition which at the time of investment would have a cost exceeding 50% of our total assets; and
- transactions that involve conflicts of interest with our Adviser (other than reimbursement of expenses in accordance with the Current Advisory Agreement).

Our Adviser and Administrator also engage in other business ventures and, as a result, certain (but not all) of their resources are not dedicated exclusively to our business. For example, our Adviser and Administrator also serve as the external adviser and administrator, respectively, to Gladstone Capital Corporation ("Gladstone Capital") and Gladstone Investment Corporation ("Gladstone Investment"), both publicly-traded business development companies affiliated with us, Gladstone Commercial Corporation ("Gladstone Commercial"), a publicly-traded REIT affiliated with us, and Gladstone Acquisition Corporation ("Gladstone Acquisition"), a special purpose acquisition company affiliated with us. However, under the Current Advisory Agreement, our Adviser is required to devote sufficient resources to the administration of our affairs to discharge its obligations under the agreement. The Current Advisory Agreement is not assignable or transferable by either us or our Adviser without the consent of the other party, except that our Adviser may assign the Current Advisory Agreement to an affiliate for whom our Adviser agrees to guarantee its obligations to us.

Gladstone Securities

Gladstone Securities, LLC ("Gladstone Securities") is a privately-held broker-dealer and a member of the Financial Industry Regulatory Authority and insured by the Securities Investor Protection Corporation. Gladstone Securities is an affiliate of ours, as its parent company is owned and controlled by David Gladstone, our chairman, chief executive officer, and president. Mr. Gladstone also serves on the board of managers of Gladstone Securities. In addition, Michael LiCalsi, our General Counsel and

Secretary, serves in several capacities for Gladstone Securities, serving as Chief Legal Officer, Secretary, and a member of its board of managers since 2010 and a managing principal since 2011.

Financing Arrangement Agreement

On April 11, 2017, we entered into an agreement with Gladstone Securities for it to act as our non-exclusive agent to assist us with arranging financing for our properties (the “Financing Arrangement Agreement”). Pursuant to the agreement, we pay Gladstone Securities a financing fee in connection with the services it provides to us for securing financing on our properties. Refer to Note 6, “*Related-Party Transactions—Gladstone Securities*,” for a discussion of the fees to be paid to Gladstone Securities pursuant to the Financing Arrangement Agreement.

Dealer-Manager Agreements

In connection with the continuous public offering of our Series B Preferred Stock (which offering was completed in March 2020) and our Series C Preferred Stock, we entered into certain dealer-manager agreements with Gladstone Securities, whereby Gladstone Securities served or serves, as appropriate, as our exclusive dealer-manager. Pursuant to each of these dealer-manager agreements, Gladstone Securities provided or provides certain sales, promotional, and marketing services to us in connection with the offering of the respective stock. Refer to Note 6, “*Related-Party Transactions—Gladstone Securities*,” for a discussion of the fees and commissions paid to Gladstone Securities pursuant to each of these dealer-manager agreements.

Human Capital Management

We do not currently have any employees and do not expect to have any employees in the foreseeable future. Currently, services necessary for our business are provided by individuals who are employees of our Adviser and our Administrator pursuant to the terms of the Current Advisory Agreement and the Administration Agreement, respectively. Each of our executive officers is an employee or executive officer, or both, of each our Adviser and our Administrator. We expect that approximately 15 to 20 full-time employees of our Adviser and our Administrator will spend substantial time on our matters during the 2022 calendar year. Our CFO, accounting team, and the employees of our Adviser who manage our assets and investments spend all of their time on our matters. To the extent that we acquire more investments, we anticipate that the number of employees of our Adviser and our Administrator who devote time to our matters will increase and the number of our Adviser’s employees working out of local offices, if any, where we buy land will also increase.

As of December 31, 2021, our Adviser and our Administrator, collectively, had 69 full-time employees. A breakdown thereof is summarized by functional area in the table below:

Number of Individuals	Functional Area
13	Executive Management
36	Investment Management, Portfolio Management, and Due Diligence
20	Administration, Accounting, Compliance, Human Resources, Legal, and Treasury

The Adviser and the Administrator aim to attract and retain capable advisory and administrative personnel, respectively, by offering competitive base salaries, benefits, and bonus structure and by providing employees with appropriate opportunities for professional development and growth.

Competition

We face competition for farmland acreage from many different entities, including, but not limited to, developers, municipalities, individual farmers, agriculture corporations, institutional investors, and others. Investment firms that we might compete directly against could include agricultural investment firms, such as Hancock Agricultural Investment Group, Prudential Agricultural Investments, and UBS Agrinvest, LLC. These firms engage in the acquisition, asset management, valuation, and disposition of farmland properties. Further competition may also come from other agricultural REITs, both publicly-traded (e.g., Farmland Partners, Inc.) and privately-held (e.g., Iroquois Valley Farmland REIT, PBC), and other agricultural-focused privately-held funds, such as AgIS Capital, LLC, and Homestead Capital.

Government Regulations

We own, manage, acquire, and develop our properties in compliance with the laws and regulations of the United States, as well as state and local laws and regulations in the jurisdictions where our properties are located, which may differ among jurisdictions. In response to the COVID-19 pandemic, federal governmental authorities, as well as state and local governmental authorities in jurisdictions where our properties are located, may implement laws and regulations which impact our ability to operate our business, or those of our tenants, in the ordinary course. Such regulations, along with the COVID-19 pandemic in

general, may materially affect our results of operations for the year ending December 31, 2022. Otherwise, we do not expect that compliance with the various laws and regulations we are subject to will have a material effect on our capital expenditures, results of operations and competitive position for the year ending December 31, 2022, as compared to prior periods.

Additionally, as an owner of real estate, we are subject to various federal, state, and local environmental laws, regulations, and ordinances and also could be liable to third parties resulting from environmental contamination or noncompliance at our properties. Environmental laws often impose liability without regard to whether the owner or operator knew of or was responsible for the presence of the contaminants, and the costs of any required investigation or cleanup of these substances could be substantial. The liability is generally not limited under such laws and could exceed the property's value and the aggregate assets of the liable party. The presence of contamination or the failure to remediate contamination at our properties also may expose us to third-party liability for personal injury or property damage or adversely affect our ability to lease the real property or to borrow using the real estate as collateral.

These and other risks related to governmental regulation and environmental matters are described in more detail in Item 1A, "Risk Factors."

Other Required Financial Information

For other required financial information related to our properties, concentrations, segments, and operations, refer to our consolidated financial statements, including the notes thereto, included within this Form 10-K.

Available Information

Copies of each of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, and amendments, if any, to those reports filed or furnished with the SEC, pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through our website at www.GladstoneFarms.com. A request for any of these reports may also be submitted to us by sending a written request addressed to Investor Relations, Gladstone Land Corporation, 1521 Westbranch Drive, Suite 100, McLean, VA, 22102, or by calling our toll-free investor relations line at 1-866-366-5745. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.SEC.gov.

ITEM 1A. RISK FACTORS

An investment in our securities involves a number of significant risks and other factors relating to our structure and investment objectives. As a result, we cannot assure you that we will achieve our investment objectives. You should consider carefully the following information as an investor and/or prospective investor in our securities. The risks described below may not be the only risks we face. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impact our business operations. If any of these risks occur, our business prospects, financial condition, or results of operations could suffer, the market price of our capital stock could decline, and you could lose all or part of your investment in our capital stock.

Risks Relating to Our Business and Operations

Our real estate portfolio is concentrated across a limited number of states, which subjects us to an increased risk of significant loss if adverse weather, economic, or regulatory changes or developments in the markets in which our properties are located.

Since our current real estate profile is concentrated across a limited number of states, we are currently subject to adverse changes in the political or regulatory climate in those states or specific counties where our properties are located that could adversely affect our real estate portfolio and our ability to lease properties. The geographic concentration of our portfolio could also cause us to be more susceptible to adverse weather, economic or regulatory changes, or developments in the markets in which our properties are located than if we owned a more geographically-diverse portfolio, which could materially and adversely affect the value of our farms and our ability to lease our farms on favorable terms or at all.

We may not be successful in identifying and consummating additional suitable acquisitions that meet our investment criteria, which may impede our growth and negatively affect our results of operations.

We continue to actively seek and evaluate other farm properties for potential purchase, but there is no guarantee that we will be able to continue to find and acquire properties that meet our investment criteria. We expect that a significant number of our future tenants will be independent farming operations, about which there is generally little or no publicly available operating and financial information. As a result, we will rely on our Adviser to perform due diligence investigations of these tenants, their operations, and their prospects. We may not learn all of the material information we need to know regarding these

businesses through our investigations. As a result, it is possible that we could lease properties to tenants that ultimately are unable to pay rent to us, which could adversely impact the amount available for distributions.

Investments in development farmland, or farmland planted with immature permanent crops rather than annual crops or mature permanent crops, may have inherent risks, including those relating to the longer period between development and commercial productivity for certain permanent crop development farms, the cost of development, profitability of newly-developed farms, higher ongoing costs, and delayed development, all of which could adversely impact our results of operations and cash flow.

On a limited basis, we have invested in certain properties requiring further development before reaching commercial productivity, such as the development of an almond orchard, or in properties with immature permanent plantings. Such investments, and any future investments in property developments, involves risks that are different and, in most cases, greater than the risks associated with our acquisition of fully-developed and commercially-productive farms. In addition to the risks associated with real estate investments in general, as described elsewhere in this Form 10-K, the risks associated with our development farms include, among other things:

- significant time lag between commencement of development and commercial productivity for permanent crop development farms subjects us to greater risks due to fluctuations in the general economy and adverse weather conditions;
- expenditure of money and time on development that may not be completed;
- inability to achieve rental rents per acre at newly-developed farms to make the properties profitable;
- higher than estimated costs, including labor and planting, irrigation or other related costs; and
- possible delays in development due to a number of factors, including weather, labor disruptions, regulatory approvals, acts of terror or other acts of violence, or acts of God (such as fires, earthquakes, or floods).

All of our properties undergoing development or planted with immature permanent crops are currently leased and earning income. However, with regard to future acquisitions of such properties, the time frame required for development and for the farms to become commercially productive means that we may not be able to lease the farms and, in turn, generate revenue with respect to such farms for several years. If any of the above events occur, the development of such farms may hinder our growth and have a material adverse effect on our results of operations and cash flow. In addition, new development farms, regardless of whether or not they are ultimately productive, typically require substantial time and attention from management.

We currently lease many of our properties to medium-sized, independent farming operations and agricultural businesses, which may have limited financial and personnel resources and, therefore, may be less stable than larger companies, which could impact our ability to generate rental revenue.

We expect to lease a significant number of our properties to medium-sized farming operations and related agricultural businesses, which will expose us to a number of unique risks related to these entities. For example, medium-sized agricultural businesses may be more likely than larger farming operations to have difficulty making lease payments when they experience adverse events. They also tend to experience significant fluctuations in their operating results and to be more vulnerable to competitors' actions and market conditions, as well as general economic downturns. In addition, our target tenants may face intense competition, including competition from companies with greater financial resources, which could lead to price pressure on crops that could lower our tenants' income.

Furthermore, the success of a medium-sized business may also depend on the management talents and efforts of one or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on our tenant and, in turn, on us.

Our Adviser has broad authority to make acquisitions and dispositions of properties, and there can be no assurance that, in the future, we will be able to continue to enter into definitive agreements to purchase properties, complete acquisitions, or dispose of properties on favorable terms. Our stockholders are unable to evaluate the economic merits of our investments or the terms of any dispositions of properties.

Our Adviser has broad authority to make acquisitions of properties and dispositions of properties. There can be no assurance that our Adviser will be able to continue to identify or negotiate acceptable terms for the acquisition or dispositions of properties or that we will be able to continue to acquire or dispose of such properties on favorable terms. We may compete with other purchasers for attractive properties. Further factors that could cause us not to purchase one or more properties that initially meet our investment criteria include our potential inability to agree to definitive purchase terms with the prospective sellers and our discovery of problems with the properties in our due diligence investigations. Factors that could cause us to be unable to dispose of a property on favorable terms include market conditions and competition. Any significant impediment to continue to identify and make investments that fit into our investment criteria or dispose of investments during suitable market conditions would have a material adverse effect on our ability to continue to generate cash flow and make distributions to our stockholders.

Our cash available for distribution to stockholders may not be sufficient to pay anticipated distributions, nor can we assure you of our ability to make distributions in the future, and we may need to borrow to make such distributions or may not be able to make such distributions at all.

To remain competitive with alternative investments, our distribution rate may exceed our cash available for distribution, including cash generated from operations. In the event this happens, we intend to fund the difference out of any excess cash on hand or from borrowings under our revolving credit facility. If we do not have sufficient cash available for distribution generated by our assets to pay the distributions set by our Board of Directors, or if cash available for distribution decreases in future periods, the market price of our common stock could decrease.

All distributions will be made at the discretion of our Board of Directors and will depend on our earnings, our financial condition, whether we are able to maintain our qualification as a REIT, and other factors as our Board of Directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that our Board of Directors approves distributions in excess of our then current and accumulated earnings and profits, these excess distributions would generally be considered a return of capital for federal income tax purposes to the extent of your adjusted tax basis in your shares. A return of capital is not taxable, but it has the effect of reducing your adjusted tax basis in your investment. To the extent that distributions exceed the adjusted tax basis of your shares, such excess will be treated for tax purposes as a gain from the sale or exchange of your shares. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

Some of our tenants may be unable to pay rent, which could adversely affect our cash available to make distributions to our stockholders or otherwise impair the value of your investment.

We expect that single tenants will continue to occupy most of our farms, and, therefore, the success of our investments will continue to be materially dependent on the financial stability of these tenants. Some of our tenants may have been recently restructured using leverage acquired in a leveraged transaction, may otherwise be subject to significant debt obligations, or may have been adversely impacted by the COVID-19 pandemic. Tenants that are subject to significant debt obligations may be unable to make their rent payments if there are adverse changes in their businesses or in general economic conditions. Tenants that have been impacted adversely by COVID-19 pandemic may not be able to make timely rental payments due to labor shortages, supply chain issues, or due to government-mandated lockdowns or other measures taken to address the pandemic. Tenants that have experienced leveraged restructurings or acquisitions will generally have substantially greater debt and substantially lower net worth than they had prior to the leveraged transaction. In addition, the payment of rent and debt service may reduce the working capital available to leveraged entities and prevent them from devoting the resources necessary to remain competitive in their industries. In situations where management of the tenant will change after a transaction, it may be difficult for our Adviser to determine with certainty the likelihood of the tenant's business success and of it being able to pay rent throughout the lease term. These companies are more vulnerable to adverse conditions in their businesses or industries and economic conditions generally, as well as to increases in interest rates. In addition, these companies' revenues and expenses may fluctuate according to the growing season, which may impact their ability to make regular lease payments.

Any lease payment defaults by a tenant could adversely affect our cash flows and cause us to reduce the amount of distributions to stockholders. In the event of a default by a tenant, we may also experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property.

Some of our tenants could be susceptible to bankruptcy, which would affect our ability to generate rents from them and therefore negatively affect our results of operations.

In addition to the risk of tenants being unable to make regular rent payments, certain of our tenants who may depend on debt and leverage could be especially susceptible to bankruptcy in the event that their cash flows are insufficient to satisfy their debt. Any bankruptcy of one of our tenants would result in a loss of lease payments to us, as well as an increase in our costs to carry the property.

Additionally, under bankruptcy law, a tenant who is the subject of bankruptcy proceedings has the option of continuing or terminating any unexpired lease. If a bankrupt tenant terminates a lease with us, any claim we might have for breach of the lease, excluding a claim against collateral securing the lease, would be treated as a general unsecured claim. Our claim would likely be capped at the amount the tenant owed us for unpaid rent prior to the bankruptcy unrelated to the termination, plus the greater of one year of lease payments or 15% of the remaining lease payments payable under the lease, but in no case more than three years of lease payments. In addition, a bankruptcy court could re-characterize a net lease transaction as a secured lending transaction. If that were to occur, we would not be treated as the owner of the property, but might have additional rights as a secured creditor. This would mean our claim in bankruptcy court would only be for the amount we paid for the property, which could adversely impact our financial condition.

Because we expect to continue to enter into some short-term leases, we may continue to be more susceptible to any decreases in prevailing market rental rates than would be the case with long-term leases, which could have a material adverse effect on our results of operations.

For our properties that are farmed for annual row crops, we intend to primarily enter into leases with independent and corporate farming operations having terms generally ranging from 3 to 10 years. As a result, we will be required to frequently re-lease our properties upon the expiration of our leases. This will subject our business to near term fluctuations in market rental rates, and we will be more susceptible to declines in market rental rates than we would be if we were to enter into longer term leases. As a result, any decreases in the prevailing market rental rates in the geographic areas in which we own properties could have a material adverse effect on our results of operations and cash available for distribution to stockholders.

Our investments in properties with longer-term leases (e.g., five years or more), could expose us to various risks, including interest rate risk and the risk of being unable to take advantage of prevailing market rates, which could have a material adverse effect on our results of operations and cash available for distribution to stockholders.

When entering into longer-term leases in which the rental rate is generally fixed, we intend to incorporate at least one of a variety of forms of rent escalators into the lease, including annual rent escalations or market reset periods. Annual rent escalations may be either a fixed amount each year or variable based on standard cost of living or inflation indices. In addition, some longer-term leases may require a regular survey of comparable land rents, with the rent owed per the lease being adjusted upward to reflect current market rents. If, in the future, we receive a significant portion of our revenues under longer-term leases in which the rental rate is generally fixed, subject to rent escalations described above, we would be subject to interest rate risk in the event interest rates rise at a greater rate than any potential rent escalations. In addition, by entering into longer-term leases, we would be subject to the risk that we would not be able to increase our rental rates if prevailing land values or rental rates have increased. Any inability to take advantage of increases in prevailing land values or rental rates could have a material adverse effect on our results of operations and cash available for distribution to stockholders.

Our investments in farms subject to leases with a participation rent component based on the annual gross revenues earned on the respective farm means that a portion of our cash flow is exposed to various risks, including risks related to declining crop prices and lower-than-average crop production, which could have a material adverse effect on the amount of rent we can collect and, consequently, our cash flow and ability to make distributions to our stockholders.

We own several farms subject to leases that include a participation rent component based on the annual gross revenues earned on the respective farm; however, the majority of these leases also includes a guarantee of a minimum amount of rental income that generally satisfies our investment return criteria. While we do not expect participation rents to make up a significant portion of our overall leased portfolio, we intend to enter into additional leases with participation rent components. We anticipate that the majority of such leases will continue to have a floor that guarantees a minimum amount of rental income that generally satisfies our investment return criteria; however, such leases will still be impacted by factors related to the success of the farmer-tenant's harvest, including, but not limited to, declining crop prices and lower-than-average crop production, that may result in us receiving less rent than anticipated or projected when entering into such leases. A reduction in the rent we receive could have a material adverse effect on our cash flow and ability to make distributions to our stockholders.

Our investments in farmland used for permanent crops have a higher risk profile than farmland used for annual row crops.

Since our IPO, we have expanded our investment focus to include farms used for permanent crops, and we intend to continue to add to our investments in farmland used for permanent crops in the future. Permanent crops have plant structures (such as trees, vines, or bushes) that produce yearly crops without being replanted. Examples include almonds, apples, blueberries, figs, pistachios, oranges, and table and wine grapes. Permanent crops generally involve more risk than annual row crops because permanent crops require more time and capital to plant. As a result, permanent crops are generally more expensive to replace and more susceptible to disease and poor weather. If a farmer loses a permanent crop to any natural disaster, such as drought, flooding, fire, or disease, there would generally be significant time and capital needed to return the land to production because a tree or vine may take years to grow before bearing fruit.

Permanent crop farmland also prevents the farmer from being able to rotate crop types to keep up with changing market conditions or changes to the weather or soil. If demand for one type of permanent crop decreases, the permanent crop farmer cannot easily convert the farm to another type of crop because permanent crop farmland is dedicated to one crop during the lifespan of the trees or vines and therefore cannot easily be rotated to adapt to changing environmental or market conditions.

In addition, permanent crops, which can generally endure long periods of time from harvest to consumption, allow for global shipment and trade. As a result, permanent crops are usually less insulated from the global market volatility than annual row crops. This will generally provide for less price stability of the harvested crop and therefore less stability of the underlying land value for cropland producing permanent crops. As a result, permanent crop farms typically have a higher risk profile than annual row crop farms.

Our real estate investments will consist of agricultural properties that may be difficult to sell or re-lease upon tenant defaults or early lease terminations, either of which would adversely affect returns to stockholders.

We intend to focus our investments on agricultural properties. These types of properties are relatively illiquid compared to other types of real estate and financial assets. This illiquidity could limit our ability to quickly dispose of properties in response to changes in economic or other conditions. With these kinds of properties, if the current lease is terminated or not renewed, we may be required to renovate the property to the extent we have buildings on the property, or to make rent concessions to lease the property to another tenant or sell the property. In addition, in the event we are forced to sell the property, we may have difficulty finding qualified purchasers. These and other limitations may affect our ability to sell or re-lease properties without adversely affecting returns to our stockholders.

If we sell properties and provide financing to purchasers, defaults by the purchasers would decrease our cash flows and limit our ability to make distributions.

In some instances, we may sell our properties by providing financing to purchasers who may then also operate the farm. When we provide financing to purchasers, we may bear the risk that the purchaser may default, which could negatively impact our liquidity and thus our ability to either distribute the proceeds from the sale to our stockholders or reinvest the sale proceeds in other property acquisitions.

If our properties do not have access to adequate water supplies, it could harm our ability to lease the properties for farming, thereby adversely affecting our ability to generate returns on our properties.

To lease the cropland that we intend to acquire, these properties will require access to sufficient water to make them suitable for farming. Additionally, the ability of our current tenants to be able to make their rental payments is also dependent upon sufficient access to water. Although we expect to acquire properties with sufficient water access, should the need arise for additional wells from which to obtain water, we would be required to obtain permits prior to drilling such wells. Permits for drilling water wells are required by state and county regulations, and such permits may be difficult to obtain due to the limited supply of water in areas where we expect to acquire properties, such as the farming regions of California. Similarly, our properties may be subject to governmental regulations relating to the quality and disposition of rainwater runoff or other water to be used for irrigation. In such case, we could incur costs necessary to retain this water. If we are unable to obtain or maintain sufficient water supply for our properties, our ability to lease them for farming would be seriously impaired, which would have a material adverse impact on the value of our assets and our results of operations. If, in the future, we invest in farmland that depends upon rain water rather than local water access, our tenants on that farmland may be susceptible to extended droughts, and any failure on the part of such tenants to procure adequate drought insurance would impact the ability of such tenants to make rental payments, which would have a material adverse impact on our ability to generate returns on our properties.

Our agricultural properties are subject to adverse weather conditions, seasonal variability, crop disease and other contaminants, which may affect our tenants' ability to pay rent and thereby have an adverse effect on our results of operations and our ability to make distributions to stockholders.

Fresh produce, including produce used in canning and other packaged food operations, is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict. Because fresh produce is highly perishable and generally must be brought to market and sold soon after harvest, unfavorable growing conditions can reduce both crop size and crop quality. Seasonal factors, including supply and consumer demand, may also have an effect on the crops grown by our tenants. In extreme cases, entire harvests may be lost in some geographic areas. Further, certain of our properties are reliant upon groundwater, as they are not located within any state or federal water districts and, thus, are not limited by any government-regulated restrictions.

Fresh produce is also vulnerable to crop disease, pests and other contaminants. Damages to tenants' crops from crop disease and pests may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. The costs to control these infestations vary depending on the severity of the damage and the extent of the plantings affected. These infestations can increase costs and decrease revenues of our tenants. Tenants may also incur losses from product recalls due to other contaminants that may cause food borne illness. It is difficult to predict the occurrence or severity of such product recalls as well as the impact of these upon our tenants. Although we do not expect that a significant portion our rental payments will be based on the quality of our tenants' harvests, any of these factors could have a material adverse effect on our tenants' ability to pay rent to us, which in turn could have a material adverse effect on our ability to make distributions to our stockholders.

As permanent crops produce yearly crops without being replanted, they are more expensive to replace and more susceptible to disease and poor weather than annual row crops. If a farmer loses a permanent crop to any natural disaster, such as drought, flooding, fire or disease, there would generally be significant time and capital needed to return the land to production because a

tree or vine may take years to grow before bearing fruit. Permanent crop farmland also prevents the farmer from being able to rotate crop types to keep up with changing market conditions or changes to the weather or soil. If demand for one type of permanent crop decreases, the permanent crop farmer cannot easily convert the farm to another type of crop because permanent crop farmland is dedicated to one crop during the lifespan of the trees or vines and therefore cannot easily be rotated to adapt to changing environmental or market conditions. As a result, the risks associated with weather conditions, seasonal variability, crop disease and other contaminants are magnified in the case of permanent crops.

Our operating results and the value of our properties may be impacted by future climate changes, adversely impacting the value of our properties and our ability to generate rental revenue.

In addition to the general risks that adverse weather conditions will pose for the tenants of our properties and their subsequent ability to comply with the terms of their leases, the value of our properties will potentially be subject to risks associated with long-term effects of climate change. Many climatologists predict increases in average temperatures, more extreme temperatures and increases in volatile weather over time. The effects of climate change may be more significant along coastlines, such as in the California coastal areas where we partially focus our acquisition efforts, due to rising sea levels resulting from melting of polar ice caps, which could result in increased risk of coastal erosion, flooding, degradation in the availability and quality of groundwater aquifers, and expanding agricultural weed and pest populations. As a result, the effects of climate change could make our properties less suitable for farming or other alternative uses, which could adversely impact the value of our properties, our ability to generate rental revenue from leasing our properties and our cash available for distribution to stockholders. Climate change may also have indirect effects on our business by increasing the cost of, or availability of, property insurance on terms we find acceptable and increasing the cost of energy at our properties.

Because we must distribute a substantial portion of our net income to maintain our qualification as a REIT, we will be largely dependent on third-party sources of capital to fund our future capital needs.

To maintain our qualification as a REIT, we generally must distribute to our stockholders at least 90% of our taxable income each year, excluding net capital gains. Because of this distribution requirement, it is not likely that we will be able to fund a significant portion of our future capital needs, including property acquisitions, from retained earnings. Therefore, we may acquire additional capital from the issuance of securities senior to our common shares, including borrowings or other indebtedness, preferred shares (such as our Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock), or the issuance of other securities. This capital may not be available on favorable terms or at all. Our access to additional capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings.

To the extent we issue debt securities, other instruments of indebtedness, or additional preferred stock or borrow additional money from banks or other financial institutions, we will be additionally exposed to risks associated with leverage, including increased risk of loss. If we issue additional preferred securities that rank senior to our common shares in our capital structure, the holders of such preferred securities may have separate voting rights and other rights, preferences, or privileges, economic and otherwise, more favorable than those of our common shares and our currently-designated preferred securities (including our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock), and the issuance of such preferred securities could have the effect of delaying, deferring, or preventing a transaction or a change of control that might involve a premium price for common stockholders.

Any inability to access additional financing on terms that are favorable to us may adversely affect our ability to grow and our business generally.

We may not be able to raise sufficient capital or borrow money in sufficient amounts or on sufficiently favorable terms necessary to attain the optimal degree of leverage to operate our business, which may have an adverse effect on our operations and ability to pay distributions.

Our ability to raise additional capital in the markets may be limited due to market conditions and applicable SEC regulations. Our business and acquisition strategies rely heavily on borrowing funds, so that we may make more investments than would otherwise be possible to maximize potential returns to stockholders. We may borrow on a secured or unsecured basis. Our charter and bylaws do not impose any limitation on our borrowing. Our ability to achieve our investment objectives will be affected by our ability to borrow money in sufficient amounts and on favorable terms, which may result in us becoming highly leveraged. We expect that we will borrow money that will be secured by our properties and that these financing arrangements will contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. In addition, any credit facility we might enter into is likely to contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, and will specify debt ratios that we will be required to maintain. Accordingly, we may be unable to obtain the degree of leverage that we believe to be optimal, which may cause us to have less cash for distributions to stockholders. Our use of leverage could also

make us more vulnerable to a downturn in our business or the economy generally and a significant increase in the ratio of our indebtedness to our assets may have an adverse effect on the market price of our common stock.

Our income from operations may not be enough to cover our debt service obligations, which may affect distributions to stockholders or cause us to incur losses.

If the income generated by our properties and other assets fails to cover our debt service, we could be forced to reduce or eliminate distributions to our stockholders and may experience losses. Some of our debt financing arrangements may require us to make lump-sum, or balloon, payments at maturity. If our income from operations does not cover a balloon payment, our ability to make the balloon payment at maturity could depend upon our ability to obtain additional financing or to sell the financed property. At the time the balloon payment is due, we may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment, which would likely have a material adverse effect on our financial condition.

We have secured borrowings, which would have a risk of loss of the property securing such loan upon foreclosure.

We currently have various borrowing facilities in place that are secured by certain of our farms. As of December 31, 2021, our total borrowings were secured by the majority of the farms we owned as of that date. If we are unable to make our debt payments as required, either under our current credit facilities or any future facilities, a lender could foreclose on certain of the properties securing its loan. This could cause us to lose part or all of our investment in the property, which in turn could cause the value of our common stock, Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock or the distributions to our stockholders to be reduced or delayed.

As we consider additional debt financing from third-party lenders, our assets may become highly leveraged, which may result in losses.

There is no limitation imposed by our charter or bylaws on our borrowings. An increased amount of leverage may expose us to cash flow problems if rental income decreases. Under those circumstances, in order to pay our debt obligations, including distribution and dividend payments to shareholders, we might be required to sell properties at a loss or be unable to make distributions or decrease distributions to our stockholders. A failure to pay amounts due to lenders or redeem shares of our Series D Term Preferred Stock under the mandatory redemption requirement may result in a default on our obligations and result in certain penalties, such as increased interest rates. Additionally, our degree of leverage could adversely affect our ability to obtain additional financing and may have an adverse effect on the public market price of shares of our publicly-traded common stock, Series B Preferred Stock, and Series D Term Preferred Stock.

We face a risk from the fact that certain of our properties are cross-collateralized.

As of December 31, 2021, the mortgages on certain of our properties were cross-collateralized. To the extent that any of the properties in which we have an interest are cross-collateralized, any default by the property owner subsidiary under the mortgage note relating to the one property will result in a default under the financing arrangements relating to any other property that also provides security for that mortgage note or is cross-collateralized or cross-defaulted with such mortgage note. Such a default may adversely affect our financial condition, results of operations and ability to pay distributions to our stockholders.

Competition for the acquisition of agricultural real estate may impede our ability to make acquisitions, increase the cost of these acquisitions or decrease or prevent increases in the occupancy and rental rates of our current properties.

We will compete for the acquisition of properties with many other entities engaged in agricultural and real estate investment activities, including corporate agriculture companies, financial institutions, institutional pension funds, real estate companies, private equity funds and private real estate investors. These competitors may prevent us from acquiring desirable properties or may cause an increase in the price we must pay for real estate. Our competitors may have greater resources than we do and may be willing to pay more for certain assets or may have a more compatible operating philosophy with our acquisition targets. In particular, larger institutions may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to, or more favorable than ours, offering rental rates below current market rates or below rates we currently charge our tenants, which would decrease our competitive advantage in offering flexible transaction terms. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties, our profitability may decrease, and you may experience a lower return on your investment. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us, as well as prevent us from achieving diversification by geography and crop type, having a material adverse effect on our results of operations and available cash for distributions to stockholders.

We operate as a holding company dependent upon the assets and operations of our subsidiaries, and because of our structure, we may not be able to generate the funds necessary to make distributions on our common stock.

We generally operate as a holding company that conducts its businesses primarily through our Operating Partnership, which in turn is a holding company conducting its business through its subsidiaries. These subsidiaries conduct all of our operations and are our only source of income. Accordingly, we are dependent on cash flows and payments of funds to us by our subsidiaries as distributions, loans, advances, leases or other payments from our subsidiaries to generate the funds necessary to make distributions on our common stock. Our subsidiaries' ability to pay such distributions and/or make such loans, advances, leases or other payments may be restricted by, among other things, applicable laws and regulations, current and future debt agreements and management agreements into which our subsidiaries may enter, which may impair our ability to make cash payments on our common stock. In addition, such agreements may prohibit or limit the ability of our subsidiaries to transfer any of their property or assets to us, any of our other subsidiaries or to third parties. Our future indebtedness or our subsidiaries' future indebtedness may also include restrictions with similar effects.

In addition, because we are a holding company, stockholders' claims will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of our Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation or reorganization, claims of our stockholders will be satisfied only after all of our and our operating partnership's and its subsidiaries' liabilities and obligations have been paid in full.

Some state laws prohibit or restrict the ownership of agricultural land by business entities, which could impede the growth of our portfolio and our ability to diversify geographically.

Certain states, including Iowa, North Dakota, South Dakota, Minnesota, Oklahoma, Wisconsin, Missouri, and Kansas have laws that prohibit or restrict to varying degrees the ownership of agricultural land by corporations or business entities like us. Additional states may, in the future, pass similar or more restrictive laws, and we may not be legally permitted, or it may become overly burdensome or expensive, to acquire properties in these states, which could impede the growth of our portfolio and our ability to diversify geographically in states that might otherwise have attractive investment opportunities.

Failure to succeed in new markets may have adverse consequences.

As we expand and diversify our geographic portfolio, we may acquire properties located in new markets, exposing us to risks associated with a lack of market knowledge or understanding of the local market. This includes the availability and identity of quality tenant farmers, forging new business relationships in the area and unfamiliarity with local government requirements and procedures. Furthermore, the evaluation and negotiation of a potential expansion into new markets would divert management time and other resources. As a result, we may have difficulties executing our business strategy in these new markets, which could have a negative impact on our results of operations and ability to make distributions to stockholders.

We may not ultimately be able to sell our agricultural real estate to developers in connection with the conversion of such properties to urban or suburban uses, especially in light of the current uncertain market for real estate development.

Our business plan in part contemplates purchasing agricultural real property that we believe is located in the path of urban and suburban growth and ultimately will increase in value over the long term as a result. Pending the sale of such real property to developers for conversion to urban, suburban and other more intensive uses, such as residential or commercial development, we intend to lease the property for agricultural uses, particularly farming. Urban and suburban development is subject to a number of uncertainties, including land zoning and environmental issues, infrastructure development and demand. These uncertainties are particularly pronounced in light of the current economic environment, in which the pace of future development is unclear. Although the current development market contains uncertainties, these uncertainties may be more acute over time, since we do not intend to acquire properties that are expected to be converted to urban or suburban uses in the near term. As a result, there can be no guarantee that increased development will actually occur and that we will be able to sell any of the properties that we own or acquire in the future for such conversion. Our inability to sell these properties in the future at an appreciated value for conversion to urban or suburban uses could result in a reduced return on your investment.

Liability for uninsured or underinsured losses could adversely affect our financial condition.

Losses from disaster-type occurrences, such as wars, earthquakes and weather-related disasters, may be either uninsurable or not insurable on economically viable terms. Should an uninsured loss occur, we could lose our capital investment or anticipated profits and cash flows from one or more properties. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to issue reimbursement. Further, the amount of losses may exceed our coverage, which could have an adverse effect on our cash flow.

Potential liability for environmental matters could adversely affect our financial condition.

We intend to purchase agricultural properties and will be subject to the risk of liabilities under federal, state and local environmental laws. Some of these laws could subject us to:

- responsibility and liability for the cost of removal or remediation of hazardous substances released on our properties, which may include herbicides and pesticides, generally without regard to our knowledge of or responsibility for the presence of the contaminants;
- liability for the costs of removal or remediation of hazardous substances at disposal facilities for persons who arrange for the disposal or treatment of these substances; and
- potential liability for claims by third parties for damages resulting from environmental contaminants.

We will generally include provisions in our leases making tenants responsible for all environmental liabilities and for compliance with environmental regulations, and we will seek to require tenants to reimburse us for damages or costs for which we have been found liable. However, these provisions will not eliminate our statutory liability or preclude third-party claims against us. Even if we were to have a legal claim against a tenant to enable us to recover any amounts we are required to pay, there are no assurances that we would be able to collect any money from the tenant. Our costs of investigation, remediation or removal of hazardous substances may be substantial. In addition, the presence of hazardous substances on one of our properties, or the failure to properly remediate a contaminated property, could adversely affect our ability to sell or lease the property or to borrow using the property as collateral. Additionally, we could become subject to new, stricter environmental regulations, which could diminish the utility of our properties and have a material adverse impact on our results of operations.

If our tenants fail to comply with applicable labor regulations, it could have an adverse effect on our ability to make distributions to our stockholders.

State, county and federal governments have also implemented a number of regulations governing labor practices used in connection with farming operations. For example, these regulations seek to provide for minimum wages and minimum and maximum work hours, as well as to restrict the hiring of illegal immigrants. If one of our tenants is accused of violating, or found to have violated such regulations, it could have a material adverse effect on the tenant's operating results, which could adversely affect its ability to make its rental payments to us and, in turn, our ability to make distributions to our stockholders.

The presence of endangered or threatened species on or near our acquired farmland could restrict the activities of our agricultural tenants, which could in turn have a material adverse impact on the value of our assets and our results of operations.

Federal, state and local laws and regulations intended to protect threatened or endangered species could restrict certain activities on our farmland. The size of any area subject to restriction would vary depending on the protected species at issue, the time of year and other factors, and there can be no assurance that such federal, state and local laws will not become more restrictive over time. If portions of our farmland are deemed to be part of or bordering habitats for such endangered or threatened species that could be disturbed by the agricultural activities of our tenants, it could impair the ability of the land to be used for farming, which in turn could have a material adverse impact on the value of our assets and our results of operations.

We may be required to permit the owners of the mineral rights to our properties to enter and occupy parts of the properties for the purposes of drilling and operating oil or gas wells, which could adversely impact the rental value of our properties.

Although we will own the surface rights to the properties that we acquire, other persons may own the rights to any minerals, such as oil and natural gas, that may be located under the surfaces of these properties. Under agreements with any such mineral rights owners, we expect that we would be required to permit third parties to enter our properties for the purpose of drilling and operating oil or gas wells on the premises. We will also be required to set aside a reasonable portion of the surface area of our properties to accommodate these oil and gas operations. The devotion of a portion of our properties to these oil and gas operations would reduce the amount of the surface available for farming or farm-related uses, which could adversely impact the rents that we receive from leasing these properties.

Interest rate fluctuations may adversely affect our results of operations.

We may experience interest rate volatility in connection with mortgage loans on our properties or other variable-rate debt that we may obtain from time to time, such as our existing lines of credit, which are variable. Although we seek to mitigate this risk by structuring such provisions to contain a maximum interest rate or escalation rate, as applicable, and obtain interest rate swaps on certain borrowings to limit our exposure to interest rate risk, these features do not eliminate this risk. We are also exposed to the effects of interest rate changes as a result of holding cash and cash equivalents in short-term, interest-bearing investments. Additionally, increases in interest rates, or reduced access to credit markets due, among other things, to more stringent lending requirements or a high level of leverage, may make it difficult for us to refinance our mortgage debt as it matures or limit the availability of mortgage debt, thereby limiting our acquisition and/or refinancing activities. Even in the event that we are able to secure mortgage debt on, or otherwise finance our mortgage debt, due to increased costs associated with securing financing

and other factors beyond our control, we may be unable to refinance the entire mortgage debt as it matures or be subject to unfavorable terms (such as higher loan fees, interest rates, and periodic payments) if we do refinance the mortgage debt. A significant change in interest rates could have an adverse impact on our results of operations.

In the years prior to the current COVID-19 pandemic, the Federal Reserve had made gradual increases in the federal funds rate. It is expected that the Federal Reserve may resume increasing the federal funds rate due to other key economic indicators, such as the unemployment rate or rising inflation, and any such increases may cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. Any prolonged adverse economic conditions could have a material adverse effect on our business, financial condition, and results of operations.

We cannot predict the impact future actions by regulators or government bodies, including the U.S. Federal Reserve, will have on real estate debt markets, the market value of our capital stock or on our business, and any such actions may negatively impact us.

Regulators and U.S. government bodies have a major impact on our business. The U.S. Federal Reserve is a major participant in, and its actions significantly impact, the real estate debt markets. While the Federal Reserve is expected to make gradual increases in the federal funds rate, there can be no assurance if and when such increases will be made. These increases in the federal funds rate and any future increases due to other key economic indicators, such as the unemployment rate or inflation, may cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms and the market value of our capital stock. This may result in future acquisitions by us generating lower overall economic returns and increasing the costs associated with refinancing current debt, which could potentially reduce future cash flow available for distributions. It is difficult to predict future legislation, regulation, and executive actions, and we cannot predict or control the impact future actions by regulators or government bodies, such as the U.S. Federal Reserve, will have on our business.

Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations or the operations of businesses in which we invest, a compromise or corruption of our confidential information, and/or damage to our business relationships, all of which could negatively impact our business, financial condition, and operating results.

In the normal course of business, we and our service providers collect and retain certain personal information provided by our tenants, employees of our Administrator and Adviser, and vendors. We also rely extensively on computer systems to process transactions and manage our business. A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity, or availability of our information resources. These incidents may be an intentional attack or an unintentional event and could involve gaining unauthorized access to our information systems or those of our third-party providers for purposes of misappropriating assets, stealing confidential information, corrupting data, or causing operational disruption. The result of these incidents may include disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs, litigation, and damage to our business relationships. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those provided to us by third-party service providers. We have implemented or plan on implementing additional processes, procedures, and internal controls to help prevent, detect, and mitigate cybersecurity risks and cyber intrusions, but these measures, as well as our increased awareness of the nature and extent of a risk of a cyber-incident, do not guarantee that a cyber-incident will not occur and/or that our financial results, operations, or confidential information will not be negatively impacted by such an incident.

Our business may be adversely affected by the ongoing COVID-19 pandemic or other public health emergencies.

As of the date of this filing, the outbreak of COVID-19, which the World Health Organization has declared a Public Health Emergency of International Concern, is continuing. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak, and COVID-19 variants, continues to evolve, and many countries continue to react by instituting quarantines, prohibitions on travel, and the closure of offices, businesses, schools, retail stores, and other public venues. Businesses have also implemented similar precautionary measures over the course of the pandemic. While the United States economy has reopened, the widespread impact of the pandemic continues to be felt throughout the country. As such, more widespread reinstatement of directives and mandates requiring businesses to again curtail or cease normal operations remains a possibility. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, continue to create significant disruption in labor force availability, supply chains, and economic activity and have had and are likely to continue to have a particularly adverse impact on transportation, hospitality, tourism, entertainment, and other industries. Even though COVID-19 vaccines are widely available, there can be no assurance that the vaccines will be accepted by all or ultimately be successful in limiting or stopping the spread of COVID-19. As COVID-19 and COVID-19 variants continue to spread, the potential impacts are increasingly uncertain and difficult to assess.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the Company and could adversely affect the Company's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on the Company's operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergencies on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional, and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may disrupt the operations of our tenant-farmers and pose the risk that they may be prevented from conducting normal business activities for an unknown period of time, including shutdowns that may be requested or mandated by governmental authorities. We cannot accurately estimate the impact that a public health threat could have on our farmland portfolio, but it could disrupt the businesses of our tenant-farmers and impact their ability to make lease payments to us, including under modified lease terms allowing for deferred rent, thereby decreasing the overall value of our leasehold interests in the properties, which could adversely impact our business, financial condition, or results of operations.

Further, the operations of the Company may be significantly impacted, or even temporarily or permanently halted, as a result of government shelter-in-place measures, vaccine mandates, voluntary and precautionary restrictions on travel or meetings, paused or reversed reopening orders, and other factors related to a public health emergency, including its potential adverse impact on the health of the Adviser's and Administrator's personnel. As a result, there is a risk that this continuing crisis could adversely impact the Company's ability to source, manage, and divest investments and the Company's ability to achieve its investment objectives, all of which could result in significant losses to the Company and could impact the Company's ability to make interest and distribution payments to lenders and stockholders, respectively, including their respective amounts.

Risks Associated With Our Use of an Adviser to Manage Our Business

We are dependent upon our key management personnel for our future success, particularly David Gladstone, Terry Lee Brubaker, Bill Reiman, Bill Frisbie, and Lewis Parrish.

We are dependent on our senior management and other key management members to carry out our business and investment strategies. Our future success depends to a significant extent on the continued service and coordination of our senior management team, particularly David Gladstone, our chairman, chief executive officer and president; Terry Lee Brubaker, our vice chairman and chief operating officer; Bill Reiman and Bill Frisbie, our Executive Vice Presidents; and Lewis Parrish, our chief financial officer and assistant treasurer. Mr. Gladstone also serves as the chief executive officer of our Adviser and our Administrator, and Mr. Brubaker is also an executive officer of our Adviser and our Administrator. The departure of any of our executive officers or key personnel of our Adviser could have a material adverse effect on our ability to implement our business strategy and to achieve our investment objectives.

Our success will continue to depend on the performance of our Adviser and if our Adviser makes inadvisable investment or management decisions, our operations could be materially adversely impacted.

Our ability to achieve our investment objectives and to pay distributions to our stockholders is substantially dependent upon the performance of our Adviser in evaluating potential investments, selecting and negotiating property purchases and dispositions on our behalf, selecting tenants and borrowers, setting lease terms and determining financing arrangements. You will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the analytical and management abilities of our Adviser and the oversight of our Board of Directors. If our Adviser or our Board of Directors makes inadvisable investment or management decisions, our operations could be materially adversely impacted.

We may have conflicts of interest with our Adviser and other affiliates, which could result in investment decisions that are not in the best interests of our stockholders.

Our Adviser manages our real estate portfolio and locates, evaluates, recommends and negotiates the acquisition of our real estate investments and mortgage loans. At the same time, our Advisory Agreement permits our Adviser to conduct other commercial activities and to provide management and advisory services to other entities, including, but not limited to, Gladstone Commercial, Gladstone Capital, and Gladstone Investment, each of which is affiliated with us. Each of our executive officers, other than Mr. Parrish, is also an executive officer of Gladstone Commercial, which actively makes real estate investments, and Gladstone Capital and Gladstone Investment, which actively make loans to and invest in small- and medium-sized companies; and each of our directors and executive officers, other than Mr. Parrish and Jennifer Smith, our chief valuation officer, are also executive officers and directors, as applicable, of Gladstone Acquisition, a special purpose acquisition company. As a result, we may, from time to time, have conflicts of interest with our Adviser in its management of our business and that of Gladstone Commercial, Gladstone Investment, Gladstone Capital, or Gladstone Acquisition, which may arise

primarily from the involvement of our Adviser, Gladstone Commercial, Gladstone Capital, Gladstone Investment, Gladstone Acquisition, and their affiliates in other activities that may conflict with our business. Examples of these potential conflicts include:

- our Adviser may realize substantial compensation on account of its activities on our behalf and may be motivated to approve acquisitions solely on the basis of increasing its compensation from us;
- our agreements with our Adviser are not arm's-length agreements, which could result in terms in those agreements that are less favorable than we could obtain from independent third parties;
- we may experience competition with our affiliates for potential financing transactions; and
- our Adviser and other affiliates, such as Gladstone Commercial, Gladstone Capital, Gladstone Investment, and Gladstone Acquisition could compete for the time and services of our officers and directors and reduce the amount of time they are able to devote to management of our business.

These and other conflicts of interest between us and our Adviser could have a material adverse effect on the operation of our business and the selection or management of our real estate investments.

Our financial condition and results of operations will depend on our Adviser's ability to effectively manage our future growth.

Our ability to achieve our investment objectives will depend on our ability to sustain continued growth, which will, in turn, depend on our Adviser's ability to find, select and negotiate property purchases and net leases that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our Adviser's marketing capabilities, management of the investment process, ability to provide competent, attentive and efficient services and our access to financing sources on acceptable terms. As we grow, our Adviser may be required to hire, train, supervise and manage new employees. Our Adviser's failure to effectively manage our future growth could have a material adverse effect on our business, financial condition and results of operations.

Our Adviser is not obligated to provide a waiver of the incentive fee, which could negatively impact our earnings and our ability to maintain our current level of, or increase, distributions to our stockholders.

The Advisory Agreement contemplates a quarterly incentive fee based on our funds from operation ("FFO"). Our Adviser has the ability to issue a full or partial waiver of the incentive fee for current and future periods; however, our Adviser is not required to issue any waiver. Any waiver issued by our Adviser is an unconditional and irrevocable waiver. If our Adviser does not issue this waiver in future quarters, it could negatively impact our earnings and may compromise our ability to maintain our current level of, or increase, distributions to our stockholders.

We may be obligated to pay our Adviser quarterly incentive compensation even if we incur a net loss during a particular quarter.

The Advisory Agreement entitles our Adviser to incentive compensation based on our FFO, which rewards our Adviser if our quarterly pre-incentive fee FFO exceeds 1.75% (7.0% annualized) of our total adjusted common equity. Our pre-incentive fee FFO for a particular quarter for incentive compensation purposes excludes the effect of any unrealized gains, losses, or other items during that quarter that do not affect realized net income, even if these adjustments result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our Adviser incentive compensation for a fiscal quarter even if we incur a net loss for that quarter as determined in accordance with U.S. generally-accepted accounting principles ("GAAP").

Risks Associated With Ownership of Our Common Stock and OP Units and Our Tax Status

Certain provisions contained in our charter and bylaws and under Maryland law may prohibit or restrict attempts by our stockholders to change our management and hinder efforts to effect a change of control of us, and the market price of our common stock may be lower as a result.

There are provisions in our charter and bylaws that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by you and other stockholders. For example:

- Our articles of incorporation prohibit ownership of more than 3.3% of the outstanding shares of our capital stock by one person, except for certain qualified institutional investors, which are limited to holding 9.8% of our common stock. As of February 18, 2022, David Gladstone, our chairman, chief executive officer, and president, and pursuant to an exception approved by our Board of Directors and in compliance with our charter, owned, directly or indirectly, including through certain foundations and trusts, approximately 7.3% of our common stock, and the Gladstone Future Trust, for the benefit of Mr. Gladstone's children, owned approximately 2.0% of our common stock. The ownership restriction may discourage a change of control and may deter individuals or entities from making tender offers for our capital stock, which offers might otherwise be financially attractive to our stockholders or which might cause a change in our management.

- Our Board is divided into three classes, with the term of the directors in each class expiring every third year. At each annual meeting of stockholders, the successors to the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. After election, a director may only be removed by our stockholders for cause. Election of directors for staggered terms with limited rights to remove directors makes it more difficult for a hostile bidder to acquire control of us. The existence of this provision may negatively impact the price of our securities and may discourage third-party bids to acquire our securities. This provision may reduce any premiums paid to stockholders in a change in control transaction.
- The Control Share Acquisition Act provides that “control shares” of a Maryland corporation acquired in a “control share acquisition” have no voting rights except to the extent approved by the corporation’s disinterested stockholders by a vote of two-thirds of the votes entitled to be cast on the matter. Shares of stock owned by interested stockholders, that is, by the acquirer, by officers or by directors who are employees of the corporation, are excluded from shares entitled to vote on the matter. “Control shares” are voting shares of stock that would entitle the acquirer to exercise voting power in electing directors within one of three increasing ranges of voting power. The Control Share Acquisition does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions of our common stock by David Gladstone or any of his affiliates. This statute could have the effect of discouraging offers from third parties to acquire us and increasing the difficulty of successfully completing this type of offer by anyone other than Mr. Gladstone or any of his affiliates.
- Certain provisions of Maryland law applicable to us prohibit business combinations with:
 - any person who beneficially owns 10% or more of the voting power of our common stock, referred to as an “interested stockholder;”
 - an affiliate of ours who, at any time within the two-year period prior to the date in question, was an interested stockholder; or
 - an affiliate of an interested stockholder.

These prohibitions last for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any business combination with the interested stockholder must be recommended by our Board and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of our outstanding shares of common stock and two-thirds of the votes entitled to be cast by holders of our common stock other than shares held by the interested stockholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in our stockholders’ interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our Board of Directors prior to the time that someone becomes an interested stockholder.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Maryland law provides that a director or officer has no liability in that capacity if he or she performs his or her duties in good faith, in a manner he or she reasonably believes to be advisable and in our best interests and with the care that an ordinarily prudent person in a like position would use under similar circumstances. In addition, our charter (i) eliminates our directors’ and officers’ liability to us and our stockholders for money damages except for liability resulting from actual receipt of an improper benefit in money, property or services or active and deliberate dishonesty established by a final judgment and that is material to the cause of action and (ii) requires us to indemnify directors and officers for liability resulting from actions taken by them in those capacities to the maximum extent permitted by Maryland law. As a result, our stockholders and we may have more limited rights against our directors and officers than might otherwise exist under common law. In addition, we may be obligated to fund the defense costs incurred by our directors and officers.

We may enter into tax protection agreements in the future in connection with the issuance of OP Units to acquire additional properties, which could limit our ability to sell or otherwise dispose of certain properties.

Our Operating Partnership may enter into tax protection agreements in connection with issuing OP Units to acquire additional properties which could provide that if we dispose of any interest in the protected acquired property prior to a certain time, we will indemnify the other party for its tax liabilities attributable to the built-in gain that exists with respect to such property. Therefore, although it may be in our stockholders’ best interests that we sell one of these properties, it may be economically prohibitive for us to do so if we are a party to such a tax protection agreement. While we do not currently have any of these tax protection agreements in place currently, we may enter into such agreements in the future.

Our redemption of OP Units could result in the issuance of a large number of new shares of our common stock and/or force us to expend significant cash, which may limit our funds necessary to make distributions on our common stock.

Following any contractual lock-up provisions, including the one-year mandatory holding period, a non-controlling limited partner of our Operating Partnership may require us to redeem the OP Units it holds. At our election, we may satisfy the redemption through either a cash redemption, the issuance of shares of our common stock on a one-for-one basis, or a combination of the two. However, the limited partners' redemption right may not be exercised if and to the extent that the delivery of the shares upon such exercise would result in any person violating the ownership and transfer restrictions set forth in our charter. If a large number of OP Units were redeemed, it could result in the issuance of a large number of new shares of our common stock, which could dilute our existing stockholders' ownership. Alternatively, if we were to redeem a large number of OP Units for cash, we may be required to expend significant amounts to pay the redemption price, which may limit our funds necessary to make distributions on our common stock. Further, if we do not have sufficient cash on hand at the time the OP Units are tendered for redemption, we may be forced to sell additional shares of our common stock in order to raise cash, which could cause dilution to our existing stockholders and adversely affect the market price of our common stock.

Our charter grants our Board of Directors the right to classify or reclassify any unissued shares of capital stock, increase or decrease the authorized number of shares and establish the preference and rights of any preferred stock without stockholder approval.

Under our charter, we currently have authority to issue shares of both common stock and preferred stock (inclusive of our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock). Our Board of Directors has the authority, without a stockholders' vote, to classify or reclassify any unissued shares of stock, including common stock, into preferred stock (or vice versa), to increase or decrease the authorized number of shares of common stock and preferred stock and to establish the preferences and rights of any preferred stock or other class or series of shares to be issued. Because our Board of Directors has the power to establish the preferences and rights of additional classes or series of stock without a stockholders' vote, our Board of Directors may give the holders of any class or series of stock preferences, powers and rights, including voting rights, senior to the rights of holders of existing stock.

Holders of our Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, and future holders of any securities ranking senior to our common stock have dividend and/or liquidation rights that are senior to the rights of the holders of our common stock. Additional issuances of securities senior to our common stock may negatively impact the value of our common stock and further restrict the ability of holders of our common stock to receive dividends and/or liquidation rights.

In addition to our outstanding borrowings and common stock, our capital structure also includes our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock. In the future, we may attempt to increase our capital resources by completing additional offerings of our Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, or other equity securities or by issuing debt securities. In the event of a liquidation, lenders with respect to any outstanding borrowings (including our lines of credit), holders of any debt securities, and holders of any preferred stock issuances (including our Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, and any other preferred stock with parity ranking we may issue in the future) would receive a distribution of our available assets in full prior to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Holders of our common stock are not entitled to preemptive rights or other protection against dilutions. As additional acquisition opportunities arise, we may issue additional shares of common stock or preferred stock, or we may issue OP Units, which are redeemable for cash or, at our option, our common stock on a one-to-one basis, to raise the capital necessary to finance these acquisitions, thus potentially further diluting stockholders' equity. As such, our common stockholders bear the risk of our future offerings reducing the per-share trading price of our common stock and diluting their interest in us. Further, holders of our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock rank senior in priority of dividend payments, which may restrict our ability to declare and pay dividends to our common stockholders at the current rate, or at all.

We may not have sufficient earnings and profits to pay distributions on the Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, or common stock to be treated as dividends.

The distributions payable by us on the Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, or common stock may exceed our current and accumulated earnings and profits, as calculated for U.S. federal income tax purposes, at the time of payment. If that were to occur, it would result in the amount of distributions that exceed our current and accumulated earnings and profits being treated first as a return of capital to the extent of the holder's adjusted tax basis in the Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, or common stock and then, to the extent of any excess over such adjusted tax basis, as capital gain.

We may not be able to maintain our qualification as a REIT for federal income tax purposes, which would subject us to federal income tax on our taxable income at regular corporate rates, thereby reducing the amount of funds available for paying distributions to stockholders.

Our ability to maintain our qualification as a REIT depends on our ability to satisfy requirements set forth in the Code, concerning, among other things, the ownership of our outstanding common stock, the nature of our assets, the sources of our income and the amount of our distributions to our stockholders. The REIT qualification requirements are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Accordingly, we cannot be certain that we will be successful in continuing to operate so as to qualify as a REIT. At any time, new laws, interpretations or court decisions may change the federal tax laws relating to, or the federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our REIT election, which it may do without stockholder approval.

If we lose our REIT status or if it was revoked, we would face serious tax consequences that would substantially reduce the funds available for distribution to our stockholders because:

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income;
- we would be subject to federal income tax at regular corporate rates and might need to borrow money or sell assets to pay any such tax;
- we also could be subject to increased state and local taxes and, for taxable years ended on or before December 31, 2017, the federal alternative minimum tax; and
- unless we are entitled to relief under statutory provisions, we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify.

If we fail to maintain our qualification as a REIT, domestic stockholders will be subject to tax as “qualified dividends” to the extent of our current and accumulated earnings and profits. The maximum U.S. federal income tax rate on such “qualified dividends” is 20%. If we fail to maintain our qualification as a REIT, we would not be required to make distributions to stockholders, and any distributions to stockholders that are U.S. corporations might be eligible for the dividends received deduction.

As a result of all these factors, our failure to maintain our qualification as a REIT could impair our ability to expand our business and raise capital and could adversely affect the value of our capital stock.

Complying with REIT requirements may cause us to forgo or liquidate otherwise attractive investments.

To maintain our qualification as a REIT for federal income tax purposes, we must continually satisfy various tests regarding the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forgo investments we might otherwise make.

In particular, we must ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities other than government securities, securities of a taxable REIT subsidiary (“TRS”), and qualified real estate assets generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets other than government securities, securities of TRSs, and qualified real estate assets can consist of the securities of any one issuer, and no more than 20% (or 25% for taxable years ended on or before December 31, 2017) of the value of our total assets can be represented by securities of one or more TRSs.

If we fail to comply with these requirements, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to dispose of otherwise attractive investments to satisfy REIT requirements. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

Failure to make required distributions, both prior to and following our REIT election, would jeopardize our REIT status, which could require us to pay taxes and negatively impact our cash available for future distribution.

To maintain our qualification as a REIT, each year we must distribute to our stockholders at least 90% of our taxable income, other than any net capital gains. To the extent that we satisfy the distribution requirement but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of:

- 85% of our ordinary income for that year;
- 95% of our capital gain net income for that year; and
- 100% of our undistributed taxable income from prior years.

We intend to pay out our income to our stockholders in a manner intended to satisfy the distribution requirement applicable to REITs and to avoid corporate income tax and the 4% excise tax. Differences in timing between the recognition of income and

the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year.

Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.

The maximum federal income tax rate applicable to individuals with respect to income from “qualified dividends” is 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. More favorable rates applicable to regular corporate qualified dividends may cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends.

If we fail to meet stock ownership diversification requirements, we would fail to maintain our qualification as a REIT, which could require us to pay taxes and negatively impact our cash available for future distribution.

To maintain our qualification as a REIT, no more than 50% of the value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals during the last half of a taxable year, beginning with the second year after our election to be treated as a REIT. To facilitate compliance with this requirement, our charter prohibits any individual from owning more than 3.3% in value of our outstanding stock. Pursuant to an exception from this limit contained in our charter, as of February 18, 2022, David Gladstone owned, directly or indirectly, including through certain trusts, aggregate beneficial ownership of approximately 8.7% of our outstanding common stock. In addition, the David and Lorna Gladstone Foundation, a private charitable foundation, owned approximately 0.6% of our outstanding common stock. Our Board of Directors may also reduce the 3.3% ownership limitation if it determines that doing so is necessary for us to maintain our qualification for REIT treatment. However, such a reduction would not be effective for any stockholder who beneficially owns more than the reduced ownership limit. We believe that we have satisfied the ownership diversification requirements, including with respect to our taxable year ended December 31, 2021. However, if, at any point in time, we are unable to comply with the ownership diversification requirements, we could fail to maintain our qualification as a REIT, which could require us to pay taxes and negatively impact our cash available for future distribution.

We will not seek to obtain a ruling from the Internal Revenue Service (the “IRS”) that we qualify as a REIT for federal income tax purposes.

We have not requested, and do not expect to request, a ruling from the IRS that we qualify as a REIT. An IRS determination that we do not qualify as a REIT would deprive our stockholders of the tax benefits of our REIT status only if the IRS determination is upheld in court or otherwise becomes final. To the extent that we challenge an IRS determination that we do not qualify as a REIT, we may incur legal expenses that would reduce our funds available for distribution to stockholders.

The IRS may treat sale-leaseback transactions as loans, which could jeopardize our REIT status.

The IRS may take the position that transactions in which we acquire a property and lease it back to the seller do not qualify as leases for federal income tax purposes but are, instead, financing arrangements or loans. If a sale-leaseback transaction were so re-characterized, we might fail to satisfy the asset or income tests required for REIT qualification and consequently could lose our REIT status. Alternatively, the amount of our REIT taxable income could be recalculated, which could cause us to fail the distribution test for REIT qualification.

Investments in our common stock may not be suitable for pension or profit-sharing trusts, Keogh Plans or individual retirement accounts (“IRAs”).

If you are investing the assets of a pension, profit sharing, 401(k), Keogh or other retirement plan, IRA or benefit plan in us, you should consider:

- whether your investment is consistent with the applicable provisions of the Employee Retirement Income Security Act (“ERISA”), or the Code;
- whether your investment will produce unrelated business taxable income to the benefit plan; and
- your need to value the assets of the benefit plan annually.

We do not believe that under current ERISA law and regulations that our assets would be treated as “plan assets” for purposes of ERISA. However, if our assets were considered to be plan assets, our assets would be subject to ERISA and/or Section 4975 of the Code, and some of the transactions we have entered into with our Adviser and its affiliates could be considered “prohibited transactions” which could cause us, our Adviser and its affiliates to be subject to liabilities and excise taxes. In addition, our officers and directors, our Adviser and its affiliates could be deemed to be fiduciaries under ERISA and subject to other conditions, restrictions and prohibitions under Part 4 of Title I of ERISA. Even if our assets are not considered to be plan assets, a prohibited transaction could occur if we or any of our affiliates is a fiduciary within the meaning of ERISA with respect to a purchase by a benefit plan.

If our Operating Partnership fails to maintain its status as a partnership for federal income tax purposes, its income may be subject to taxation.

We intend to maintain the status of the Operating Partnership as a partnership for federal income tax purposes. However, if the IRS were to successfully challenge the status of the Operating Partnership as a partnership, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that the Operating Partnership could make to us. This would also result in our losing REIT status and becoming subject to a corporate level tax on our own income. This would substantially reduce our cash available to pay distributions and the return on your investment. In addition, if any of the entities through which the Operating Partnership owns its properties, in whole or in part, loses its characterization as a disregarded entity or a partnership for federal income tax purposes, it would be subject to taxation as a corporation, thereby reducing distributions to the Operating Partnership. Such a re-characterization of an underlying property owner could also threaten our ability to maintain REIT status.

Our ownership of, and relationship with, TRSs will be limited, and our failure to comply with the limits would jeopardize our REIT status and could result in the application of a 100% excise tax.

We have elected to treat Gladstone Land Advisers, Inc. (“Land Advisers”), a wholly-owned subsidiary of our Operating Partnership, as a TRS. We may also form other TRSs as part of our overall business strategy. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 20% of the value of a REIT’s assets may consist of stock or securities of one or more TRSs. A TRS will pay federal, state, and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to ensure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm’s-length basis.

Our TRSs will pay federal, state, and local income tax on their taxable income, and their after-tax net income will be available for distribution to us but is not required to be distributed to us. We anticipate that the aggregate value of any TRS stock and securities owned by us will be less than 20% of the value of our total assets, including the TRS stock and securities. We will evaluate all of our transactions with TRSs to ensure that they are entered into on arm’s-length terms to avoid incurring the 100% excise tax. There can be no assurance, however, that we will be able to comply with the 20% limitation or to avoid application of the 100% excise tax.

Legislative or regulatory income tax changes related to REITs could materially and adversely affect us.

The U.S. federal income tax laws and regulations governing REITs and their stockholders, as well as the administrative interpretations of those laws and regulations, are constantly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form the U.S. federal income tax laws applicable to us and our stockholders may be enacted. Changes to the U.S. federal income tax laws and interpretations of U.S. federal tax laws could adversely affect an investment in our common stock.

Risks Relating to the Market for our Common Stock, Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock

Future issuances and sales of shares of our common stock, Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, or other series of preferred securities, or the perception that such issuances will occur, may have adverse effects on the trading prices of our shares.

We cannot predict the effect, if any, of future issuances and sales of our common stock, Series B Preferred Stock, Series C Preferred Stock, Series D Term Preferred Stock, possible other series of preferred securities, or the availability of shares for future sales, on the market price of our common stock, Series B Preferred Stock, or Series D Term Preferred Stock, each of which is publicly traded. Sales of substantial amounts of our common stock (including shares of our common stock issuable upon the conversion of OP Units that we may issue from time to time), Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock or the perception that these sales could occur may adversely affect prevailing market prices for our common stock, Series B Preferred Stock, Series C Preferred Stock (if and when listed on a national securities exchange), or Series D Term Preferred Stock.

An increase in market interest rates may have an adverse effect on the market price of our common stock.

One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution yield, which is our distribution rate as a percentage of our share price, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution yield on our common stock or may seek securities paying higher

dividends or interest. The market price of our common stock likely will be based primarily on the earnings that we derive from rental income with respect to our properties and our related distributions to stockholders, and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions are likely to affect the market price of our common stock, and such effects could be significant. For instance, if interest rates rise without an increase in our distribution rate, the market price of our common stock could decrease because potential investors may require a higher distribution yield on our common stock as market rates on interest-bearing securities, such as bonds, rise.

Shares of the Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock are subordinated to existing and future debt, and your interests could be diluted by the issuance of additional preferred stock or by other transactions.

Payment of accrued dividends on the Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock will be subordinated to all of our existing and future debt and will be structurally subordinate to the obligations of our subsidiaries. In addition, we may issue additional shares of another class or series of preferred stock ranking on parity with the Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock with respect to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up. None of the provisions relating to the Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock relate to or limit our indebtedness or afford the holders of the Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock protection in the event of a highly-leveraged or other transaction, including a merger or the sale, lease or conveyance of all or substantially all our assets or business, that might adversely affect the holders of the Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock, other than in connection with a Change of Control Triggering Event (as defined by the Certificate of Designations). These factors may affect the trading price of the Series B Preferred Stock, Series C Preferred Stock (if and when listed on a national securities exchange), or Series D Term Preferred Stock.

We operate as a holding company dependent upon the assets and operations of our subsidiaries, and because of our structure, we may not be able to generate the funds necessary to make distributions on the Series B Preferred Stock, Series C Preferred Stock, or Series D Term Preferred Stock.

We generally operate as a holding company that conducts its businesses primarily through the Operating Partnership, which, in turn, is a holding company conducting its business through its subsidiaries. These subsidiaries conduct all of our operations and are our only sources of income. Accordingly, we are dependent on cash flows and payments of funds to us by our subsidiaries as distributions, loans, advances, leases, or other payments from our subsidiaries to generate the funds necessary to make distributions or dividends on our securities. Our subsidiaries' ability to pay such distributions and/or make such loans, advances, leases, or other payments may be restricted by, among other things, applicable laws and regulations, current and future debt agreements, and management agreements into which our subsidiaries may enter, which may impair our ability to make cash payments on our securities, including the Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock. In addition, such agreements may prohibit or limit the ability of our subsidiaries to transfer any of their property or assets to us, any of our other subsidiaries, or to third parties. Our future indebtedness or our subsidiaries' future indebtedness may also include restrictions with similar effects.

In addition, because we are a holding company, stockholders' claims will be structurally subordinated to all existing and future liabilities and obligations (whether or not for borrowed money) of the Operating Partnership and its subsidiaries. Therefore, in the event of our bankruptcy, liquidation, or reorganization, claims of holders of the Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock will be satisfied only after all of our and the Operating Partnership's and its subsidiaries' liabilities and obligations have been paid in full.

There is currently no public market for the Series C Preferred Stock, and we do not intend to apply for quotation on Nasdaq until after the Series C Termination Date (as defined elsewhere in this Form 10-K). Even after listing, if achieved, a liquid secondary trading market may not develop, and the features of the Series C Preferred Stock may not provide you with favorable liquidity options.

There is currently no public market for the Series C Preferred Stock, and we do not intend to apply to list the Series C Preferred Stock on Nasdaq or another national securities exchange or to include these shares for quotation on any national securities market until sometime within 12 months following the offering's termination date. Until shares of the Series C Preferred Stock are listed on Nasdaq or another national securities exchange, if ever, holders of such shares may be unable to sell them at all or, if they are able to, only at substantial discounts from the liquidation preference. Even if the Series C Preferred Stock is listed on Nasdaq or another national securities exchange within one calendar year of the offering's termination date, as anticipated, there is a risk that such shares may be thinly traded, and the market for such shares may be relatively illiquid compared to the market for other types of securities, with the spread between the bid and asked prices considerably greater than the spreads of other securities with comparable terms and features. Additionally, our charter contains restrictions on the ownership and transfer of our securities, including the Series C Preferred Stock, and these restrictions may inhibit your ability to sell the Series

C Preferred Stock promptly, or at all. Also, since the Series C Preferred Stock does not have a stated maturity date, you may be forced to hold your Series C Preferred Stock and receive stated dividends on the shares of Series C Preferred Stock when, as, and if authorized by our Board of Directors and declared by us with no assurance as to ever receiving the liquidation preference.

We will be required to terminate the Series C Offering (as defined elsewhere in this Form 10-K) if our common stock, Series B Preferred Stock, and the Series D Term Preferred Stock are all no longer listed on Nasdaq or another national securities exchange.

The Series C Preferred Stock is a “covered security” and therefore is not subject to registration under the state securities, or “Blue Sky,” regulations in the various states in which it may be sold due to its seniority to our common stock, which is listed on Nasdaq. In the event that our common stock, Series B Preferred Stock, and Series D Term Preferred Stock are all no longer listed on Nasdaq or another national securities exchange, we will be required to register this offering in any state in which we offer shares of the Series C Preferred Stock. This would require the termination of this offering and could result in our raising an amount of gross proceeds that is substantially less than the amount of the gross proceeds we expect to raise if the maximum amount of the Series C Offering is sold. This would reduce our ability to make additional investments and limit the further diversification of our portfolio.

The Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock will bear a risk of redemption by us.

We may voluntarily redeem some or all of the Series B Preferred Stock at any time on or after June 1, 2022. In addition, we may voluntarily redeem some or all of the Series C Preferred Stock on or after the first anniversary of the offering’s termination date. Any such redemptions may occur at a time that is unfavorable to shareholders. On and after January 31, 2023, and before January 31, 2026, we may, at our option, redeem the Series D Term Preferred Stock, in whole or in part, at any time or from time to time. We may have an incentive to redeem any of our series of preferred stock voluntarily if market conditions allow us to issue common stock, other preferred stock, or debt securities at a dividend or interest rate that is lower than the dividend rate on such series of preferred stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

All of our properties are wholly-owned on a fee-simple basis, except where noted. The following table provides certain summary information about the 164 farms we owned as of December 31, 2021 (dollars in thousands, except for footnotes):

Location	No. of Farms	Total Acres	Farm Acres	Net Cost Basis ⁽¹⁾	Encumbrances ⁽²⁾
California ⁽³⁾⁽⁴⁾⁽⁵⁾	62	33,027	30,740	\$ 854,859	\$ 415,667
Florida	26	22,591	17,639	221,736	130,929
Arizona ⁽⁶⁾	6	6,280	5,228	55,701	18,253
Colorado	12	32,773	25,577	47,314	29,466
Washington	3	1,384	1,001	37,543	24,921
Nebraska	9	7,782	7,050	30,416	12,173
Michigan	23	1,892	1,245	24,661	14,608
Oregon ⁽⁷⁾	5	726	606	20,604	10,660
Texas	1	3,667	2,219	8,250	5,000
Maryland	6	987	863	7,970	4,584
South Carolina	3	597	447	3,722	2,215
Georgia	2	230	175	2,874	—
North Carolina	2	310	295	2,204	1,172
New Jersey	3	116	101	2,181	1,290
Delaware	1	180	140	1,276	735
Totals	164	112,542	93,326	\$ 1,321,311	\$ 671,673

⁽¹⁾ Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets acquired and liabilities assumed), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for accumulated depreciation and amortization.

Specifically, includes Total real estate, net (excluding improvements paid for by the tenant) and Lease intangibles, net; plus long-term water assets, net above-market lease values, net lease incentives, and net investments in special-purpose LLCs included in Other assets, net; and less net below-market lease values and other deferred revenue included in Other liabilities, net; each as shown on the accompanying Consolidated Balance Sheets.

- (2) Excludes approximately \$3.7 million of debt issuance costs related to notes and bonds payable, included in Notes and bonds payable, net on the accompanying Consolidated Balance Sheets.
- (3) Includes ownership in a special-purpose LLC that owns a pipeline conveying water to certain of our properties. As of December 31, 2021, this investment had a net carrying value of approximately \$1.1 million and is included within Other assets, net on the accompanying Consolidated Balance Sheet.
- (4) Includes five acres in which we own a leasehold interest via a ground sublease with a California municipality that expires in December 2041. The ground sublease had a net cost basis of approximately \$763,000 as of December 31, 2021 (included in Lease intangibles, net on the accompanying Consolidated Balance Sheets).
- (5) Includes 45,000 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California. See “—*Investments in Water Assets*” below for additional information on this water.
- (6) Includes two farms in which we own a leasehold interest via ground leases with the State of Arizona that expire in February 2022 (which was extended to February 2032 subsequent to December 31, 2021) and February 2025, respectively. In total, these two farms consist of 1,368 total acres and 1,221 farm acres and had an aggregate net cost basis of approximately \$1.1 million as of December 31, 2021 (included in Lease intangibles, net on the accompanying Consolidated Balance Sheets).
- (7) Includes ownership in a special-purpose LLC that owns certain irrigation infrastructure that provides water to one of our farms. As of December 31, 2021, this investment had a net carrying value of approximately \$2.1 million and is included within Other assets, net on the accompanying Consolidated Balance Sheets.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, we may be involved in legal proceedings from time to time. We are not currently subject to any material legal proceedings, nor, to our knowledge, are any material legal proceedings threatened against us.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The principal market for our common stock is the Nasdaq Global Market under the symbol "LAND."

Distribution Information

Since our IPO on January 29, 2013, we have never missed a payment of a scheduled distribution on our common stock, which are declared quarterly and paid monthly. Our Board of Directors regularly evaluates our per-share distribution payments as they monitor the capital markets and the impact that the economy has on the Company. The decision as to whether to authorize and pay distributions on shares of our common stock in the future, as well as the timing, amount, and composition thereof, will be at the sole and absolute discretion of our Board of Directors in light of conditions then existing, including our earnings, taxable income, FFO, adjusted FFO, financial condition, liquidity, capital requirements, debt maturities, the availability of capital, contractual prohibitions or other restrictions, legal requirements (including applicable requirements that we must satisfy to qualify and to maintain our qualification to be taxed as a REIT), and general overall economic conditions and other factors. While the statements above concerning our distribution policy represent our current expectations, any actual distribution payable will be determined by our Board of Directors based upon the circumstances at the time of declaration and the actual number of common shares then outstanding, and any common distribution payable may vary from such expected amounts.

For federal income tax purposes, distributions to our stockholders generally consist of ordinary income, capital gains, nontaxable return of capital, or a combination of those items. Distributions that exceed our current and accumulated earnings and profits (calculated for tax purposes) constitute a non-taxable return of capital rather than a dividend and will not be taxable to the extent of the stockholder's basis in its shares of our stock, which basis will be reduced by an amount equal to such non-taxable distribution. To the extent a distribution exceeds the stockholder's share of both our current and accumulated earnings and profits and the stockholder's basis in its shares of our stock, that distribution will be treated as a gain from the sale or exchange of that stockholder's shares of our stock. Every year, we notify stockholders of the taxability of distributions paid to stockholders during the preceding year.

Stockholder Information

As of February 14, 2022:

- there were 13 registered holders of record and approximately 56,129 beneficial owners of our common stock; and
- other than those owned by the Company, there was one holder of record and beneficial owner of our OP Units. After a mandatory one-year holding period, our OP Units are redeemable at the option of the holder for cash or, at our election, shares of our common stock on a one-for-one basis.

OP Unit Redemptions

Since January 1, 2021, through the date of this filing, no OP Units were tendered for redemption. Currently, there are 204,778 OP Units outstanding that are held by non-controlling limited partners.

Sale of Unregistered Securities

We did not sell unregistered shares of stock during the year ended December 31, 2021.

Issuer Purchaser of Equity Securities

We did not purchase any class of our equity securities registered under Section 12 of the Exchange Act during the three months ended December 31, 2021.

ITEM 6. RESERVED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 7.

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the notes thereto contained elsewhere in this Form 10-K.

OVERVIEW

General

We are an externally-managed, agricultural real estate investment trust ("REIT") that is engaged in the business of owning and leasing farmland. We are not a grower of crops, nor do we typically farm the properties we own. We currently own 164 farms comprised of 112,542 acres across 15 states in the U.S. We also own several farm-related facilities, such as cooling facilities, packinghouses, processing facilities, and various storage facilities.

We conduct substantially all of our activities through, and all of our properties are held, directly or indirectly, by, Gladstone Land Limited Partnership (the "Operating Partnership"). Gladstone Land Corporation controls the sole general partner of the Operating Partnership and currently owns, directly or indirectly, 99.4% of the units of limited partnership interest in the Operating Partnership ("OP Units"). In addition, we have elected for Gladstone Land Advisers, Inc. ("Land Advisers"), a wholly-owned subsidiary of ours, to be treated as a taxable REIT subsidiary ("TRS").

Gladstone Management Corporation (our "Adviser") manages our real estate portfolio pursuant to an advisory agreement, and Gladstone Administration, LLC (our "Administrator"), provides administrative services to us pursuant to an administration agreement. Our Adviser and our Administrator collectively employ all of our personnel and pay directly their salaries, benefits, and general expenses.

As of February 18, 2022:

- we owned 164 farms comprised of 112,542 total acres across 15 states in the U.S.;
- our occupancy rate (based on gross acreage) was 100.0%, and our farms were leased to 85 different, unrelated third-party tenants growing over 60 different types of crops;
- the weighted-average remaining lease term across our agricultural real estate holdings was 6.7 years; and
- the weighted-average term to maturity of our notes and bonds payable was 9.8 years, and the weighted-average remaining fixed-price term of our borrowings was 5.6 years, with an expected weighted-average effective interest rate of 3.36% over that term.

Portfolio Diversification

Since our initial public offering in January 2013 (the "IPO"), we have expanded our portfolio from 12 farms leased to 7 different, unrelated third-party tenants to a current portfolio of 164 farms leased to 85 different, unrelated third-party tenants who grow over 60 different types of crops on our farms. Our focus remains in farmland suitable for growing either fresh produce annual row crops (e.g., certain berries and vegetables) or certain permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes), with an ancillary focus on farmland growing certain commodity crops (e.g., beans and corn).

The acquisition of additional farms since our IPO has also allowed us to further diversify our portfolio geographically. The following table summarizes the geographic locations (by state) of our farms owned and with leases in place as of December 31, 2021 and 2020 (dollars in thousands):

State	As of and For the Year Ended December 31, 2021					As of and For the Year Ended December 31, 2020				
	Number of Farms	Total Acres	% of Total Acres	Lease Revenue	% of Total Lease Revenue	Number of Farms	Total Acres	% of Total Acres	Lease Revenue	% of Total Lease Revenue
California ⁽¹⁾	62	33,027	29.3%	\$ 49,644	65.9%	55	25,197	24.9%	\$ 31,536	55.3%
Florida	26	22,591	20.1%	13,675	18.2%	23	20,770	20.5%	13,342	23.4%
Colorado	12	32,773	29.1%	2,675	3.6%	12	32,773	32.4%	3,264	5.7%
Washington	3	1,384	1.2%	2,384	3.2%	3	1,384	1.4%	531	1.0%
Arizona	6	6,280	5.6%	1,951	2.6%	6	6,280	6.2%	4,739	8.3%
Nebraska	9	7,782	6.9%	1,588	2.1%	9	7,782	7.7%	1,556	2.7%
Michigan	23	1,892	1.7%	1,040	1.4%	15	962	1.0%	723	1.3%
Oregon	5	726	0.6%	854	1.1%	3	418	0.4%	528	0.9%
Maryland	6	987	0.9%	476	0.6%	4	759	0.8%	135	0.2%
Texas	1	3,667	3.3%	450	0.6%	1	3,667	3.6%	450	0.8%
South Carolina	3	597	0.5%	244	0.3%	3	597	0.6%	47	0.1%
North Carolina	2	310	0.3%	150	0.2%	2	310	0.3%	153	0.3%
Delaware	1	180	0.2%	81	0.1%	1	180	0.2%	27	—%
New Jersey	3	116	0.1%	75	0.1%	—	—	—%	—	—%
Georgia	2	230	0.2%	31	—%	—	—	—%	—	—%
TOTALS	164	112,542	100.0%	\$ 75,318	100.0%	137	101,079	100.0%	\$ 57,031	100.0%

⁽¹⁾ According to the California Chapter of the American Society of Farm Managers and Rural Appraisers, there are eight distinct growing regions within California; our farms are spread across six of these growing regions.

Leases

General

Most of our leases are on a triple-net basis, an arrangement under which, in addition to rent, the tenant is required to pay the related taxes, insurance costs, maintenance, and other operating costs. Our leases generally have original terms ranging from 3 to 10 years for farms growing row crops and 7 to 15 years for farms growing permanent crops (in each case, often with options to extend the lease further). Rent is generally payable to us in advance on either an annual or semi-annual basis, with such rent typically subject to periodic escalation clauses provided for within the lease. Currently, 121 of our farms are leased on a pure, triple-net basis, 40 farms are leased on a partial-net basis (with us, as landlord, responsible for all or a portion of the related property taxes), and 3 farms are leased on a single-net basis (with us, as landlord, responsible for the related property taxes, as well as certain maintenance, repairs, and insurance costs). Additionally, 35 of our farms are leased under agreements that include a variable rent component, called “participation rents,” that are based on the gross revenues earned on the respective farms.

Lease Expirations

Agricultural leases are often shorter term in nature (relative to leases of other types of real estate assets), so in any given year, we may have multiple leases up for extension or renewal. The following table summarizes the lease expirations by year for the farms owned and with leases in place as of December 31, 2021 (dollars in thousands):

Year	Number of Expiring Leases ⁽¹⁾	Expiring Leased Acreage	% of Total Acreage	Lease Revenues for the Year ended December 31, 2021	% of Total Lease Revenues
2022 ⁽²⁾	7	27,844	24.7%	\$ 5,279	7.0%
2023	14	12,632	11.2%	7,846	10.4%
2024	8	10,219	9.1%	2,692	3.6%
2025	9	14,133	12.6%	6,968	9.3%
2026	9	7,258	6.5%	4,808	6.4%
Thereafter	50	40,456	35.9%	47,619	63.2%
Other ⁽³⁾	4	—	—%	106	0.1%
Totals	101	112,542	100.0%	\$ 75,318	100.0%

⁽¹⁾ Certain lease agreements encompass multiple farms.

⁽²⁾ Includes one lease that was renewed subsequent to December 31, 2021 (see “Recent Developments—Portfolio Activity—Existing Properties—Leasing Activity” below for a summary of this and certain other recent leasing activities).

⁽³⁾ Consists of ancillary leases (e.g., oil, gas, and mineral leases, telecommunications leases, etc.) with varying expirations on certain of our farms.

We currently have one agricultural lease scheduled to expire within the next six months on a farm in California. We are currently in negotiations with the existing tenant on the farm, as well as other potential tenants, and we anticipate being able to renew the lease at its current market rental rate without incurring any downtime on the farm. We currently anticipate the rental rates on this lease renewal to be relatively flat compared to that of the existing lease. Regarding all upcoming lease expirations, there can be no assurance that we will be able to renew the existing leases or execute new leases at rental rates favorable to us, if at all, or be able to find replacement tenants, if necessary.

Recent Developments

Portfolio Activity

Property Acquisitions

Since January 1, 2021, through the date of this filing, we have acquired 27 farms, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acres	No. of Farms	Primary Crop(s) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
Palmer Mill Road	Dorchester, MD	3/3/2021	228	2	Sod	10.0 years	2 (5 years)	\$ 1,600	\$ 56	\$ 89
Eight Mile Road – Port Facility	San Joaquin, CA	3/11/2021	5	—	Cooling facility and storage	9.8 years	3 (5 years)	3,977	50	189
South Avenue	Tehama, CA	4/5/2021	2,285	1	Olives for olive oil	14.7 years	1 (5 years)	37,800	149	2,555
Richards Avenue	Atlantic, NJ	6/3/2021	116	3	Blueberries	14.9 years	2 (5 years)	2,150	63	129
Lerdo Highway (Phase I) ⁽³⁾⁽⁴⁾	Kern, CA	6/4/2021	639	1	Conventional & organic almonds and banked water	10.4 years	3 (10 years)	26,492	111	974
Almena Drive	Van Buren & Eaton, MI	6/9/2021	930	8	Blueberries	14.7 years	2 (5 years)	13,300	51	785
Maricopa Highway	Kern, CA	8/11/2021	277	1	Organic blueberries	14.9 years	3 (5 years)	30,000	63	2,262
Wallace Road	Yamhill, OR	8/11/2021	143	1	Organic blueberries	10.1 years	3 (5 years)	12,320	39	768
West Orange	St. Lucie, FL	8/18/2021	617	2	Lemons and oranges	12.0 years	None	5,241	184	367
Lerdo Highway (Phase II) ⁽³⁾⁽⁵⁾	Kern, CA	8/20/2021	479	1	Conventional & organic almonds and banked water	10.2 years	3 (10 years)	14,772	53	735
Lerdo Highway (Phase III) ⁽³⁾⁽⁶⁾	Kern, CA	10/8/2021	1,291	1	Conventional & organic almonds, conventional & organic pistachios, and banked water	10.1 years	3 (10 years)	42,959	90	1,981
Raymond Road ⁽³⁾	Madera, CA	10/21/2021	219	1	Almonds	10.0 years	1 (5 years)	3,300	78	183
Cogdell Highway	Atkinson, GA	11/12/2021	230	2	Blueberries	14.8 years	None	2,850	45	224
Chuckhole Lane ⁽⁷⁾	Umatilla, OR	11/23/2021	165	1	Wine grapes	9.9 years	2 (10 years)	2,383	117	139
West Lerdo Highway ⁽³⁾⁽⁸⁾	Kern, CA	12/3/2021	2,635	1	Pistachios	2.9 years	None	88,000	97	4,395
Farm Road	Charlotte, FL	12/16/2021	1,204	1	Sod, watermelons, and cattle	5.0 years	1 (5 years)	7,350	94	388
			11,463	27				\$ 294,494	\$ 1,340	\$ 16,163

⁽¹⁾ Includes approximately \$78,000 of external legal fees associated with negotiating and originating the leases associated with these acquisitions, which were expensed in the period incurred.

⁽²⁾ Based on the minimum cash rental payments guaranteed under the respective leases, as required under GAAP, and excludes contingent rental payments, such as participation rents.

⁽³⁾ Lease provides for an annual participation rent component based on the gross crop revenues earned on the farm. The rent figure above represents only the minimum cash guaranteed under the lease.

⁽⁴⁾ As part of the acquisition of this property, we acquired a contract to purchase 20,330 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, at a fixed price. We executed this contract on June 25, 2021, at an additional cost of approximately \$1.2 million, which is included in the total purchase price for this property in the table above. Income is not currently being earned on the value attributable to the water. See Note 3, “Real Estate and Intangible Assets—Investments in Water Assets,” within the accompanying notes to our consolidated financial statements for additional information on this water.

⁽⁵⁾ As part of the acquisition of this property, we acquired a contract to purchase 5,000 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, at a fixed price. We executed this contract on August 23, 2021, at an additional cost of approximately \$306,000, which is included in the total purchase price for this property in the table above. Income is not currently being earned on the value attributable to the water. See Note 3, “Real Estate and Intangible Assets—Investments in Water Assets,” within the accompanying notes to our consolidated financial statements for additional information on this water.

- (6) As part of the acquisition of this property, we acquired a contract to purchase 19,670 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, at a fixed price. We executed this contract on October 11, 2021, at an additional cost of approximately \$1.2 million, which is included in the total purchase price for this property in the table above. Income is not currently being earned on the value attributable to the water. See Note 3, “*Real Estate and Intangible Assets—Investments in Water Assets*,” within the accompanying notes to our consolidated financial statements for additional information on this water.
- (7) In connection with the acquisition of this property, we also acquired an ownership interest in a related LLC, the sole purpose of which is to own and maintain an irrigation system providing water to this and other neighboring properties. Our acquired ownership, which equated to a 9.1% interest in the LLC, was valued at approximately \$2.1 million at the time of acquisition and is included within Other assets, net on the accompanying Consolidated Balance Sheets. See Note 2, “*Summary of Significant Accounting Policies—Investments in Unconsolidated Entities*,” within the accompanying notes to our consolidated financial statements for further information for our aggregate ownership interest in this and other LLCs.
- (8) Lease provides for an initial term of 9.9 years but also includes an annual tenant termination option, effective as of the end of the lease year (as defined within the lease) following the exercise of such termination option. The lease term stated above represents the term through the first available termination option, and the annualized straight-line rent amount represents the rent guaranteed through the noncancellable term of the lease.

Existing Properties

Leasing Activity

The following table summarizes certain leasing activity that has occurred on our existing properties since January 1, 2021, through the date of this filing (dollars in thousands, except for footnotes):

Farm Locations	Number of Leases	Total Farm Acres	PRIOR LEASES ⁽¹⁾			NEW LEASES ⁽²⁾			
			Total Annualized Straight-line Rent ⁽³⁾	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N) ⁽⁴⁾	Total Annualized Straight-line Rent ⁽³⁾⁽⁵⁾	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N) ⁽⁴⁾
AZ, CA, CO, FL, GA, MI, & NE	22	27,002	\$ 8,299	5	15 / 7 / 0	\$ 7,794	4.6	1	15 / 7 / 0

- (1) Prior leases include certain leases that were terminated early during year ended December 31, 2021. In connection with these early terminations, during the year ended December 31, 2021, we wrote off aggregate deferred rent and rent receivable balances of approximately \$127,000 against lease revenue. Upon termination of these leases, we entered into new leases with new tenants, effective immediately, which are included in the above table.
- (2) In connection with certain of these leases, we committed to provide capital for certain improvements on these farms. See Note 7, “*Commitments and Contingencies—Operating Obligations*,” within the accompanying notes to our consolidated financial statements for additional information on these and other commitments.
- (3) Based on the minimum cash rental payments guaranteed under the applicable leases (presented on an annualized basis), as required under GAAP, and excludes contingent rental payments, such as participation rents.
- (4) “NNN” refers to leases under triple-net lease arrangements, “NN” refers to leases under partial-net lease arrangements, and “N” refers to leases under single-net lease arrangements, in each case, as described above under “*Leases—General*.”
- (5) Total annualized straight-line rent for new leases is net of a one-time fixed payment of \$560,000 we agreed to pay in connection with one lease to cover the majority of the operating expenses on the farm in exchange for adding a significant participation rent component into the lease.

Financing Activity

Debt Activity

From January 1, 2021, through the date of this filing, we entered into the following loan agreements (dollars in thousands):

Lender	Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate	Expected Effective Interest Rate ⁽¹⁾	Interest Rate Terms
Farm Credit West, FLCA	1/28/2021	\$ 2,073	11/1/2045	24.5 years	3.23%	2.20%	Fixed through 12/31/2027 (variable thereafter)
Farmer Mac ⁽²⁾	2/4/2021	2,460	10/31/2028	25.0 years	3.13%	3.13%	Fixed throughout term
Mid Atlantic Farm Credit, ACA	3/3/2021	960	6/1/2045	24.4 years	3.80%	3.31%	Fixed through 1/31/2031 (variable thereafter)
Rabo AgriFinance, LLC ⁽³⁾	3/11/2021	3,780	12/1/2030	25.0 years	3.27%	3.27%	Fixed throughout term
Rabo AgriFinance, LLC ⁽³⁾	3/11/2021	630	12/1/2022	None (interest only)	2.44%	2.44%	Fixed throughout term
GreenStone Farm Credit Services, FLCA	8/17/2021	7,980	8/1/2046	25.5 years	4.00%	2.74%	Fixed through 7/31/2031 (variable thereafter)
Golden State Farm Credit, FLCA	9/28/2021	15,960	7/1/2051	30.0 years	3.75%	2.75%	Fixed through 9/30/2031 (variable thereafter)
Golden State Farm Credit, FLCA	9/28/2021	6,840	7/1/2046	25.0 years	3.75%	2.75%	Fixed through 9/30/2031 (variable thereafter)
Farmer Mac ⁽²⁾	11/10/2021	1,290	12/30/2030	25.0 years	3.32%	3.32%	Fixed throughout term
Rabo AgriFinance, LLC ⁽³⁾	11/10/2021	22,620	12/1/2030	25.0 years	3.42%	3.42%	Fixed throughout term
Farm Credit Florida, ACA	12/13/2021	3,174	1/1/2047	25.0 years	4.13%	3.45%	Fixed through 12/31/2031 (variable thereafter)
Farmer Mac ⁽²⁾	1/11/2022	1,980	12/30/2030	20.0 years	3.31%	3.31%	Fixed throughout term
Northwest Farm Credit Services, FLCA	2/1/2022	1,442	2/1/2032	20.1 years	4.65%	3.40%	Fixed throughout term
Total / Weighted-averages		\$ 71,189			3.62%	3.06%	

⁽¹⁾ On borrowings from the various Farm Credit associations, we receive interest patronage, or refunded interest, which is typically received in the calendar year following the year in which the related interest expense was accrued. The expected effective interest rates reflected in the table above are the interest rates net of expected interest patronage, which is based on either historical patronage actually received (for pre-existing lenders whom we have received interest patronage from) or indications from the respective lenders of estimated patronage to be paid (for new lenders). See Note 4, “*Borrowings—Farm Credit Notes Payable—Interest Patronage*,” in the accompanying notes to our consolidated financial statements for additional information on interest patronage.

⁽²⁾ Bond issued under our facility with Federal Agricultural Mortgage Corporation (“Farmer Mac”).

⁽³⁾ Loans were issued as variable-rate loans but were fixed subsequent to their issuance through our entry into interest rate swap agreements with the lender (as counterparty). See Note 4, “*Borrowings—Interest Rate Swap Agreements*,” in the accompanying notes to our consolidated financial statements for further discussion on these agreements.

Proceeds from these financings were used to fund new acquisitions, repay existing indebtedness, and for general corporate purposes. In connection with securing the above borrowings, Gladstone Securities LLC (“Gladstone Securities”), an affiliate of ours, earned total financing fees of \$114,000.

MetLife Facility

On February 3, 2022, we amended our credit facility with Metropolitan Life Insurance Company (“MetLife”), which previously consisted of a \$75.0 million long-term note payable (the “2020 MetLife Term Note”) and \$75.0 million of revolving equity lines of credit (the “MetLife Lines of Credit,” and together with the 2020 MetLife Term Note, the “2020 MetLife Facility”). Pursuant to the amendment, our credit facility with MetLife now consists of the 2020 MetLife Term Note, the MetLife Lines of Credit, and a new \$100.0 million long-term note payable (the “2022 MetLife Term Note,” and together with the 2020 MetLife Term Note and the MetLife Lines of Credit, the “2022 MetLife Facility”).

The 2022 MetLife Term Note is scheduled to mature on January 5, 2032, and the interest rates on future disbursements under the 2022 MetLife Term Note will be based on the 10-year U.S. Treasury at the time of such disbursements, with the initial disbursement priced based on the 10-year U.S. Treasury plus a spread to be determined by the lender. In addition, through December 31, 2024, the 2022 MetLife Term Note is also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the 2022 MetLife Term Note). If the full commitment of \$100.0 million is not utilized by December 31, 2024, MetLife has no obligation to disburse the remaining funds under the 2022 MetLife Term Note. All other material items of the MetLife Facility remained unchanged.

As part of this amendment, we paid an origination fee of \$250,000 to MetLife and a financing fee of \$80,000 to Gladstone Securities. For information on the pertinent terms of the issuances under the 2020 MetLife Facility, refer to Note 4, “*Borrowings—MetLife Facility*,” within the accompanying notes to our condensed consolidated financial statements.

Farm Credit Notes Payable—Interest Patronage

From time to time since September 2014, we, through certain subsidiaries of our Operating Partnership, have entered into various loan agreements (collectively, the “Farm Credit Notes Payable”) with 13 different Farm Credit associations (collectively, “Farm Credit”). During the three months ended March 31, 2021, we recorded interest patronage of approximately \$2.2 million related to interest accrued on the Farm Credit Notes Payable during the year ended December 31, 2020. In addition, during the three months ended September 30, 2020, we recorded approximately \$306,000 of 2020 interest patronage, as certain Farm Credit associations prepaid a portion of the 2020 interest patronage (which related to interest accrued during 2020 but is typically received in 2021). In total, we recorded approximately \$2.5 million of 2020 interest patronage related to our Farm Credit Notes Payable, which resulted in a 28.7% reduction (approximately 135 basis points) to the interest rates on such borrowings. For further discussion on interest patronage, refer to Note 4, “*Borrowings—Farm Credit Notes Payable—Interest Patronage*,” in the accompanying notes to our consolidated financial statements.

Series D Term Preferred Stock

In January 2021, we completed a public offering of 5.00% Series D Cumulative Term Preferred Stock, par value \$0.001 per share (the “Series D Term Preferred Stock”), at a public offering price of \$25.00 per share. As a result of this offering (including the underwriters’ exercise of their option to purchase additional shares to cover over-allotments), we issued a total of 2,415,000 shares of the Series D Term Preferred Stock for gross proceeds of approximately \$60.4 million and net proceeds, after deducting selling concessions and underwriting fees, of approximately \$58.3 million. The Series D Term Preferred Stock is traded under the ticker symbol “LANDM” on Nasdaq.

The shares of the Series D Term Preferred Stock have a mandatory redemption date of January 31, 2026, and are not convertible into our common stock or any other securities. Generally, we are not permitted to redeem shares of the Series D Term Preferred Stock prior to January 31, 2023, except in limited circumstances to preserve our status as a REIT. On or after January 31, 2023, we may redeem the shares at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends up to, but excluding, the date of redemption.

Redemption of Series A Term Preferred Stock

On February 12, 2021, we redeemed all of our outstanding shares of our 6.375% Series A Cumulative Term Preferred Stock, par value \$0.01 per share (the “Series A Term Preferred Stock”), at a cash redemption price of \$25.00 per share plus all accrued and unpaid dividends up to, but excluding, the redemption date. In total, we paid approximately \$28.8 million for the redemption of the Series A Term Preferred Stock using proceeds from the offering of our Series D Term Preferred Stock. Our Series A Term Preferred Stock was delisted from Nasdaq on the date we redeemed all outstanding shares. In connection with this early redemption, during the three months ending March 31, 2021, we wrote off approximately \$127,000 of unamortized issuance costs related to the issuance of the Series A Term Preferred Stock.

Equity Activity

Series C Preferred Stock

On April 3, 2020, we filed a prospectus supplement (which superseded and replaced a previously-filed prospectus supplement) with the SEC for a continuous public offering (the “Series C Offering”) of up to 26,000,000 shares of our 6.00% Series C Cumulative Redeemable Preferred Stock (the “Series C Preferred Stock”). Under the Series C Offering, we may sell up to 20,000,000 shares of our Series C Preferred Stock on a “reasonable best efforts” basis through Gladstone Securities at an offering price of \$25.00 per share (the “Primary Series C Offering”) and up to 6,000,000 additional shares of our Series C Preferred Stock pursuant to our dividend reinvestment plan (the “DRIP”) to those holders of the Series C Preferred Stock who do not elect to opt-out of such plan. See Note 6, “*Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreements*,” within the accompanying notes to our consolidated financial statements for more details on the dealer-manager agreement entered into with Gladstone Securities in connection with the Series C Offering.

The following table summarizes the sales of our Series C Preferred Stock that occurred since January 1, 2021, through the date of this filing (dollars in thousands, except per-share amounts and footnotes):

Number of Shares Sold ⁽¹⁾	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds ⁽²⁾
3,070,535	\$ 24.83	\$ 76,228	\$ 69,855

⁽¹⁾ Excludes share redemptions and shares issued pursuant to the DRIP. From January 1, 2021, through the date of this filing, we redeemed 10,920 shares and issued approximately 11,021 shares of the Series C Preferred Stock pursuant to the DRIP.

⁽²⁾ Net of underwriting discounts and selling commissions and dealer-manager fees borne by us. Aggregate selling commissions and dealer-manager fees paid to Gladstone Securities as a result of these sales was approximately \$6.4 million.

The Primary Series C Offering will terminate on the date (the “Series C Termination Date”) that is the earlier of either June 1, 2025 (unless terminated earlier or extended by our Board of Directors), or the date on which all 20,000,000 shares in the Primary Series C Offering are sold. There is currently no public market for shares of the Series C Preferred Stock; however, we intend to apply to list the Series C Preferred Stock on Nasdaq or another national securities exchange within one calendar year after the Series C Termination Date, though there can be no assurance that a listing will be achieved in such timeframe, or at all.

Common Stock—At-the-Market Program

On May 12, 2020, we entered into new equity distribution agreements with Virtu Americas, LLC, and Ladenburg Thalmann & Co., Inc. (each a “Sales Agent”), under which we may issue and sell, from time to time and through the Sales Agents, shares of our common stock having an aggregate offering price of up to \$100.0 million (the “ATM Program”). On May 18, 2021, we entered into separate amendments to the existing equity distribution agreements to allow us to sell up to \$160.0 million of additional shares of our common stock, expanding the aggregate offering price to up to \$260.0 million.

The following table summarizes the activity under the ATM Programs from January 1, 2021, through the date of this filing (dollars in thousands):

Number of Shares Sold	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds ⁽¹⁾
7,990,994	\$ 21.70	\$ 173,428	\$ 171,693

⁽¹⁾ Net of underwriter commissions.

COVID-19

While we have not been materially adversely impacted by COVID-19 to date, the extent to which the ongoing pandemic may, in the future, impact our business, financial condition, liquidity, results of operations, funds from operations, or prospects will depend on numerous evolving factors that we are not able to predict at this time, including the duration and long-term scope of the pandemic, the spread and effect of COVID-19 variants; the adequate production, efficacy, and dissemination of vaccinations; governmental, business, and individuals’ actions that have been and continue to be taken in response to the pandemic; the impact on economic activity from the pandemic, including due to inflation and constraints on global supply chains, and actions taken in response; increased unemployment and underemployment levels and labor shortages in some industries; the effect on our tenants and their farming operations; the ability of our tenants to make their rental payments; any disruptions of our tenants’ operations; and our ability to secure debt financing, service future debt obligations, or pay distributions to our stockholders. Any of these events could materially adversely impact our business, financial condition, liquidity, results of operations, funds from operations, or prospects.

LIBOR Transition

The majority of our debt is at fixed rates, and we currently have very limited exposure to variable-rate debt based upon the London Interbank Offered Rate (“LIBOR”), which is currently being phased out and is anticipated to be completely phased out by June 2023. LIBOR is currently expected to transition to a new standard rate, the Secured Overnight Financing Rate (“SOFR”), which will incorporate certain overnight repo market data collected from multiple data sets. SOFR was formally adopted by the Alternative Reference Rates Committee in July 2021. The current intent is to adjust the SOFR to minimize the differences between the interest that a borrower would be paying using LIBOR versus what it will be paying SOFR. We are currently monitoring the transition and cannot yet assess whether SOFR will become the standard rate for all of our variable-rate debt. Our lines of credit with MetLife and five term loans with Rabo AgriFinance LLC (which are effectively fixed through our entry into interest swap agreements) are currently based upon one-month LIBOR. As such, we expect we will need to renegotiate these agreements in the future. Assuming that SOFR replaces LIBOR and is appropriately adjusted, we currently expect the transition to result in a minimal impact to our overall operations.

Our Adviser and Administrator

We are externally managed pursuant to contractual arrangements with our Adviser and our Administrator (both affiliates of ours), which collectively employ all of our personnel and pay their salaries, benefits, and general expenses directly. The investment advisory agreement with our Adviser that was in effect from January 1, 2020, through June 30, 2021 (the “Prior Advisory Agreement”), was amended and restated effective July 1, 2021 (as amended, the “Current Advisory Agreement,” and together with the Prior Advisory Agreement, the “Advisory Agreements”). The Current Advisory Agreement revised the calculation of the base management fee beginning with the three months ended September 30, 2021, while all other terms of the Prior Advisory Agreement remained the same. Each of the Advisory Agreements and the current administration agreement with our Administrator (the “Administration Agreement”) were approved unanimously by our board of directors, including, specifically, our independent directors.

A summary of certain compensation terms within the Advisory Agreements and a summary of the Administration Agreement is below.

Advisory Agreements

Pursuant to each of the Advisory Agreements, our Adviser is compensated in the form of a base management fee, an incentive fee, a capital gains fee, and a termination fee. Our Adviser does not charge acquisition or disposition fees when we acquire or dispose of properties, as is common in other externally-managed REITs. The base management and incentive fees are described below. For information on the capital gains and termination fees, refer to Note 6, “*Related-Party Transactions—Our Adviser and Administrator—Advisory Agreements*,” within the accompanying notes to our consolidated financial statements.

Base Management Fee

Pursuant to the Prior Advisory Agreement, through June 30, 2021, a base management fee was paid quarterly and was calculated at an annual rate of 0.50% (0.125% per quarter), of the prior calendar quarter’s “Gross Tangible Real Estate,” defined as the gross cost of tangible real estate owned by us (including land and land improvements, permanent plantings, irrigation and drainage systems, farm-related facilities, and other tangible site improvements), prior to any accumulated depreciation, and as shown on our balance sheet or the notes thereto for the applicable quarter.

Pursuant to the Current Advisory Agreement, beginning with the three months ended September 30, 2021, a base management fee is paid quarterly and is calculated at an annual rate of 0.60% (0.15% per quarter) of the prior calendar quarter’s Gross Tangible Real Estate.

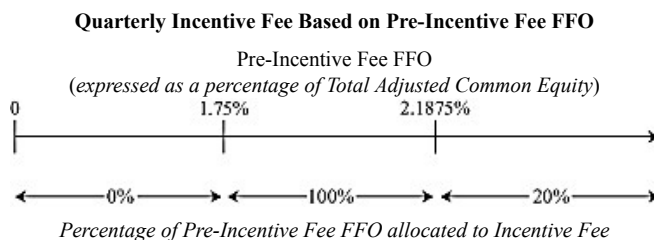
Incentive Fee

Pursuant to each of the Advisory Agreements, an incentive fee is calculated and payable quarterly in arrears if the Pre-Incentive Fee FFO for a particular quarter exceeds a hurdle rate of 1.75% (7.0% annualized) of the prior calendar quarter’s Total Adjusted Common Equity.

For purposes of this calculation, Pre-Incentive Fee FFO is defined in each of the Advisory Agreements as FFO (also as defined in each of the Advisory Agreements) accrued by the Company during the current calendar quarter (prior to any incentive fee calculation for the current calendar quarter), less any dividends paid on preferred stock securities that are not treated as a liability for GAAP purposes. In addition, Total Adjusted Common Equity is defined as common stockholders’ equity plus non-controlling common interests in our Operating Partnership, if any (each as reported on our balance sheet), adjusted to exclude unrealized gains and losses and certain other one-time events and non-cash items.

We pay our Adviser an incentive fee with respect to our Pre-Incentive Fee FFO quarterly, as follows:

- no Incentive Fee in any calendar quarter in which our Pre-Incentive Fee FFO does not exceed the hurdle rate of 1.75% (7.0% annualized);
- 100% of the amount of our Pre-Incentive Fee FFO with respect to that portion of such Pre-Incentive Fee FFO, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter (8.75% annualized); and
- 20% of the amount of our Pre-Incentive fee FFO, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized).



Administration Agreement

Pursuant to the Administration Agreement, we pay for our allocable portion of the Administrator’s expenses incurred while performing its obligations to us, including, but not limited to, rent and the salaries and benefits expenses of our Administrator’s employees, including our chief financial officer, treasurer, chief compliance officer, general counsel and secretary (who also serves as our Administrator’s president, general counsel, and secretary), and their respective staffs. Our allocable portion of the Administrator’s expenses is generally derived by multiplying our Administrator’s total expenses by the approximate percentage

of time the Administrator's employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under similar contractual agreements.

Smaller Reporting Company Status

As of December 31, 2018, and through December 31, 2021, we qualified as a "smaller reporting company" under Rule 12b-2 of the Exchange Act because we had annual revenues of less than \$100 million for the previous year and a public float of less than \$700 million. As a smaller reporting company, we may take advantage of reduced disclosure requirements for our public filings.

Critical Accounting Policies

The preparation of our financial statements in accordance with GAAP requires management to make judgments that are subjective in nature to make certain estimates and assumptions. Application of these accounting policies involves the exercise of judgment regarding the use of assumptions as to future uncertainties, and, as a result, actual results could materially differ from these estimates. A summary of all of our significant accounting policies are provided in Note 2, "*Summary of Significant Accounting Policies*," in the accompanying notes to our consolidated financial statements, located elsewhere in this Form 10-K, and a summary of our critical accounting policies is below. We consider these policies to be critical because they involve estimates and assumptions that require complex, subjective or significant judgments in their application and that materially affect our results of operations. There were no material changes in our critical accounting policies during the year ended December 31, 2021.

Purchase Price Allocation

When we acquire real estate, we allocate the purchase price to: (i) the tangible assets acquired and liabilities assumed, consisting primarily of land, improvements (including irrigation and drainage systems), permanent plantings, and farm-related facilities and, if applicable, (ii) any identifiable intangible assets and liabilities, which primarily consist of the values of above- and below-market leases, in-place lease values, lease origination costs, and tenant relationships, based in each case on their fair values.

Certain of our acquisitions involve sale-leaseback transactions with newly-originated leases, and other of our acquisitions involve the acquisition of farmland that is already being operated as rental property, in which case we will typically assume the lease in place at the time of acquisition. Prior to us early adopting Accounting Standards Update ("ASU") 2017-01, "Clarifying the Definition of a Business" (as further described in Note 2, "*Summary of Significant Accounting Pronouncements*," under the caption, "*Recently-Issued Accounting Pronouncements*," in the accompanying consolidated financial statements), acquisitions of farmland already being operated as rental property were generally considered to be business combinations under Accounting Standards Codification ("ASC") 805, "Business Combinations." However, after our adoption of ASU 2017-01, effective October 1, 2016, we now generally consider both types of acquisitions to be asset acquisitions under ASC 360, "Property Plant and Equipment." ASC 360 requires us to capitalize the transaction costs incurred in connection with the acquisition, whereas ASC 805 required that all costs related to the acquisition be expensed as incurred, rather than capitalized into the cost of the acquisition.

Whether an acquisition is considered an asset acquisition or a business combination, both ASC 360 and ASC 805 require that the purchase price of real estate be allocated to (i) the tangible assets acquired and liabilities assumed, and, if applicable, (ii) any identifiable intangible assets and liabilities, by valuing the property as if it was vacant, based on management's determination of the relative fair values of such assets and liabilities as of the date of acquisition.

For a more detailed discussion on this accounting policy, see Note 2, "*Summary of Significant Accounting Policies—Real Estate and Lease Intangibles*," in the accompanying notes to our consolidated financial statements.

Recently-Issued Accounting Pronouncements

See Note 2, "*Summary of Significant Accounting Policies—Recently-Issued Accounting Pronouncements*," in the accompanying notes to our consolidated financial statements for a description of recently-issued accounting pronouncements.

RESULTS OF OPERATIONS

For the purposes of the following discussions on certain operating revenues and expenses with regard to the comparison between the years ended December 31, 2021 and 2020:

- Same-property basis represents farms owned as of December 31, 2019, and were not vacant at any point during either period presented; and

- Properties acquired or disposed of are farms that were either acquired or disposed of at any point subsequent to December 31, 2019. From January 1, 2020, through December 31, 2021, we acquired 53 new farms and did not have any farm dispositions.

We did not have any vacant or self-operated farms during either of the years ended December 31, 2021 or 2020.

A comparison of results of components comprising our operating income for the years ended December 31, 2021 and 2020 is below (dollars in thousands):

	For the Years Ended December 31,		\$ Change	% Change
	2021	2020		
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 69,998	\$ 51,377	\$ 18,621	36.2%
Variable lease payments – participation rents	5,219	2,388	2,831	118.6%
Variable lease payments – tenant reimbursements	101	456	(355)	(77.9)%
Lease termination income, net	—	2,810	(2,810)	NM
Total operating revenues	75,318	57,031	18,287	32.1%
Operating expenses:				
Depreciation and amortization	27,183	16,655	10,528	63.2%
Property operating expenses	2,536	1,848	688	37.2%
Base management and incentive fees	10,230	7,327	2,903	39.6%
Administration fee	1,526	1,448	78	5.4%
General and administrative expenses	2,139	2,102	37	1.8%
Total operating expenses	43,614	29,380	14,234	48.4%
Operating income	\$ 31,704	\$ 27,651	\$ 4,053	14.7%

NM = Not Meaningful

Operating Revenues

Lease Revenues

The following table provides a summary of our lease revenues during the years ended December 31, 2021 and 2020 (dollars in thousands):

	For the Years Ended December 31,			
	2021	2020	\$ Change	% Change
Same-property basis:				
Fixed lease payments	\$ 49,063	\$ 48,881	\$ 182	0.4%
Participation rents	4,504	2,388	2,116	88.6%
Lease termination income, net	—	2,810	(2,810)	(100.0)%
Total – Same-property basis	53,567	54,079	(512)	(0.9)%
Properties acquired or disposed of:				
Fixed lease payments	20,935	2,496	18,439	738.7%
Participation rents	715	—	715	—%
Properties acquired or disposed of:	21,650	2,496	19,154	767.4%
Tenant reimbursements ⁽¹⁾	101	456	(355)	(77.9)%
Total Lease revenues	\$ 75,318	\$ 57,031	\$ 18,287	32.1%

⁽¹⁾ Tenant reimbursements generally represent tenant-reimbursed property operating expenses on certain of our farms, including property taxes, insurance premiums, and other property-related expenses. Corresponding amounts were also recorded as property operating expenses during the respective periods.

Same-property Basis – 2021 compared to 2020

Lease revenues from fixed lease payments increased for the year ended December 31, 2021, primarily due to additional rents earned on capital improvements completed on certain of our farms, largely offset by certain lease renewals and amendments executed, in which we decreased the fixed base rent component in exchange for adding a participation rent component to the lease structure.

Lease revenues from participation rents increased for the year ended December 31, 2021, primarily due to more farms having scheduled rent payments due during 2021 compared to 2020. During the year ended December 31, 2021, 39 of our farms, consisting of 34,477 farm acres, were subject to leases with active participation rent components, as compared to 19 farms consisting of 4,844 farm acres in the prior year.

During the year ended December 31, 2020, we received an early lease termination payment of approximately \$3.0 million from an outgoing tenant on a property, which we recognized as additional lease revenue upon receipt, less a net balance of approximately \$165,000 of aggregate prepaid rent and deferred rent assets balances that were written off against this amount.

Other – 2021 compared to 2020

Lease revenue from properties acquired or disposed of increased for the year ended December 31, 2021, due to additional revenues earned on new farms acquired subsequent to December 31, 2019.

Tenant reimbursement revenue decreased for the year ended December 31, 2021, primarily due to additional payments made during the prior year by certain tenants on our behalf (pursuant to the lease agreements) to an unconsolidated entity of ours that conveys water to the respective properties.

Operating Expenses

Depreciation and Amortization

The following table provides a summary of the depreciation and amortization expense recorded during the years ended December 31, 2021 and 2020 (dollars in thousands):

	For the Years Ended December 31,			
	2021	2020	\$ Change	% Change
Same-property basis	\$ 15,045	\$ 15,696	\$ (651)	(4.1)%
Properties acquired or disposed of	12,138	959	11,179	1,165.7%
Total Depreciation and amortization expense	\$ 27,183	\$ 16,655	\$ 10,528	63.2%

Depreciation and amortization expense on a same-property basis decreased for the year ended December 31, 2021, as compared to the prior year, primarily due to the expiration of certain lease intangible amortization periods subsequent to December 31, 2019, partially offset by an increase in depreciation associated with additional capital expenditures on certain of our farms. Depreciation and amortization expense on properties acquired or disposed of increased for the year ended December 31, 2021, as compared to the prior year, primarily due to the additional depreciation and amortization expense incurred on the new farms acquired subsequent to December 31, 2019.

Property-operating Expenses

Property operating expenses consist primarily of real estate taxes, repair and maintenance expense, insurance premiums, and other miscellaneous operating expenses paid for certain of our properties. The following table provides a summary of the property-operating expenses recorded during the years ended December 31, 2021 and 2020 (dollars in thousands):

	For the Years Ended December 31,			
	2021	2020	\$ Change	% Change
Same-property basis	\$ 2,098	\$ 1,306	\$ 792	60.6%
Properties acquired or disposed of	337	86	251	291.9%
Tenant-reimbursed property operating expenses ⁽¹⁾	101	456	(355)	(77.9)%
Total Property operating expenses	\$ 2,536	\$ 1,848	\$ 688	37.2%

⁽¹⁾ Represents certain operating expenses (property taxes, insurance premiums, and other property-related expenses) paid by us that, per the respective leases, are required to be reimbursed to us by the tenant. Corresponding amounts were also recorded as lease revenues during the respective periods.

Same-property Basis – 2021 compared to 2020

Property operating expenses increased for the year ended December 31, 2021, primarily due to an increase in our obligation to reimburse one of our tenants for water usage over a specific cost threshold in accordance with the lease. We currently do not expect such elevated costs to continue beyond 2021. In addition, during the year ended December 31, 2021, we incurred additional legal fees in connection with protecting water rights on certain farms in California and higher property tax expenses due to certain of the lease renewals executed during the year converting the leases from a triple-net structure to a partial-net structure, with us, as landlord, now responsible for the property taxes on these properties. These increases were partially offset by lower costs incurred related to repairs and maintenance of certain properties compared to the prior year.

Other – 2021 compared to 2020

Property operating expenses on properties acquired or disposed of increased for the year ended December 31, 2021, primarily due to additional miscellaneous property-operating expenses incurred on certain of the new farms we acquired subsequent to December 31, 2019.

Tenant reimbursement expense decreased for the year ended December 31, 2021, primarily due to a decrease in miscellaneous property-operating costs incurred by us in connection with our ownership interest in an unconsolidated entity. Our tenants are contractually obligated to reimburse us for these costs under the terms of the respective leases.

Related-Party Fees

The following table provides the calculations of the base management and incentive fees due to our Advisor pursuant to the Prior Advisory Agreement (which was in effect from January 1, 2020, through June 30, 2021) and the Current Advisory Agreement (which has been in effect since July 1, 2021) for the years ended December 31, 2021 and 2020 (dollars in thousands; for further discussion on certain defined terms used below, refer to Note 6, “*Related-Party Transactions*,” within the accompanying notes to our condensed consolidated financial statements):

	Quarters Ended				Year to Date
	March 31	June 30	September 30	December 31	
FY 2021 Fee Calculations:					
Base Management Fee:					
Gross Tangible Real Estate ⁽¹⁾⁽²⁾	\$ 1,095,439	\$ 1,101,071	\$ 1,165,366	\$ 1,223,935	
Quarterly rate	0.125 %	0.125 %	0.150 %	0.150 %	
Base management fee⁽³⁾	\$ 1,370	\$ 1,376	\$ 1,748	\$ 1,835	\$ 6,329
Incentive Fee:					
Total Adjusted Common Equity ⁽¹⁾⁽²⁾	\$ 228,161	\$ 248,501	\$ 304,164	\$ 334,912	
First hurdle quarterly rate	1.750 %	1.750 %	1.750 %	1.750 %	
First hurdle threshold	\$ 3,993	\$ 4,349	\$ 5,323	\$ 5,861	
Second hurdle quarterly rate	2.1875 %	2.1875 %	2.1875 %	2.1875 %	
Second hurdle threshold	\$ 4,991	\$ 5,436	\$ 6,654	\$ 7,326	
Pre-Incentive Fee FFO ⁽¹⁾	\$ 5,810	\$ 3,867	\$ 6,268	\$ 8,968	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	\$ 998	\$ —	\$ 945	\$ 1,466	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	164	—	—	328	
Total Incentive fee⁽³⁾	\$ 1,162	\$ —	\$ 945	\$ 1,794	\$ 3,901
Total fees due to Adviser, net	\$ 2,532	\$ 1,376	\$ 2,693	\$ 3,629	\$ 10,230
FY 2020 Fee Calculations:					
Base Management Fee:					
Gross Tangible Real Estate ⁽¹⁾⁽²⁾	\$ 827,256	\$ 837,603	\$ 862,329	\$ 903,812	
Quarterly rate	0.125 %	0.125 %	0.125 %	0.125 %	
Base management fee⁽³⁾	\$ 1,034	\$ 1,047	\$ 1,078	\$ 1,130	\$ 4,289
Incentive Fee:					
Total Adjusted Common Equity ⁽¹⁾⁽²⁾	\$ 173,358	\$ 176,768	\$ 172,490	\$ 177,093	
First hurdle quarterly rate	1.750 %	1.750 %	1.750 %	1.750 %	
First hurdle threshold	\$ 3,034	\$ 3,093	\$ 3,019	\$ 3,099	
Second hurdle quarterly rate	2.1875 %	2.1875 %	2.1875 %	2.1875 %	
Second hurdle threshold	\$ 3,792	\$ 3,867	\$ 3,773	\$ 3,874	
Pre-Incentive Fee FFO ⁽¹⁾	\$ 6,670	\$ 2,334	\$ 4,106	\$ 4,414	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	\$ 758	\$ —	\$ 754	\$ 775	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	576	—	67	108	
Total Incentive fee⁽³⁾	\$ 1,334	\$ —	\$ 821	\$ 883	\$ 3,038
Total fees due to Adviser, net	\$ 2,368	\$ 1,047	\$ 1,899	\$ 2,013	\$ 7,327

⁽¹⁾ As defined in the Advisory Agreements.

⁽²⁾ As of the end of the respective prior quarters.

⁽³⁾ Reflected as a line item on our accompanying Consolidated Statements of Operations and Comprehensive Income.

The base management fee increased during the year ended December 31, 2021, as compared to the prior year, primarily due to additional assets acquired since December 31, 2019, and an increase in the annual rate applied to the prior calendar quarter's

Gross Tangible Real Estate Assets (from 0.50% pursuant to the Prior Advisory Agreement to 0.60% pursuant to the Current Advisory Agreement), effective July 1, 2021.

Our Adviser earned incentive fees during each of the years ended December 31, 2021 and 2020 due to our Pre-Incentive Fee FFO (as defined in the Advisory Agreements) exceeding the required hurdle rate of the applicable equity base during each of the first, third, and fourth quarters of fiscal years 2021 and 2020.

Our Adviser did not earn a capital gains fee during the year ended December 31, 2021 or 2020, as we did not sell any of our properties during either period.

The administration fee paid to our Administrator increased during the year ended December 31, 2021, as compared to the prior year, primarily due to hiring additional personnel and us using a higher overall share of our Administrator's resources in relation to those used by other funds and affiliated companies serviced by our Administrator.

Other Operating Expenses

General and administrative expenses consist primarily of professional fees, director fees, stockholder-related expenses, overhead insurance, acquisition-related costs for investments no longer being pursued, and other miscellaneous expenses. General and administrative expenses increased slightly during the year ended December 31, 2021, as compared to the prior year, primarily due to an increase in due diligence costs associated with potential acquisitions that were subsequently aborted, at which time the costs were expensed, and higher professional fees related to additional appraisal costs. These increases were largely offset by a decrease in stockholder-related expenses due to a one-time listing fee paid to Nasdaq in the prior year for the listing of our Series B Preferred Stock.

A comparison of results of other components contributing to net loss attributable to common stockholders for the years ended December 31, 2021 and 2020 is below (dollars in thousands):

	For the Years Ended December 31,		S Change	% Change
	2021	2020		
Operating income	\$31,704	\$27,651	\$4,053	14.7%
Other income (expense)				
Other income	2,291	1,872	419	22.4%
Interest expense	(24,883)	(20,621)	(4,262)	20.7%
Dividends declared on Series A and Series D Term Preferred Stock	(3,068)	(1,833)	(1,235)	67.4%
Loss on dispositions of real estate assets, net	(2,537)	(2,180)	(357)	16.4%
Property and casualty recovery, net	68	70	(2)	(2.9)%
Loss from investments in unconsolidated entities	(61)	(4)	(57)	NM
Total other expense, net	(28,190)	(22,696)	(5,494)	24.2%
Net income	3,514	4,955	(1,441)	(29.1)%
Net income attributable to non-controlling interests	(19)	(29)	10	(34.5)%
Net income attributable to the Company	3,495	4,926	(1,431)	(29.0)%
Aggregate dividends declared on and charges related to Series B and Series C Preferred Stock	(12,258)	(9,322)	(2,936)	31.5%
Net loss attributable to common stockholders	\$ (8,763)	\$ (4,396)	\$ (4,367)	99.3%

Other Income (Expense)

Other income, which generally consists of interest patronage received from Farm Credit (as defined in Note 4, "Borrowings," in the accompanying notes to our consolidated financial statements) and interest earned on short-term investments, increased for the year ended December 31, 2021, as compared to the prior year, primarily driven by additional interest patronage received from Farm Credit (due to increased borrowings from Farm Credit).

During the year ended December 31, 2021, we recorded approximately \$2.2 million of interest patronage from Farm Credit related to interest accrued during 2020, compared to approximately \$1.6 million of interest patronage recorded during the prior year.

Interest expense increased for the year ended December 31, 2021, as compared to the prior year, primarily due to increased overall borrowings. The weighted-average principal balance of our aggregate borrowings (excluding our Series A Term Preferred Stock and Series D Term Preferred Stock) outstanding for the year ended December 31, 2021, was approximately

\$637.6 million, as compared to approximately \$502.4 million for the prior year. Excluding interest patronage received on certain of our Farm Credit borrowings and the impact of debt issuance costs, the overall effective interest rate charged on our aggregate borrowings was 3.72% and 3.95% for the years ended December 31, 2021 and 2020, respectively.

During the year ended December 31, 2021, we paid aggregate distributions on our Series A Term Preferred Stock and Series D Term Preferred Stock of approximately \$3.1 million. The Series D Term Preferred Stock was issued in January 2021, and the Series A Term Preferred Stock was voluntarily redeemed in full in February 2021. During the year ended December 31, 2020, we paid distributions on our Series A Term Preferred Stock of approximately \$1.8 million.

During both years ended December 31, 2021 and 2020, we recorded net losses on dispositions of real estate assets primarily due to the disposal of certain irrigation and other improvements on certain of our farms.

The net property and casualty recovery recorded during the years ended December 31, 2021 and 2020 related to insurance recoveries received for certain improvements that were damaged due to natural disasters.

During the years ended December 31, 2021 and 2020, we recognized a loss from investments in an unconsolidated entity of approximately \$61,000 and \$4,000, respectively.

During the year ended December 31, 2021, the aggregate dividends paid on our Series B Preferred Stock and Series C Preferred Stock increased over that of the prior year due to additional shares issued and outstanding during the current year.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our current short- and long-term sources of funds include cash and cash equivalents, cash flows from operations, borrowings (including the undrawn commitments available under the 2022 MetLife Facility), and issuances of additional equity securities. Our current available liquidity is approximately \$138.1 million, consisting of approximately \$24.1 million in cash on hand and, based on the current level of collateral pledged, approximately \$114.0 million of availability under the 2022 MetLife Facility (subject to compliance with covenants) and other undrawn notes or bonds. In addition, we currently have certain properties valued at a total of approximately \$37.2 million that are unencumbered and eligible to be pledged as collateral.

Future Capital Needs

Our short- and long-term liquidity requirements consist primarily of making distributions to stockholders (including non-controlling OP Unitholders, if any) to maintain our qualification as a REIT, funding our general operating costs, making principal and interest payments on outstanding borrowings, making dividend payments on our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock, and, as capital is available, funding new farmland and farm-related acquisitions consistent with our investment strategy.

Notwithstanding the ongoing COVID-19 pandemic, including surges in certain variants of COVID-19, we believe that our current and short-term cash resources will be sufficient to fund our distributions to stockholders (including non-controlling OP Unitholders), service our debt, pay dividends on our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock, and fund our current operating costs in the near term. We expect to meet our long-term liquidity requirements through various sources of capital, including future equity issuances (including, but not limited to, shares of common stock through our ATM Program, OP Units through our Operating Partnership as consideration for future acquisitions, and shares of our Series C Preferred Stock), long-term mortgage indebtedness and bond issuances, and other secured and unsecured borrowings. While public equity markets have experienced significant volatility lately, based on discussions with our lenders, we do not believe there will be a credit freeze in the near term. We are in compliance with all of our debt covenants under our respective credit facilities and borrowings, and we believe we currently have adequate liquidity to cover all near-term debt obligations and operating expenses.

We intend to use a significant portion of any current and future available liquidity to purchase additional farms and farm-related facilities. We continue to actively seek and evaluate acquisitions of additional farms and farm-related facilities that satisfy our investment criteria, and despite the ongoing COVID-19 pandemic, our pipeline of potential acquisitions remains healthy. We have several properties under signed purchase and sale agreements or non-binding letters of intent that we hope to consummate over the next several months. We also have many other properties that are in various other stages of our due diligence process. However, all potential acquisitions will be subject to our due diligence investigation of such properties, and there can be no assurance that we will be successful in identifying or acquiring any properties in the future.

Operating Obligations

In connection with the execution of certain lease agreements, we have committed to provide capital improvements on certain of our farms, which are summarized in the table below (dollars in thousands):

Farm Location	Farm Acreage	Total Commitment	Obligated Completion Date ⁽¹⁾	Amount Expended or Accrued as of December 31, 2021
St. Lucie, FL	549	\$ 230	Q3 2022	\$ 111
Santa Barbara, CA	271	4,000 ⁽²⁾	Q3 2022	2,427
Manatee, FL	590	280	Q4 2022	—
Manatee, FL	271	280	Q4 2022	—
Hillsborough, FL	55	2,250 ⁽²⁾	Q4 2022	1,554
Charlotte, FL	975	3,000 ⁽²⁾	Q4 2022	—
Napa, CA	270	1,548 ⁽²⁾	Q3 2023	1,019
Columbia, OR	157	1,800 ⁽²⁾	Q3 2024	1,146
Collier & Hendry, FL	3,612	2,000 ⁽²⁾	Q2 2025	—
Wicomico & Caroline, MD, and Sussex, DE	833	115	Q3 2030	49

⁽¹⁾ Our obligation to provide capital to fund these improvements does not extend beyond these respective dates.

⁽²⁾ Pursuant to contractual agreements, we will earn additional rent on the cost of these capital improvements as the funds are disbursed by us.

Cash Flow Resources

The following table summarizes total net cash flows for operating, investing, and financing activities for the years ended December 31, 2021 and 2020 (dollars in thousands):

	For the Years Ended December 31,		\$ Change	% Change
	2021	2020		
Net change in cash from:				
Operating activities	\$ 32,377	\$ 25,002	\$ 7,375	29.5%
Investing activities	(295,001)	(272,901)	(22,100)	(8.1)%
Financing activities	270,114	243,429	26,685	11.0%
Net change in Cash and cash equivalents	\$ 7,490	\$ (4,470)	\$ 11,960	(267.6)%

Operating Activities

The majority of cash from operating activities is generated from the rental payments we receive from our tenants, which is first used to fund our property-level operating expenses, with any excess cash being primarily used for principal and interest payments on our borrowings, management fees to our Adviser, administrative fees to our Administrator, and other corporate-level expenses. Cash provided by operating activities increased for the year ended December 31, 2021, as compared to the prior year, primarily due to additional rental payments received from recent acquisitions and interest patronage received from Farm Credit, partially offset by increases in the amount of interest payments made.

Investing Activities

The increase in cash used in investing activities for the year ended December 31, 2021, as compared to the prior year, was primarily due to an increase in aggregate cash paid for acquisitions of new farms, partially offset by a decrease in the amount of cash paid for capital improvements on existing farms during the year ended December 31, 2021.

Financing Activities

The increase in cash provided by financing activities during the year ended December 31, 2021, as compared to the prior year, was primarily due to an increase in aggregate net cash proceeds from equity issuances (including on our common stock and Series C Preferred Stock) of approximately \$103.0 million and the issuance of our Series D Term Preferred Stock (which, after voluntarily redeeming our Series A Term Preferred Stock in full, resulted in net cash proceeds of approximately \$31.6 million), partially offset by decrease in net borrowings of approximately \$98.7 million and an increase in total distributions of approximately \$8.2 million.

Debt Capital

MetLife Facility

As amended, the 2022 MetLife Facility currently consists of an aggregate of \$175.0 million of term notes and \$75.0 million of revolving equity lines of credit. We currently have \$36.9 million outstanding on the term notes and \$100,000 outstanding under the lines of credit. While \$213.0 million of the full commitment amount under the 2022 MetLife Facility remains undrawn, based on the current level of collateral pledged, we currently have approximately \$110.3 million of availability under the 2022 MetLife Facility. The draw period for the 2020 MetLife Term Note expires on December 31, 2022, and the draw period for the 2022 MetLife Term Note expires on December 31, 2024. After these dates, MetLife has no obligation to disburse any additional undrawn funds under the term notes.

Farmer Mac Facility

As amended on December 10, 2020, our agreement with Farmer Mac Facility provides for bond issuances up to an aggregate amount of \$225.0 million by May 31, 2023, after which, Farmer Mac has no obligation to purchase additional bonds under this facility. To date, we have issued aggregate bonds of approximately \$98.4 million under the Farmer Mac Facility.

Farm Credit and Other Lenders

Since September 2014, we have closed on multiple loans with various different Farm Credit associations (for additional information on these associations, see Note 4, “Borrowings,” within the accompanying notes to our consolidated financial statements). We also have borrowing relationships with several other agricultural lenders and are continuously reaching out to other lenders to establish prospective new relationships. In addition, we expect to enter into additional borrowing agreements with existing and new lenders in connection with certain potential new acquisitions in the future.

Equity Capital

The following table provides information on equity sales that have occurred since January 1, 2021 (dollars in thousands, except per-share amounts):

Type of Issuance	Number of Shares Sold	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds ⁽¹⁾
Series C Preferred Stock ⁽²⁾⁽³⁾	3,070,535	\$ 24.83	\$ 76,228	\$ 69,855
Common Stock – ATM Program	7,990,994	21.70	173,428	171,693

⁽¹⁾ Net of selling commissions and dealer-manager fees or underwriting discounts and commissions (in each case, as applicable).

⁽²⁾ Excludes share redemptions during the applicable time period.

⁽³⁾ Excludes approximately 11,021 shares issued pursuant to the DRIP.

Our Registration Statement (as defined in Note 8, “Equity—Registration Statement,” within the accompanying notes to our consolidated financial statements) permits us to issue up to an aggregate of \$1.0 billion in securities (including up to \$650.0 million reserved for issuance of shares of the Series C Preferred Stock), consisting of common stock, preferred stock, warrants, debt securities, depository shares, subscription rights, and units, including through separate, concurrent offerings of two or more of such securities. To date, we have issued approximately \$103.4 million of Series C Preferred Stock (including approximately \$257,000 issued pursuant to the DRIP), \$60.4 million of Series D Term Preferred Stock, and \$245.6 million of common stock (including approximately \$4.4 million of common stock issued to redeem OP Units) under the Registration Statement.

In addition, we have the ability to, and expect to in the future, issue additional OP Units to third parties as consideration in future property acquisitions.

Off-Balance Sheet Arrangements

As of December 31, 2021, we did not have any off-balance sheet arrangements.

NON-GAAP FINANCIAL INFORMATION

Funds from Operations, Core Funds from Operations, and Adjusted Funds from Operations

The National Association of Real Estate Investment Trusts (“NAREIT”) developed funds from operations (“FFO”) as a relative non-GAAP supplemental measure of operating performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the same basis as determined under GAAP. FFO, as defined by NAREIT, is net income (computed in accordance with GAAP), excluding gains or losses from sales of property and impairment losses on property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. We further present core FFO (“CFFO”) and adjusted FFO (“AFFO”) as additional non-GAAP financial measures of our operational

performance, as we believe both CFFO and AFFO improve comparability on a period-over-period basis and are more useful supplemental metrics for investors to use in assessing our operational performance on a more sustainable basis than FFO. We believe that these additional performance metrics, along with the most directly-comparable GAAP measure, provide investors with helpful insight regarding how management measures our ongoing performance, as each of CFFO and AFFO (and their respective per-share amounts) are used by management and our board of directors, as appropriate, in assessing overall performance, as well as in certain decision-making analysis, including, but not limited to, the timing of acquisitions and potential equity raises (and the type of securities to offer in any such equity raises), the determination of any fee credits, and declarations of distributions on our common stock. The non-GAAP financial measures presented herein have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. We believe that net income is the most directly-comparable GAAP measure to each of FFO, CFFO, and AFFO.

Specifically, we believe that FFO is helpful to investors in better understanding our operating performance, primarily because its calculation excludes depreciation and amortization expense on real estate assets, as we believe that GAAP historical cost depreciation of real estate assets is generally not correlated with changes in the value of those assets, particularly with farmland real estate, the value of which does not diminish in a predictable manner over time, as historical cost depreciation implies. Further, we believe that CFFO and AFFO are helpful in understanding our operating performance in that it removes certain items that, by their nature, are not comparable on a period-over-period basis and therefore tend to obscure actual operating performance. In addition, we believe that providing CFFO and AFFO as additional performance metrics allows investors to gauge our overall performance in a manner that is more similar to how our performance is measured by management (including their respective per-share amounts), as well as by analysts and the overall investment community.

We calculate CFFO by adjusting FFO for the following items:

- *Acquisition- and disposition-related expenses.* Acquisition- and disposition-related expenses (including due diligence costs on acquisitions not consummated and certain auditing and accounting fees incurred that were directly related to completed acquisitions or dispositions) are incurred for investment purposes and do not correlate with the ongoing operations of our existing portfolio. Further, certain auditing and accounting fees incurred vary depending on the number and complexity of acquisitions or dispositions completed during the period. Due to the inconsistency in which these costs are incurred and how they have historically been treated for accounting purposes, we believe the exclusion of these expenses improves comparability of our operating results on a period-to-period basis.
- *Other adjustments.* We will adjust for certain non-recurring charges and receipts and will explain such adjustments accordingly. We believe the exclusion of these amounts improves comparability of our operating results on a period-to-period basis and will apply consistent definitions of CFFO for all prior-year periods presented to provide consistency and better comparability.

Further, we calculate AFFO by adjusting CFFO for the following items:

- *Rent adjustments.* This adjustment removes the effects of straight-lining rental income, as well as the amortization related to above-market lease values and lease incentives and accretion related to below-market lease values, other deferred revenue, and tenant improvements, resulting in rental income reflected on a modified accrual cash basis. In addition to these adjustments, we also modify the calculation of cash rents within our definition of AFFO to provide greater consistency and comparability due to the period-to-period volatility in which cash rents are received. To coincide with our tenants' harvest seasons, our leases typically provide for cash rents to be paid at various points throughout the lease year, usually annually or semi-annually. As a result, cash rents received during a particular period may not necessarily be comparable to other periods or represent the cash rents indicative of a given lease year. Therefore, we further adjust AFFO to normalize the cash rent received pertaining to a lease year over that respective lease year on a straight-line basis, resulting in cash rent being recognized ratably over the period in which the cash rent is earned.
- *Amortization of debt issuance costs.* The amortization of costs incurred to obtain financing is excluded from AFFO, as it is a non-cash expense item that is not directly related to the operating performance of our properties.
- *Other adjustments.* We will adjust for certain non-cash charges and receipts and will explain such adjustments accordingly. We believe the exclusion of such non-cash amounts improves comparability of our operating results on a period-to-period basis and will apply consistent definitions of AFFO for all prior-year periods presented to provide consistency and better comparability.

We believe the foregoing adjustments aid our investors' understanding of our ongoing operational performance.

FFO, CFFO and AFFO do not represent cash flows from operating activities in accordance with GAAP, which, unlike FFO, CFFO, and AFFO, generally reflects all cash effects of transactions and other events in the determination of net income, and should not be considered an alternative to net income as an indication of our performance or to cash flows from operations as a

measure of liquidity or ability to make distributions. Comparisons of FFO, CFFO, and AFFO, using the NAREIT definition for FFO and the definitions above for CFFO and AFFO, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the definitions used by such REITs.

Diluted funds from operations (“Diluted FFO”), diluted core funds from operations (“Diluted CFFO”), and diluted adjusted funds from operations (“Diluted AFFO”) per share are FFO, CFFO, and AFFO, respectively, divided by the weighted-average number of total shares (including shares of our common stock and OP Units held by non-controlling limited partners) outstanding on a fully-diluted basis during a period. We believe that diluted earnings per share is the most directly-comparable GAAP measure to each of Diluted FFO, CFFO, and AFFO per share. Because many REITs provide Diluted FFO, CFFO, and AFFO per share information to the investment community, we believe these are useful supplemental measures when comparing us to other REITs.

We believe that FFO, CFFO, and AFFO and Diluted FFO, CFFO, and AFFO per share are useful to investors because they provide investors with a further context for evaluating our FFO, CFFO, and AFFO results in the same manner that investors use net income and EPS in evaluating net income.

The following table provides a reconciliation of our FFO, CFFO, and AFFO for the years ended December 31, 2021 and 2020 to the most directly-comparable GAAP measure, net income, and a computation of diluted FFO, CFFO, and AFFO per share, using the weighted-average number of total shares (including shares of our common stock and OP Units held by non-controlling OP Unitholders) outstanding during the respective periods (dollars in thousands, except per-share amounts):

	For the Years Ended December 31,	
	2021	2020
Net income	\$ 3,514	\$ 4,955
Less: Aggregate dividends declared on Series B Preferred Stock and Series C Preferred Stock ⁽¹⁾	(12,258)	(9,322)
Net loss attributable to common stockholders and non-controlling OP Unitholders	(8,744)	(4,367)
Plus: Real estate and intangible depreciation and amortization	27,183	16,655
Plus: Losses on dispositions of real estate assets, net	2,537	2,180
Adjustments for unconsolidated entities ⁽²⁾	36	18
FFO available to common stockholders and non-controlling OP Unitholders	21,012	14,486
Plus: Acquisition- and disposition-related expenses	355	210
Plus (less): Other nonrecurring (receipts) charges, net ⁽³⁾	(12)	159
CFFO available to common stockholders and non-controlling OP Unitholders	21,355	14,855
Net rent adjustments	(2,371)	(1,305)
Plus: Amortization of debt issuance costs	1,172	756
Plus: Other non-cash charges, net ⁽⁴⁾	246	40
AFFO available to common stockholders and non-controlling OP Unitholders	\$ 20,402	\$ 14,346
Weighted-average common stock outstanding—basic and diluted	30,357,268	22,258,121
Weighted-average common non-controlling OP Units outstanding	166,067	131,745
Weighted-average total common shares outstanding	30,523,335	22,389,866
Diluted FFO per weighted-average total common share	\$ 0.69	\$ 0.65
Diluted CFFO per weighted-average total common share	\$ 0.70	\$ 0.66
Diluted AFFO per weighted-average total common share	\$ 0.67	\$ 0.64
Distributions declared per total common share	\$ 0.54	\$ 0.54

⁽¹⁾ Includes (i) cash dividends paid on our Series B Preferred Stock and Series C Preferred Stock, (ii) the value of additional shares of Series C Preferred Stock issued pursuant to the DRIP, and (iii) the pro-rata write-off of offering costs related to shares of Series B Preferred Stock and Series C Preferred Stock that were redeemed during the respective periods.

⁽²⁾ Represents our pro-rata share of depreciation expense recorded in unconsolidated entities during the respective periods.

⁽³⁾ Consists primarily of (i) net property and casualty recoveries recorded (net of the cost of related repairs expensed) as a result of the damage caused to certain improvements by natural disasters on certain of our farms, (ii) one-time listing fees related to our Series D Term Preferred Stock, (iii) the write-off of certain unallocated costs related to a prior universal registration statement and, in 2020 only, costs expensed during the year related to an aborted offering, and (iv) certain one-time costs related to the early redemption of our Series A Term Preferred Stock.

⁽⁴⁾ Consists of (i) the amount of dividends on the Series C Preferred Stock paid via issuing new shares (pursuant to the DRIP), (ii) the pro-rata write-off of offering costs related to shares of the Series B Preferred Stock and Series C Preferred Stock that were redeemed, which were noncash charges, and (iii) our remaining pro-rata share of income (loss) recorded from investments in unconsolidated entities during the respective periods.

Net Asset Value

Real estate companies are required to record real estate using the historical cost basis of the real estate, adjusted for accumulated depreciation and amortization, and, as a result, the carrying value of the real estate does not typically change as the fair value of the assets change. Thus, one challenge is determining the fair value of the real estate in order to allow stockholders to see the value of the real estate increase or decrease over time, which we believe is useful to our investors.

Determination of Fair Value

Our Board of Directors reviews and approves the valuations of our properties pursuant to a valuation policy approved by our Board of Directors (the “Valuation Policy”). Such review and approval occurs in three phases: (i) prior to its quarterly meetings, the Board of Directors receives written valuation recommendations and supporting materials that are provided by professionals of the Adviser and Administrator, with oversight and direction from the chief valuation officer, who is also employed by the Administrator (collectively, the “Valuation Team”); (ii) the valuation committee of the Board of Directors (the “Valuation Committee”), which is comprised entirely of independent directors, meets to review the valuation recommendations and supporting materials; and (iii) after the Valuation Committee concludes its meeting, it and the chief valuation officer present the Valuation Committee’s findings to the entire Board of Directors so that the full Board of Directors may review and approve the fair values of our properties in accordance with the Valuation Policy. Further, on a quarterly basis, the Board of Directors reviews the Valuation Policy to determine if changes thereto are advisable and also reviews whether the Valuation Team has applied the Valuation Policy consistently.

Per the Valuation Policy, our valuations are generally derived based on the following:

- For properties acquired within 12 months prior to the date of valuation, the purchase price of the property will generally be used as the current fair value unless overriding factors apply. In situations where OP Units are issued as partial or whole consideration in connection with the acquisition of a property, the fair value of the property will generally be the lower of: (i) the agreed-upon purchase price between the seller and the buyer (as shown in the purchase and sale agreement or contribution agreement and using the agreed-upon pricing of the OP Units, if applicable), or (ii) the value as determined by an independent, third-party appraiser.
- For real estate we acquired more than one year prior to the date of valuation, we determine the fair value either by relying on estimates provided by independent, third-party appraisers or through an internal valuation process. In addition, if significant capital improvements take place on a property, we will typically have those properties reappraised upon completion of the project by an independent, third-party appraiser. In any case, we intend to have each property valued by an independent, third-party appraiser via a full appraisal at least once every three years, with interim values generally being determined by either: (i) a restricted appraisal (a “desk appraisal”) performed by an independent, third-party appraiser, or (ii) our internal valuation process.

Various methodologies were used, both by the appraisers and in our internal valuations, to determine the fair value of our real estate, including the sales comparison, income capitalization (or a discounted cash flow analysis), and cost approaches of valuation. In performing their analyses, the appraisers typically (i) conducted site visits to the properties (where full appraisals were performed), (ii) discussed each property with our Adviser and reviewed property-level information, including, but not limited to, property operating data, prior appraisals (as available), existing lease agreements, farm acreage, location, access to water and water rights, potential for future development, and other property-level information, and (iii) reviewed information from a variety of sources about regional market conditions applicable to each of our properties, including, but not limited to, recent sale prices of comparable farmland, market rents for similar farmland, estimated marketing and exposure time, market capitalization rates, and the current economic environment, among others. In performing our internal valuations, we will consider the most recent appraisal available and use similar methodologies in determining an updated fair value. We will also obtain updated market data related to the property, such as updated sales and market rent comparisons and market capitalization rates, and perform an updated assessment of the tenants’ credit risk profiles, among others. Sources of this data may come from market inputs from recent acquisitions of our own portfolio of real estate, recent appraisals of properties we own that are similar in nature and in the same region (as applicable) as the property being valued, market conditions and trends we observe in our due diligence process, and conversations with appraisers, brokers, and farmers.

A breakdown of the methodologies used to value our properties and the aggregate value as of December 31, 2021, determined by each method is shown in the table below (dollars in thousands, except in footnotes):

Valuation Method	Number of Farms	Total Acres	Farm Acres	Net Cost Basis ⁽¹⁾	Current Fair Value	% of Total Fair Value
Purchase Price	27	11,458	9,985	\$ 288,781	\$ 290,518	19.8%
Internal Valuation	3	6,194	4,730	24,978	42,300	2.9%
Third-party Appraisal ⁽²⁾	134	94,890	78,611	1,007,552	1,130,833	77.3%
Total	164	112,542	93,326	\$ 1,321,311	\$ 1,463,651	100.0%

- ⁽¹⁾ Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets acquired and liabilities assumed), plus subsequent improvements and other capitalized costs paid for by us that were associated with the properties, and adjusted for accumulated depreciation and amortization.
- ⁽²⁾ Appraisals performed between March 2021 and December 2021.

Some of the significant assumptions used by appraisers and the Valuation Team in valuing our portfolio as of December 31, 2021, include land values per farmable acre, market rental rates per farmable acre and the resulting net operating income (“NOI”) at the property level, and capitalization rates, among others. These assumptions were applied on a farm-by-farm basis and were selected based on several factors, including comparable land sales, surveys of both existing and current market rates, discussions with other brokers and farmers, soil quality, size, location, and other factors deemed appropriate. A summary of these significant assumptions is provided in the following table:

	Appraisal Assumptions		Internal Valuation Assumptions	
	Range (Low - High)	Weighted Average	Range (Low - High)	Weighted Average
Land Value (per farmable acre)	\$678 – \$128,781	\$34,305	\$5,504 – \$5,504	\$5,504
Market NOI (per farmable acre)	\$158 – \$3,543	\$1,482	\$214 – \$214	\$214
Market Capitalization Rate	3.00% – 10.50%	5.49%	4.00% – 4.00%	4.00%

Note: Figures in the table above apply only to the farmland portion of our portfolio and exclude assumptions made relating to farm-related facilities (e.g., cooling facilities), and other structures on our properties (e.g., residential housing), as their aggregate value was considered to be insignificant in relation to that of the farmland.

Our Valuation Team reviews the appraisals, including the significant assumptions and inputs used in determining the appraised values, and considers any developments that may have occurred since the time the appraisals were performed. Developments considered that may have an impact on the fair value of our real estate include, but are not limited to, changes in tenant credit profiles, changes in lease terms (such as expirations and notices of non-renewals or to vacate), and potential asset sales (particularly those at prices different from the appraised values of our properties).

Management believes that the purchase prices of the farms acquired during the previous 12 months and the most recent appraisals available for the farms acquired prior to the previous 12 months fairly represent the current market values of the properties as of December 31, 2021, and, accordingly, did not make any adjustment to these values.

A quarterly roll-forward of the change in our portfolio value for the three months ended December 31, 2021, from the prior value basis as of September 30, 2021, is provided in the table below (dollars in thousands):

Total portfolio fair value as of September 30, 2021	\$ 1,314,670
Plus: Acquisition of seven new farms during the three months ended December 31, 2021	146,842 ⁽¹⁾
<i>Plus net value appreciation during the three months ended December 31, 2021:</i>	
One cooling facility valued internally	\$ 2,323
24 farms valued via third-party appraisals	(184)
Total net appreciation for the three months ended December 31, 2021	2,139
Total portfolio fair value as of December 31, 2021	\$ 1,463,651

⁽¹⁾ Includes approximately \$1.2 million paid to exercise a water purchase option that was acquired in connection with one of the farms that was acquired during the three months ended December 31, 2021.

Management also determined fair values of all of its long-term borrowings and preferred stock. Using a discounted cash flow analysis, management determined that the fair value of all long-term encumbrances on our properties as of December 31, 2021, was approximately \$663.8 million, as compared to a carrying value (excluding unamortized related debt issuance costs) of approximately \$671.6 million. The fair values of our Series B Preferred Stock and Series D Term Preferred Stock were determined using the closing stock prices as of December 31, 2021, of \$26.50 per share and \$25.64 per share, respectively. Finally, pursuant to Financial Industry Regulatory Authority Rule 2310(b) (5), with the assistance of a third-party valuation expert, we determined the estimated value of our Series C Preferred Stock to be \$25.00 per share as of December 31, 2021 (see Exhibit 99.1 to this Form 10-K).

Calculation of Estimated Net Asset Value

To provide our stockholders with an estimate of the fair value of our real estate assets, we intend to estimate the fair value of our farms and farm-related properties and provide an estimated net asset value (“NAV”) on a quarterly basis. NAV is a non-GAAP, supplemental measure of financial position of an equity REIT and is calculated as total equity, adjusted for the increase or decrease in fair value of our real estate assets and long-term borrowings (including any preferred stock required to be treated as debt for GAAP purposes) relative to their respective cost bases. Further, we calculate NAV per common share by dividing

NAV by our total common shares outstanding (consisting of our common stock and OP Units held by non-controlling limited partners).

The fair values presented above and their usage in the calculation of net asset value per share presented below have been prepared by and is the responsibility of management. PricewaterhouseCoopers LLP has neither examined, compiled, nor performed any procedures with respect to the fair values or the calculation of net asset value per common share, which utilizes information that is not disclosed within the financial statements, and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

As of December 31, 2021, we estimate the NAV per common share to be \$14.31. A reconciliation of NAV to total equity, which we believe is the most directly-comparable GAAP measure, is provided below (dollars in thousands, except per-share data):

Total equity per balance sheet	\$ 589,066
<i>Fair value adjustment for long-term assets:</i>	
Less: net cost basis of tangible and intangible real estate holdings ⁽¹⁾	\$ (1,321,311)
Plus: estimated fair value of real estate holdings ⁽²⁾	1,463,651
Net fair value adjustment for real estate holdings	142,340
<i>Fair value adjustment for long-term liabilities:</i>	
Plus: book value of aggregate long-term indebtedness ⁽³⁾	731,948
Less: fair value of aggregate long-term indebtedness ⁽³⁾⁽⁴⁾	(725,678)
Net fair value adjustment for long-term indebtedness	6,270
Estimated NAV	\$ 737,676
Less: aggregate fair value of Series B Preferred Stock and Series C Preferred Stock ⁽⁵⁾	(245,169)
Estimated NAV available to common stockholders and non-controlling OP Unitholders	\$ 492,507
Total common shares and non-controlling OP Units outstanding ⁽⁶⁾	34,414,791
Estimated NAV per common share and non-controlling OP Unit	\$ 14.31

⁽¹⁾ Per Net Cost Basis as presented in the table above.

⁽²⁾ Per Current Fair Value as presented in the table above.

⁽³⁾ Includes the principal balances outstanding of all long-term borrowings (consisting of notes and bonds payable) and the Series D Term Preferred Stock.

⁽⁴⁾ Long-term notes and bonds payable were valued using a discounted cash flow model. The Series D Term Preferred Stock was valued based on its closing stock price as of December 31, 2021.

⁽⁵⁾ The Series B Preferred Stock was valued based on its closing stock price as of December 31, 2021, while the Series C Preferred Stock was valued at its liquidation value, as discussed above.

⁽⁶⁾ Includes 34,210,013 shares of common stock and 204,778 OP Units held by non-controlling OP Unitholders.

A quarterly rollforward in the estimated NAV per common share and OP Unit for the three months ended December 31, 2021, is provided below:

Estimated NAV per common share and non-controlling OP Unit as of September 30, 2021	\$ 13.80
Less net loss attributable to common stockholders and non-controlling OP Unitholders	(0.04)
<i>Adjustments for net change in valuations:</i>	
Net change in unrealized fair value of farmland portfolio ⁽¹⁾	\$ 0.18
Net change in unrealized fair value of long-term indebtedness	0.12
Net change in valuations	0.30
Less distributions on common stock and non-controlling OP Units	(0.14)
Plus net accretive effect of equity issuances	0.39
Estimated NAV per common share and non-controlling OP Unit as of December 31, 2021	\$ 14.31

⁽¹⁾ The net change in unrealized fair value of our farmland portfolio consists of three components: (i) an increase of \$0.06 per share due to the farms that were valued during the three months ended December 31, 2021, (ii) an increase of \$0.23 per share due to the aggregate depreciation and amortization expense recorded during the three months ended December 31, 2021, and (iii) a decrease of \$0.11 per share due to capital improvements made on certain farms that have not yet been considered in the determination of the respective farms' estimated fair values.

Comparison of estimated NAV and estimated NAV per common share, using the definitions above, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the calculation or application of the definition of NAV used by such REITs. In addition, the trading price of our common shares may differ significantly from our most recent estimated NAV per common share calculation. For example, while we estimated our NAV per common share to be \$14.31 as

of December 31, 2021, based on the calculation above, the closing price of our common stock on December 31, 2021, was \$33.76 per share.

The determination of estimated NAV is subjective and involves a number of assumptions, judgments, and estimates, and minor adjustments to these assumptions, judgments, or estimates may have a material impact on our overall portfolio valuation. In addition, many of the assumptions used are sensitive to market conditions and can change frequently. Changes in the market environment and other events that may occur during our ownership of these properties may cause the values reported above to vary from the actual fair value that may be obtained in the open market. Further, while management believes the values presented reflect current market conditions, the ultimate amount realized on any asset will be based on the timing of such dispositions and the then-current market conditions. There can be no assurance that the ultimate realized value upon disposition of an asset will approximate the estimated fair value above.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ITEM 7A.

This Item is not applicable to smaller reporting companies.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Management on Internal Controls over Financial Reporting

To the Stockholders and Board of Directors of Gladstone Land Corporation:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and include those policies and procedures that pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the dispositions of our assets, provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, we assessed the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations (COSO). Based on our assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2021.

February 22, 2022

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Gladstone Land Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Gladstone Land Corporation and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive income, of equity and of cash flows for the years then ended, including the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Purchase Price Allocations for Real Estate Acquisitions – Land Valued Using a Sales Comparison Approach

As described in Notes 2 and 3 to the consolidated financial statements, during 2021 the Company completed 16 real estate acquisitions consisting of 27 farms for a total purchase price of \$294 million, which consisted of \$98 million of land. Management allocates the purchase price of real estate to (i) the tangible assets acquired and liabilities assumed (typically consisting of land, buildings, improvements, permanent plantings, and long-term debt) and, if applicable, (ii) any identifiable intangible assets and liabilities (typically consisting of in-place lease values, lease origination costs, the values of above- and below-market leases, and tenant relationships), based in each case on their relative fair values. Management’s estimates of fair value are made using methods such as a sales comparison approach, a cost approach, and either an income capitalization approach or discounted cash flow analysis.

The principal considerations for our determination that performing procedures relating to the purchase price allocations for real estate acquisitions – land valued using a sales comparison approach is a critical audit matter are the significant judgment by management when developing the estimated fair value of the land, which in turn led to significant auditor judgment, subjectivity and effort in performing procedures and evaluating audit evidence relating to the comparable sales used in the sales comparison approach used to value the land.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) reading the purchase agreements; (ii) testing management's process for developing the estimated fair value of the land; (iii) testing the completeness and accuracy of data used by management in estimating the fair value of the land; (iv) evaluating the appropriateness of the sales comparison approach; and (v) evaluating the reasonableness of the comparable sales used in the sales comparison approach. Evaluating the reasonableness of the comparable sales involved evaluating whether the comparable sales used by management were reasonable considering the consistency with (i) external market and industry data, (ii) previous real estate acquisitions, and (iii) evidence obtained in other areas of the audit.

/s/ PricewaterhouseCoopers LLP
Washington, DC
February 22, 2022

We have served as the Company's auditor since 2005.

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)

	December 31, 2021	December 31, 2020
ASSETS		
Real estate, at cost	\$ 1,357,800	\$ 1,095,439
Less: accumulated depreciation	(74,002)	(49,236)
Total real estate, net	1,283,798	1,046,203
Lease intangibles, net	4,456	3,732
Cash and cash equivalents	16,708	9,218
Other assets, net	46,588	8,136
TOTAL ASSETS	\$ 1,351,550	\$ 1,067,289
LIABILITIES AND EQUITY		
LIABILITIES:		
Borrowings under lines of credit	\$ 100	\$ 100
Notes and bonds payable, net	667,882	623,961
Series A mandatorily-redeemable preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 0 shares authorized, issued, or outstanding as of December 31, 2021; 2,000,000 shares authorized, 1,150,000 shares issued and outstanding as of December 31, 2020; net	—	28,594
Series D mandatorily-redeemable preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 3,600,000 shares authorized, 2,415,000 shares issued and outstanding as of December 31, 2021; 0 shares authorized, issued, or outstanding as of December 31, 2020; net	58,696	—
Accounts payable and accrued expenses	10,874	9,081
Due to related parties, net	4,224	2,484
Other liabilities, net	20,708	19,279
Total liabilities	762,484	683,499
Commitments and contingencies (Note 7)		
EQUITY:		
Stockholders' equity:		
Series B cumulative redeemable preferred stock, \$0.001 par value; \$25.00 per share liquidation preference; 6,456,065 shares authorized, 5,956,065 shares issued and outstanding as of December 31, 2021 and 2020	6	6
Series C cumulative redeemable preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 25,989,942 shares authorized, 3,493,333 shares issued and outstanding as of December 31, 2021; 25,999,862 shares authorized, 1,088,435 shares issued and outstanding as of December 31, 2020	3	1
Common stock, \$0.001 par value; 63,953,993 shares authorized, 34,210,013 shares issued and outstanding as of December 31, 2021; 65,544,073 shares authorized, 26,219,019 shares issued and outstanding as of December 31, 2020	34	26
Additional paid-in capital	668,275	440,470
Distributions in excess of accumulated earnings	(80,467)	(55,213)
Accumulated other comprehensive loss	(1,036)	(1,500)
Total stockholders' equity	586,815	383,790
Non-controlling interests in Operating Partnership	2,251	—
Total equity	589,066	383,790
TOTAL LIABILITIES AND EQUITY	\$ 1,351,550	\$ 1,067,289

The accompanying notes are an integral part of these consolidated financial statements.

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except share and per-share data)

	For the Years Ended December 31,	
	2021	2020
OPERATING REVENUES:		
Lease revenue, net	\$ 75,318	\$ 57,031
Total operating revenues	75,318	57,031
OPERATING EXPENSES:		
Depreciation and amortization	27,183	16,655
Property operating expenses	2,536	1,848
Base management fee	6,329	4,289
Incentive fee	3,901	3,038
Administration fee	1,526	1,448
General and administrative expenses	2,139	2,102
Total operating expenses	43,614	29,380
OTHER INCOME (EXPENSE):		
Other income	2,291	1,872
Interest expense	(24,883)	(20,621)
Dividends declared on Series A and Series D mandatorily-redeemable preferred stock	(3,068)	(1,833)
Loss on dispositions of real estate assets, net	(2,537)	(2,180)
Property and casualty recovery, net	68	70
Loss from investments in unconsolidated entities	(61)	(4)
Total other expense, net	(28,190)	(22,696)
NET INCOME		
Net income attributable to non-controlling interests	3,514	4,955
NET INCOME ATTRIBUTABLE TO THE COMPANY	(19)	(29)
Dividends declared on Series B and Series C cumulative redeemable preferred stock	3,495	4,926
Loss on extinguishment of Series B and Series C cumulative redeemable preferred stock	(12,235)	(9,278)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	(23)	(44)
	\$ (8,763)	\$ (4,396)
LOSS PER COMMON SHARE:		
Basic and diluted	\$ (0.29)	\$ (0.20)
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING		
Basic and diluted	30,357,268	22,258,121
COMPREHENSIVE INCOME:		
Net income attributable to the Company	\$ 3,495	\$ 4,926
Change in fair value related to interest rate hedging instruments	464	(1,110)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY	\$ 3,959	\$ 3,816

The accompanying notes are an integral part of these consolidated financial statements.

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except share data)

	Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Non-Controlling Interest	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value						
Balance at December 31, 2019	4,755,869	\$ 5	—	\$ —	20,936,658	\$ 21	\$ 315,770	\$ (38,785)	\$ (390)	\$ 276,621	\$ 2,349	\$ 278,970
Issuance of Series B Preferred Stock, net	1,229,531	1	—	—	—	—	27,049	—	—	27,050	—	27,050
Redemptions of Series B Preferred Stock	(29,335)	—	—	—	—	—	(637)	(44)	—	(681)	—	(681)
Issuance of Series C Preferred Stock, net	—	—	1,088,573	1	—	—	24,715	—	—	24,716	—	24,716
Redemptions of Series C Preferred Stock	—	—	(138)	—	—	—	(3)	—	—	(3)	—	(3)
Redemptions of OP Units	—	—	—	—	288,304	—	4,383	—	—	4,383	(4,383)	—
Issuance of common stock, net	—	—	—	—	4,994,057	5	71,267	—	—	71,272	—	71,272
Net income	—	—	—	—	—	—	—	4,926	—	4,926	29	4,955
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(9,278)	—	(9,278)	—	(9,278)
Distributions—OP units and common stock	—	—	—	—	—	—	—	(12,032)	—	(12,032)	(69)	(12,101)
Comprehensive loss attributable to the Company	—	—	—	—	—	—	—	—	(1,110)	(1,110)	—	(1,110)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	(2,074)	—	—	(2,074)	2,074	—
Balance at December 31, 2020	5,956,065	\$ 6	1,088,435	\$ 1	26,219,019	\$ 26	\$ 440,470	\$ (55,213)	\$ (1,500)	\$ 383,790	\$ —	\$ 383,790
Issuance of Series C Preferred Stock, net	—	—	2,414,818	2	—	—	54,897	—	—	54,899	—	54,899
Redemptions of Series C Preferred Stock	—	—	(9,920)	—	—	—	(225)	(23)	—	(248)	—	(248)
Issuance of OP Units as consideration in real estate acquisitions, net	—	—	—	—	—	—	—	—	—	—	3,970	3,970
Issuance of common stock, net	—	—	—	—	7,990,994	8	171,487	—	—	171,495	—	171,495
Net income	—	—	—	—	—	—	—	3,495	—	3,495	19	3,514
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(12,235)	—	(12,235)	—	(12,235)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(16,491)	—	(16,491)	(92)	(16,583)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	464	464	—	464
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	1,646	—	—	1,646	(1,646)	—
Balance at December 31, 2021	5,956,065	\$ 6	3,493,333	\$ 3	34,210,013	\$ 34	\$ 668,275	\$ (80,467)	\$ (1,036)	\$ 586,815	\$ 2,251	\$ 589,066

The accompanying notes are an integral part of these consolidated financial statements.

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 3,514	\$ 4,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,183	16,655
Amortization of debt issuance costs	1,172	756
Amortization of deferred rent assets and liabilities, net	(581)	(215)
Amortization of right-of-use assets from operating leases and operating lease liabilities, net	122	47
Loss from investments in unconsolidated entities	61	4
Bad debt expense	13	17
Loss on dispositions of real estate assets, net	2,537	2,180
Property and casualty recovery, net	(68)	(70)
Changes in operating assets and liabilities:		
Other assets, net	(5,939)	(1,779)
Accounts payable and accrued expenses and Due to related parties, net	1,905	(744)
Other liabilities, net	2,458	3,196
Net cash provided by operating activities	32,377	25,002
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of new real estate assets	(286,827)	(255,948)
Capital expenditures on existing real estate assets	(6,120)	(16,510)
Contributions to unconsolidated real estate entities	(2,054)	(573)
Proceeds from dispositions of real estate assets	—	342
Insurance proceeds received capitalized as real estate additions	—	68
Deposits on prospective real estate acquisitions and investments	—	(280)
Net cash used in investing activities	(295,001)	(272,901)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred and common equity	233,393	130,348
Offering costs	(6,660)	(6,620)
Redemption of cumulative redeemable preferred stock (Series B and Series C)	(248)	(684)
Proceeds from issuance of mandatorily-redeemable preferred stock (Series D)	60,375	—
Redemption of mandatorily-redeemable preferred stock (Series A)	(28,750)	—
Borrowings from lines of credit	—	22,300
Repayments of lines of credit	—	(22,300)
Borrowings from notes and bonds payable	67,907	156,053
Repayments of notes and bonds payable	(23,924)	(13,413)
Payments of financing fees	(2,717)	(1,172)
Dividends paid on cumulative redeemable preferred stock (Series B and Series C)	(12,679)	(8,982)
Distributions paid to non-controlling common interests in Operating Partnership	(92)	(68)
Distributions paid on common stock	(16,491)	(12,033)
Net cash provided by financing activities	270,114	243,429
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,490	(4,470)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,218	13,688
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 16,708	\$ 9,218

The accompanying notes are an integral part of these consolidated financial statements.

GLADSTONE LAND CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(In thousands)

SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid ⁽¹⁾	\$ 26,395	\$ 22,501
NON-CASH INVESTING, AND FINANCING INFORMATION:		
Issuance of non-controlling interests in Operating Partnership in conjunction with acquisitions	3,970	—
Real estate additions included in Accounts payable and accrued expenses and Due to related parties, net	3,724	1,575
Stock offering and OP Unit issuance costs included in Accounts payable and accrued expenses and Due to related parties, net	3	74
Financing fees included in Accounts payable and accrued expenses and Due to related parties, net	116	135
Unrealized gain (loss) related to interest rate hedging instrument	1,036	(1,500)
Dividends paid on Series C Preferred Stock via additional share issuances	185	6

⁽¹⁾Includes distributions made on our Series D Term Preferred stock and Series A Term Preferred stock

The accompanying notes are an integral part of these consolidated financial statements.



**GLADSTONE LAND CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Only references to the number of farms/properties, acreage, and primary crop use are unaudited.

NOTE 1. BUSINESS AND ORGANIZATION

Business

Gladstone Land Corporation (“we,” “us,” or the “Company”) is an agricultural real estate investment trust (“REIT”) that was re-incorporated in Maryland on March 24, 2011, having been originally incorporated in California on June 14, 1997. We are primarily in the business of owning and leasing farmland. Subject to certain restrictions and limitations, and pursuant to contractual agreements, our business is managed by Gladstone Management Corporation (the “Adviser”), a Delaware corporation, and administrative services are provided to us by Gladstone Administration, LLC (the “Administrator”), a Delaware limited liability company. Our Adviser and Administrator are both affiliates of ours (see Note 6, “*Related-Party Transactions*,” for additional discussion regarding our Adviser and Administrator).

Organization

We conduct substantially all of our operations through a subsidiary, Gladstone Land Limited Partnership (the “Operating Partnership”), a Delaware limited partnership. As we currently control the sole general partner of the Operating Partnership and own, directly or indirectly, a majority of the common units of limited partnership interest in the Operating Partnership (“OP Units”), the financial position and results of operations of the Operating Partnership are consolidated within our financial statements. As of December 31, 2021 and 2020, the Company owned approximately 99.4% and 100.0%, respectively, of the outstanding OP Units (see Note 8, “*Equity*,” for additional discussion regarding OP Units).

Gladstone Land Partners, LLC (“Land Partners”), a Delaware limited liability company and a subsidiary of ours, was organized to engage in any lawful act or activity for which a limited liability company may be organized in Delaware. Land Partners is the general partner of the Operating Partnership and has the power to make and perform all contracts and to engage in all activities necessary in carrying out the purposes of the Company, as well as all other powers available to it as a limited liability company. As we currently own all of the membership interests of Land Partners, the financial position and results of operations of Land Partners are consolidated within our financial statements.

Gladstone Land Advisers, Inc. (“Land Advisers”), a Delaware corporation and a subsidiary of ours, was created to collect any non-qualifying income related to our real estate portfolio and to perform certain small-scale farming business operations. We have elected for Land Advisers to be taxed as a taxable REIT subsidiary (“TRS”) of ours. Since we currently own 100% of the voting securities of Land Advisers, its financial position and results of operations are consolidated within our financial statements. For the tax years ended December 31, 2021 and 2020, there was no taxable income or loss from Land Advisers, nor did we have any undistributed REIT taxable income.

All further references herein to “we,” “us,” “our,” and the “Company” refer, collectively, to Gladstone Land Corporation and its consolidated subsidiaries, except where indicated otherwise.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in accordance with U.S. generally-accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, including the impact of extraordinary events, such as the novel coronavirus (“COVID-19”) pandemic, the results of which form the basis for making certain judgments. Actual results may materially differ from these estimates.

Real Estate and Lease Intangibles

Our investments in real estate consist of farmland, improvements made to the farmland (consisting primarily of irrigation and drainage systems and buildings), and permanent plantings acquired in connection with certain land purchases (consisting primarily of almond and pistachio trees, blueberry bushes, and wine vineyards). We record investments in real estate at cost

and generally capitalize improvements and replacements when they extend the useful life or improve the efficiency of the asset. We expense costs of routine repairs and maintenance as such costs are incurred. We generally compute depreciation using the straight-line method over the shorter of the estimated useful life or 39 years for buildings and improvements, the shorter of the estimated useful life or 40 years for permanent plantings, 5 to 20 years for equipment and fixtures.

Certain of our acquisitions involve sale-leaseback transactions with newly-originated leases, and other of our acquisitions involve the acquisition of farmland that was already being operated as rental property, in which case we will typically assume the lease in place at the time of acquisition. Most of our acquisitions, including those with a prior leasing history, are generally treated as asset acquisitions under Accounting Standards Codification 805, "Business Combinations" ("ASC 805").

ASC 805 requires that the purchase price of real estate be allocated to (i) the tangible assets acquired and liabilities assumed (typically consisting of land, buildings, improvements, permanent plantings, and long-term debt) and, if applicable, (ii) any identifiable intangible assets and liabilities (typically consisting of in-place lease values, lease origination costs, the values of above- and below-market leases, and tenant relationships), based in each case on their fair values. In addition, all acquisition-related costs (other than legal costs incurred directly related to either originating new leases we execute upon acquisition or reviewing in-place leases we assumed upon acquisition) are capitalized and included as part of the fair value allocation of the identifiable tangible and intangible assets acquired or liabilities assumed. ASC 805 required that all costs related to the acquisition be expensed as incurred, rather than capitalized into the cost of the acquisition.

Management's estimates of fair value are made using methods similar to those used by independent appraisers, such as a sales comparison approach, a cost approach, and either an income capitalization approach or discounted cash flow analysis. Factors considered by management in its analysis include an estimate of carrying costs during hypothetical, expected lease-up periods, taking into consideration current market conditions and costs to execute similar leases. We also consider information obtained about each property as a result of our pre-acquisition due diligence, marketing, and leasing activities in estimating the fair value of the tangible and intangible assets acquired and liabilities assumed. In estimating carrying costs, management also includes lost reimbursement of real estate taxes, insurance, and certain other operating expenses, as well as estimates of lost rental income at market rates during the hypothetical, expected lease-up periods, which typically range from 1 to 24 months, depending on specific local market conditions. Management also estimates costs to execute similar leases, including leasing commissions, legal fees, and other related expenses, to the extent that such costs are not already incurred in connection with a new lease origination as part of the transaction. While management believes these estimates to be reasonable based on the information available at the time of acquisition, the purchase price allocation may be adjusted if management obtains more information regarding the valuations of the assets acquired or liabilities assumed.

We allocate the purchase price to the fair value of the tangible assets and liabilities of an acquired property by valuing the property as if it were vacant. The "as-if-vacant" value is allocated to land, buildings, improvements, and permanent plantings, based on management's determination of the relative fair values of such assets and liabilities as of the date of acquisition.

We record above- and below-market lease values for acquired properties based on the present value (using a discount rate that reflects the risks associated with the leases acquired) of the difference between (i) the contractual amounts to be paid pursuant to the in-place lease agreements, and (ii) management's estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining, non-cancelable term of the lease. When determining the non-cancelable term of the lease, we evaluate whether fixed-rate or below-market renewal options, if any, should be included. The fair value of capitalized above-market lease values, included as part of Other assets in the accompanying Consolidated Balance Sheets, is amortized as a reduction of rental income on a straight-line basis over the remaining, non-cancelable terms of the respective leases. The fair value of capitalized below-market lease values, included as part of Other liabilities in the accompanying Consolidated Balance Sheets, is amortized as an increase to rental income on a straight-line basis over the remaining, non-cancelable terms of the respective leases, including that of any fixed-price or below-market renewal options.

The value of the remaining intangible assets acquired, which consists of in-place lease values, lease origination costs, and tenant relationship values, are determined based on management's evaluation of the specific characteristics of each tenant's lease and our overall relationship with that respective tenant. Characteristics to be considered by management in allocating these values include the nature and extent of our existing business relationships with the tenant, prospects for developing additional business with the tenant, the tenant's credit quality, and our expectations of lease renewals (including those existing under the terms of the current lease agreement), among other factors.

The value of in-place leases and certain lease origination costs (if any) are amortized to amortization expense on a straight-line basis over the remaining, non-cancelable terms of the respective leases. The value of tenant relationship intangibles, which is the benefit to us resulting from the likelihood of an existing tenant renewing its lease at the existing property or entering into a lease at a different property we own, is amortized to amortization expense over the remaining lease term and any anticipated renewal periods in the respective leases.

Should a tenant terminate its lease, the unamortized portion of the above intangible assets or liabilities would be charged to the appropriate income or expense account.

Total consideration for acquisitions may include a combination of cash and equity securities, such as OP Units. When OP Units are issued in connection with acquisitions, we determine the fair value of the OP Units issued based on the number of units issued multiplied by the closing price of the Company's common stock on the date of acquisition.

Impairment of Real Estate Assets

We account for the impairment of our tangible and identifiable intangible real estate assets in accordance with ASC 360, which requires us to periodically review the carrying value of each property to determine whether indicators of impairment exist. Such indicators may include, but are not limited to, declines in a property's operating performance, deteriorating market conditions, vacancy rates, and environmental or legal concerns. If circumstances support the possibility of impairment, we prepare a projection of the total undiscounted future cash flows of the specific property (without interest charges), including proceeds from disposition, and compare them to the net book value of the property to determine whether the carrying value of the property is recoverable. In performing the analysis, we consider such factors as the tenants' payment history and financial condition, the likelihood of lease renewal, agricultural and business conditions in the regions in which our farms are located, and whether there are indications that the fair value of the real estate has decreased. If the carrying amount is more than the aggregate undiscounted future cash flows, we would recognize an impairment loss to the extent the carrying value exceeds the estimated fair value of the property.

We evaluate our entire property portfolio each quarter for any impairment indicators and perform an impairment analysis on those select properties that have an indication of impairment. As of December 31, 2021 and 2020, we concluded that none of our properties were impaired. There have been no impairments recognized on our real estate assets since our inception.

Tenant Improvements

From time to time, our tenants may pay for improvements on certain of our properties with the ownership of the improvements remaining with us, in which case we will record the cost of such improvements as an asset (tenant improvements, included within Investments in real estate, net), along with a corresponding liability (deferred rent liability, included within Other liabilities, net) on our Consolidated Balance Sheets. When we are determined to be the owner of the tenant improvements, such improvements will be depreciated, and the related deferred rent liability will be amortized as an addition to rental income, each over the shorter of the useful life of the respective improvement or the remaining term of the existing lease in place. If the tenant is determined to be the owner of the tenant improvements, any tenant improvements funded by us are treated as a lease incentive and amortized as a reduction of rental income over the remaining term of the existing lease in place.

In determining whether the tenant or the Company is the owner of such improvements, several factors will be considered, including, but not limited to: (i) whether the tenant or landlord retains legal title to the improvements upon expiration of the lease; (ii) whether the lease stipulates how such improvements should be treated; (iii) the uniqueness of the improvements (i.e., whether the improvements were made to meet the specific needs or for the benefit of the tenant leasing the property, or if the improvements generally increased the value or extended the useful life of the asset improved upon); (iv) the expected useful life of the improvements relative to the remaining length of the lease; (v) whether the tenant improvements are expected to have significant residual value at the end of the lease term; and (vi) whether the tenant or the Company constructs or directs construction of the improvements. The determination of who owns the improvements can be subject to significant judgment.

Cash and Cash Equivalents

We consider cash equivalents to be all short-term, highly-liquid investments that are both readily convertible to cash and have a maturity of three months or less at the time of purchase, except that any such investments purchased with funds held in escrow or similar accounts are classified as restricted cash. Items classified as cash equivalents include money-market deposit accounts. Our cash and cash equivalents as of December 31, 2021 and 2020 were held in the custody of one financial institution, and our balance at times may exceed federally-insurable limits. We did not have any restricted cash or restricted cash equivalents as of December 31, 2021 or 2020.

Debt Issuance Costs

Debt issuance costs consist of costs incurred to obtain debt financing, including legal fees, origination fees, and administrative fees. Costs associated with our long-term borrowings are deferred and amortized over the terms of the respective financings using the straight-line method, which approximates the effective interest method. In the case of our lines of credit, the straight-line method is used due to the revolving nature of the financing instrument. Upon early extinguishment of any borrowings, the unamortized portion of the related deferred financing costs will be immediately charged to expense. In addition, in accordance with ASC 470, "Debt," when a financing arrangement is amended so that the only material change is an increase in the borrowing capacity, the unamortized deferred financing costs from the prior arrangement is amortized over the term of the new

arrangement. During the years ended December 31, 2021 and 2020, we recorded approximately \$1.2 million and \$756,000, respectively, of total amortization expense related to debt issuance costs.

Deferred Offering Costs

We account for offering costs in accordance with SEC Staff Accounting Bulletin Topic 5.A., which states that incremental offering costs directly attributable to a proposed or actual offering of securities may be deferred and charged against the gross proceeds of such offering. Accordingly, costs incurred related to our ongoing equity offerings are included in Other assets, net on the accompanying Consolidated Balance Sheets and are ratably applied to the cost of equity as the related securities are issued. If an equity offering is subsequently terminated, the remaining, unallocated portion of the related deferred offering costs are charged to expense in the period such offering is aborted and recorded as General and administrative expenses on the accompanying Consolidated Statements of Operations and Comprehensive Income. During the year ended December 31, 2020, we incurred approximately \$113,000 of costs for an offering that was subsequently aborted and charged such costs to General and administrative expenses on the accompanying Consolidated Statements of Operations and Comprehensive Income.

Other Assets and Other Liabilities

Other assets, net generally consists primarily of net deferred rent assets, rents receivable, deferred offering costs, prepaid expenses, deferred financing costs associated with our lines of credit, operating lease right-of-use assets, deposits on potential real estate acquisitions, the carrying value of five industrial generators used to provide temporary power for newly-drilled wells on certain of our farms, investments in long-term water assets (see Note 3, “*Real Estate and Lease Intangibles—Investments in Water Assets*,” for further discussion), and net ownership interests in special-purpose LLCs (see “*Investments in Unconsolidated Entities*” below for further discussion).

Other liabilities, net generally consists primarily of rents received in advance, net deferred rent liabilities, operating lease liabilities, and the fair value of interest rate swaps if market interest rates are below the fixed rate of the respective swap (see Note 4, “*Borrowings—Interest Rate Swap Agreements*,” for further discussion).

Investments in Unconsolidated Entities

We determine if an entity is a variable interest entity (“VIE”) in accordance with ASC Topic 810, “Consolidation.” For an entity in which we have acquired an interest, the entity will be considered a VIE if either of the following characteristics are met: (i) the entity lacks sufficient equity to finance its activities without additional subordinated financial support, or (ii) equity holders, as a group, lack the characteristics of a controlling financial interest. We evaluate all significant investments in real estate-related assets to determine if they are VIEs, utilizing judgment and estimates that are inherently subjective.

If an entity is determined to be a VIE, we then determine whether to consolidate the entity as the primary beneficiary. The primary beneficiary has both (i) the power to direct the activities that most significantly impact the VIE’s economic performance, and (ii) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the entity.

Non-controlling Interests

Non-controlling limited interests in our Operating Partnership (“OP Units”) are those OP Units not owned by us. We evaluate whether OP Units held by non-controlling OP Unitholders are subject to redemption features outside of our control. OP Units held by non-controlling OP Unitholders are redeemable at the option of the holder for cash or, at our election, shares of our common stock and thus are reported in the equity section of the Consolidated Balance Sheets but separate from stockholders’ equity. The amount reported for such non-controlling interests on the Consolidated Statements of Operations and Comprehensive Income represent the portion of income (loss) from the Operating Partnership not attributable to us. At the end of each reporting period, we determine the amount of equity (at book value) that is allocable to non-controlling interests based upon the respective ownership interests. To reflect such non-controlling interests’ equity interest in the Company, an adjustment is made to non-controlling interests, with a corresponding adjustment to paid-in capital, as reflected on the Consolidated Statements of Equity.

Lease Revenue

Lease revenue includes rents that each tenant pays in accordance with the terms of its respective lease, reported evenly over the non-cancelable term of the lease. Most of our leases contain rental increases at specified intervals, which we recognize on a straight-line basis. In the event that the collectability of rental payments with respect to any given tenant is in doubt, the revenue recognition pattern for that particular lease would convert from a straight-line basis to a cash basis. We are not currently recognizing any lease revenues on a cash basis. Certain other leases provide for additional rental payments that are

based on a percentage of the gross crop revenues earned on the farm, which we refer to as participation rents. Such contingent revenue is generally recognized when all contingencies have been resolved and when actual results become known or estimable, enabling us to estimate and/or measure our share of such gross revenues. As a result, depending on the circumstances of each lease, certain participation rents may be recognized by us in the year the crop was harvested, while other participation rents may be recognized in the year following the harvest.

Deferred rent receivable, included in Other assets on the accompanying Consolidated Balance Sheets, includes the cumulative difference between rental revenue as recorded on a straight-line basis and cash rents received from the tenants in accordance with the lease terms. In addition, we determine, in our judgment, to what extent the deferred rent receivable applicable to each specific tenant is collectible. We perform a quarterly review of the net deferred rent receivable balance as it relates to straight-line rents and take into consideration the tenant's payment history, the financial condition of the tenant, business conditions of the industry in which the tenant operates, and economic and agricultural conditions in the geographic area in which the property is located. In the event that the collectability of deferred rent with respect to any given tenant is in doubt, we record a direct write-off of the specific rent receivable, with a corresponding adjustment to lease revenue.

Tenant recovery revenue includes payments received from tenants as reimbursements for certain operating expenses, such as property taxes and insurance premiums. These expenses and their subsequent reimbursements are recognized under property operating expenses as incurred and tenant recovery revenue as earned, respectively, and are recorded in the same periods. We do not record any tenant recovery revenue or property operating expenses associated with costs paid directly by our tenants for net-leased properties.

Involuntary Conversions and Property and Casualty Loss

We account for involuntary conversions, for example, when a nonmonetary asset, such as property or equipment, is involuntarily converted to a monetary asset, such as insurance proceeds, in accordance with ASC 606, "Revenue Recognition – Gains and Losses," which requires us to recognize a gain or a loss equal to the difference between the carrying amount of the nonmonetary asset and the amount of monetary assets received. Further, in accordance with ASC 450, "Contingencies," if recovery of the loss is considered to be probable, we will recognize a receivable for the amount expected to be covered by insurance proceeds, not to exceed the related loss recognized, unless such amounts have been realized.

(Loss) Gain on Dispositions of Real Estate Assets

We recognize net (losses) or gains on dispositions of real estate assets either upon the abandonment of an asset before the end of its useful life or upon the closing of a transaction (be it an outright sale of a property or the sale of a perpetual, right-of-way easement on all or a portion of a property) with the purchaser. When a real estate asset is abandoned prior to the end of its useful life, a loss is recorded in an amount equal to the net book value of the related real estate asset at the time of abandonment. In the case of a sale of a property, a (loss) gain is recorded to the extent that the total consideration received for a property is (less) more than the property's net carrying value (plus any closing costs incurred) at the time of the sale. Gains are recognized using the full accrual method (i.e., when the collectability of the sales price is reasonably assured, we are not obligated to perform additional activities that may be considered significant, the initial investment from the buyer is sufficient, and other profit recognition criteria have been satisfied). Gains on sales of real estate assets may be deferred in whole or in part until the requirements for gain recognition have been met.

Income Taxes

We have operated and intend to continue to operate in a manner that will allow us to qualify as a REIT under the Sections 856-860 of the Internal Revenue Code of 1986, as amended (the "Code"). Beginning with our tax year ended December 31, 2013, we elected to be taxed as a REIT for federal income tax purposes, and Land Advisers has been treated as a wholly-owned TRS that is subject to federal and state income taxes.

As a REIT, we generally are not subject to federal corporate income taxes on amounts that we distribute to our stockholders (except income from any foreclosure property), provided that, on an annual basis, we distribute at least 90% of our REIT taxable income (excluding net capital gains) to our stockholders and meet certain other conditions. To the extent that we satisfy the annual distribution requirement but distribute less than 100% of our taxable income (including net capital gains), we will be subject to corporate income tax on our undistributed taxable income. If we fail to qualify as a REIT in any taxable year, we will be subject to federal income tax on our taxable income at regular corporate rates (including any alternative minimum tax) and may not be able to qualify as a REIT for the four immediately-subsequent taxable years. Even as a REIT, we may be subject to certain state and local income and property taxes and to federal income and excise taxes on undistributed taxable income. In general, however, as long as we qualify as a REIT, no provision for federal income taxes will be necessary, except for taxes on undistributed REIT taxable income and taxes on the income generated by a TRS (such as Land Advisers), if any.

Should we have any taxable income or loss in the future, we will account for any income taxes in accordance with the provisions of ASC 740, “Income Taxes,” using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax basis (including for operating loss, capital loss, and tax credit carryforwards) and are calculated using the enacted tax rates and laws expected to be in effect when such amounts are realized or settled. In addition, we will establish valuation allowances for tax benefits when we believe it is more-likely-than-not (defined as a likelihood of more than 50%) that such assets will not be realized.

We perform an annual review for any uncertain tax positions and, if necessary, will record future tax consequences of uncertain tax positions in the financial statements. An uncertain tax position is defined as a position taken or expected to be taken in a tax return that is not based on clear and unambiguous tax law and which is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. As of December 31, 2021 and 2020, we had no provisions for uncertain tax positions. The prior three tax years remain open for an audit by the Internal Revenue Service.

Comprehensive Income

We record the effective portion of changes in the fair value of the interest rate swap agreements that qualify as cash flow hedges to accumulated other comprehensive income. For the years ended December 31, 2021 and 2020, we reconciled net income attributable to the Company to comprehensive income attributable to the Company on the accompanying Consolidated Statements of Operations and Comprehensive Income.

Segment Reporting

We manage our operations on an aggregated, single-segment basis for purposes of assessing performance and making operating decisions and, accordingly, have only one reporting and operating segment.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on previously-reported net income, equity, or net change in cash and cash equivalents.

Recently-Issued Accounting Pronouncements

In April 2020, the FASB issued a staff question-and-answer document, “Topic 842 and Topic 840: Accounting for Lease Concessions Related to the Effects of the COVID-19 Pandemic” (the “COVID-19 Q&A”), to address certain frequently-asked questions pertaining to lease concessions arising from the effects of the COVID-19 pandemic. Existing lease guidance requires entities to determine if a lease concession is a result of a new arrangement reached with the tenant (which would be addressed under the lease modification accounting framework) or if a lease concession is under the enforceable rights and obligations within the existing lease agreement (which would not fall under the lease modification accounting framework). The COVID-19 Q&A clarifies that entities may elect to not evaluate whether lease-related relief granted in light of the effects of COVID-19 is a lease modification, provided that the concession does not result in a substantial increase in rights of the lessor or obligations of the lessee. This election is available for concessions that result in the total payments required by the modified contract being substantially the same as or less than the total payments required by the original contract. This election did not have a material impact on our consolidated financial statements.

On July 19, 2021, the FASB issued Accounting Standards Update (“ASU”) 2021-05, “Leases (Topic 842): Lessors - Certain Leases With Variable Lease Payments,” to improve guidance for a lessor’s accounting for lease contracts that have variable lease payments not dependent on a reference index or a rate and that would have resulted in the recognition of a selling loss at commencement if classified as a sales-type or direct financing lease. Leases that contain such variable lease payments are to be classified and accounted for as operating leases by the lessor if the lease would have been classified as a sales-type lease or a direct financing lease and the lessor would otherwise have recognized a day-one loss. While earlier application is permitted, the amendments are effective for fiscal years beginning after December 15, 2021 and can be applied either retrospectively to leases that commenced or were modified on or subsequent to the adoption of Topic 842 or prospectively as of the date of adoption of ASU 2021-05. The Company early adopted this ASU using the prospective method, however the implementation of this update did not have a material impact on our consolidated financial statements.

NOTE 3. REAL ESTATE AND INTANGIBLE ASSETS

All of our properties are wholly-owned on a fee-simple basis, except where noted. The following table provides certain summary information about the 164 farms we owned as of December 31, 2021 (dollars in thousands, except for footnotes):

Location	No. of Farms	Total Acres	Farm Acres	Net Cost Basis ⁽¹⁾	Encumbrances ⁽²⁾
California ⁽³⁾⁽⁴⁾⁽⁵⁾	62	33,027	30,740	\$ 854,859	\$ 415,667
Florida	26	22,591	17,639	221,736	130,929
Arizona ⁽⁶⁾	6	6,280	5,228	55,701	18,253
Colorado	12	32,773	25,577	47,314	29,466
Washington	3	1,384	1,001	37,543	24,921
Nebraska	9	7,782	7,050	30,416	12,173
Michigan	23	1,892	1,245	24,661	14,608
Oregon ⁽⁷⁾	5	726	606	20,604	10,660
Texas	1	3,667	2,219	8,250	5,000
Maryland	6	987	863	7,970	4,584
South Carolina	3	597	447	3,722	2,215
Georgia	2	230	175	2,874	—
North Carolina	2	310	295	2,204	1,172
New Jersey	3	116	101	2,181	1,290
Delaware	1	180	140	1,276	735
Totals	164	112,542	93,326	\$ 1,321,311	\$ 671,673

- (1) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets acquired and liabilities assumed), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for accumulated depreciation and amortization. Specifically, includes Total real estate, net (excluding improvements paid for by the tenant) and Lease intangibles, net; plus long-term water assets, net above-market lease values, net lease incentives, and net investments in special-purpose LLCs included in Other assets, net; and less net below-market lease values and other deferred revenue included in Other liabilities, net; each as shown on the accompanying Consolidated Balance Sheets.
- (2) Excludes approximately \$3.7 million of debt issuance costs related to notes and bonds payable, included in Notes and bonds payable, net on the accompanying Consolidated Balance Sheets.
- (3) Includes ownership in a special-purpose LLC that owns a pipeline conveying water to certain of our properties. As of December 31, 2021, this investment had a net carrying value of approximately \$1.1 million and is included within Other assets, net on the accompanying Consolidated Balance Sheet.
- (4) Includes five acres in which we own a leasehold interest via a ground sublease with a California municipality that expires in December 2041. The ground sublease had a net cost basis of approximately \$763,000 as of December 31, 2021 (included in Lease intangibles, net on the accompanying Consolidated Balance Sheets).
- (5) Includes 45,000 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California. See “—Investments in Water Assets” below for additional information on this water.
- (6) Includes two farms in which we own a leasehold interest via ground leases with the State of Arizona that expire in February 2022 (which was extended to February 2032 subsequent to December 31, 2021) and February 2025, respectively. In total, these two farms consist of 1,368 total acres and had an aggregate net cost basis of approximately \$1.1 million as of December 31, 2021 (included in Lease intangibles, net on the accompanying Consolidated Balance Sheets).
- (7) Includes ownership in a special-purpose LLC that owns certain irrigation infrastructure that provides water to one of our farms. As of December 31, 2021, this investment had a net carrying value of approximately \$2.1 million and is included within Other assets, net on the accompanying Consolidated Balance Sheets.

Real Estate

The following table sets forth the components of our investments in tangible real estate assets as of December 31, 2021 and 2020 (dollars in thousands):

	December 31, 2021	December 31, 2020
Real estate:		
Land and land improvements	\$ 812,830	\$ 713,333
Permanent Plantings	331,969	202,420
Irrigation and drainage systems	153,688	141,408
Farm-related facilities	46,804	28,146
Other site improvements	12,509	10,132
Real estate, at cost	1,357,800	1,095,439
Accumulated depreciation	(74,002)	(49,236)
Real estate, net	\$ 1,283,798	\$ 1,046,203

Real estate depreciation expense on these tangible assets was approximately \$25.9 million and \$14.9 million for the years ended December 31, 2021 and 2020, respectively.

Included in the figures above are amounts related to improvements made on certain of our properties paid for by our tenants but owned by us, or tenant improvements. As of December 31, 2021 and 2020, we recorded tenant improvements, net of accumulated depreciation, of approximately \$2.5 million and \$2.0 million, respectively. We recorded both depreciation expense and additional lease revenue related to these tenant improvements of approximately \$406,000 and \$304,000 during the years ended December 31, 2021 and 2020, respectively.

Intangible Assets and Liabilities

The following table summarizes the carrying value of certain lease intangible assets and the related accumulated amortization as of December 31, 2021 and 2020 (dollars in thousands):

	December 31, 2021	December 31, 2020
Lease intangibles:		
Leasehold interest – land	\$ 4,295	\$ 3,498
In-place leases	2,174	1,968
Leasing costs	1,808	1,640
Other ⁽¹⁾	130	127
Lease intangibles, at gross cost	8,407	7,233
Accumulated amortization	(3,951)	(3,501)
Lease intangibles, net	\$ 4,456	\$ 3,732

⁽¹⁾ Other consists primarily of tenant relationships.

Total amortization expense related to these lease intangible assets was approximately \$1.3 million and \$1.7 million for the years ended December 31, 2021 and 2020, respectively.

The following table summarizes the carrying values of certain lease intangible assets or liabilities included in Other assets, net or Other liabilities, net, respectively, on the accompanying Consolidated Balance Sheets and the related accumulated amortization or accretion, respectively, as of December 31, 2021 and 2020 (dollars in thousands):

Intangible Asset or Liability	December 31, 2021		December 31, 2020	
	Deferred Rent Asset (Liability)	Accumulated (Amortization) Accretion	Deferred Rent Asset (Liability)	Accumulated (Amortization) Accretion
Above-market lease values and lease incentives ⁽¹⁾	\$ 65	\$ (12)	\$ 308	\$ (154)
Below-market lease values and other deferred revenues ⁽²⁾	(2,010)	340	(908)	336
	\$ (1,945)	\$ 328	\$ (600)	\$ 182

⁽¹⁾ Net above-market lease values and lease incentives are included as part of Other assets, net on the accompanying Consolidated Balance Sheets, and the related amortization is recorded as a reduction of Lease revenue, net on the accompanying Consolidated Statements of Operations and Comprehensive Income.

⁽²⁾ Net below-market lease values and other deferred revenue are included as a part of Other liabilities, net on the accompanying Consolidated Balance Sheets, and the related accretion is recorded as an increase to Lease revenue, net on the accompanying Consolidated Statements of Operations and Comprehensive Income.

Total amortization related to above-market lease values and lease incentives was approximately \$48,000 and \$203,000 for the years ended December 31, 2021 and 2020, respectively. Total accretion related to below-market lease values and other deferred revenues was approximately \$224,000 and \$113,000 for the years ended December 31, 2021 and 2020, respectively.

The estimated aggregate amortization expense to be recorded related to in-place lease values, leasing costs, and tenant relationships and the estimated net impact on lease revenue from the amortization of above-market lease values and lease incentives or accretion of above-market lease values and other deferred revenues for each of the five succeeding fiscal years and thereafter is as follows (dollars in thousands):

Period		Estimated Amortization Expense	Estimated Net Increase (Decrease) to Lease Revenue
For the fiscal years ending December 31:	2022	\$ 796	\$ 179
	2023	660	159
	2024	631	155
	2025	441	155
	2026	362	155
	Thereafter	1,566	814
		<u>\$ 4,456</u>	<u>\$ 1,617</u>

Acquisitions

2021 Acquisitions

During the year ended December 31, 2021, we acquired 27 new farms, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acres	No. of Farms	Primary Crop(s) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
Palmer Mill Road	Dorchester, MD	3/3/2021	228	2	Sod	10.0 years	2 (5 years)	\$ 1,600	\$ 56	\$ 89
Eight Mile Road – Port Facility	San Joaquin, CA	3/11/2021	5	—	Cooling facility and storage	9.8 years	3 (5 years)	3,977	50	189
South Avenue	Tehama, CA	4/5/2021	2,285	1	Olives for olive oil	14.7 years	1 (5 years)	37,800	149	2,555
Richards Avenue	Atlantic, NJ	6/3/2021	116	3	Blueberries	14.9 years	2 (5 years)	2,150	63	129
Lerdo Highway (Phase I) ⁽³⁾⁽⁴⁾	Kern, CA	6/4/2021	639	1	Conventional & organic almonds and banked water	10.4 years	3 (10 years)	26,492	111	974
Almena Drive	Van Buren & Eaton, MI	6/9/2021	930	8	Blueberries	14.7 years	2 (5 years)	13,300	51	785
Maricopa Highway	Kern, CA	8/11/2021	277	1	Organic blueberries	14.9 years	3 (5 years)	30,000	63	2,262
Wallace Road	Yamhill, OR	8/11/2021	143	1	Organic blueberries	10.1 years	3 (5 years)	12,320	39	768
West Orange	St. Lucie, FL	8/18/2021	617	2	Lemons and oranges	12.0 years	None	5,241	184	367
Lerdo Highway (Phase II) ⁽³⁾⁽⁵⁾	Kern, CA	8/20/2021	479	1	Conventional & organic almonds and banked water	10.2 years	3 (10 years)	14,772	53	735
Lerdo Highway (Phase III) ⁽³⁾⁽⁶⁾	Kern, CA	10/8/2021	1,291	1	Conventional & organic almonds, conventional & organic pistachios, and banked water	10.1 years	3 (10 years)	42,959	90	1,981
Raymond Road ⁽³⁾	Madera, CA	10/21/2021	219	1	Almonds	10.0 years	1 (5 years)	3,300	78	183
Cogdell Highway	Atkinson, GA	11/12/2021	230	2	Blueberries	14.8 years	None	2,850	45	224
Chuckhole Lane ⁽⁷⁾	Umatilla, OR	11/23/2021	165	1	Wine grapes	9.9 years	2 (10 years)	2,383	117	139
West Lerdo Highway ⁽³⁾⁽⁸⁾	Kern, CA	12/3/2021	2,635	1	Pistachios	2.9 years	None	88,000	97	4,395
Farm Road	Charlotte, FL	12/16/2021	1,204	1	Sod, watermelons, and cattle	5.0 years	1 (5 years)	7,350	94	388
			<u>11,463</u>	<u>27</u>				<u>\$ 294,494</u>	<u>\$ 1,340</u>	<u>\$ 16,163</u>

⁽¹⁾ Includes approximately \$78,000 of external legal fees associated with negotiating and originating the leases associated with these acquisitions, which were expensed in the period incurred.

⁽²⁾ Unaudited; based on the minimum cash rental payments guaranteed under the respective leases, as required under GAAP, and excludes contingent rental payments, such as participation rents.

⁽³⁾ Lease provides for an annual participation rent component based on the gross crop revenues earned on the farm. The rent figure above represents only the minimum cash guaranteed under the lease.

⁽⁴⁾ As part of the acquisition of this property, we acquired a contract to purchase 20,330 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, at a fixed price. We executed this contract on June 25, 2021, at an additional cost of approximately \$1.2 million, which is included in the total purchase price for this property in the table above. Income is not currently being earned on the value attributable to the water. See “—Investments in Water Assets” below for additional information on this water.

⁽⁵⁾ As part of the acquisition of this property, we acquired a contract to purchase 5,000 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, at a fixed price. We executed this contract on August 23, 2021, at an additional cost of approximately \$306,000, which is included in the total purchase price for this property in the table above. Income is not currently being earned on the value attributable to the water. See “—Investments in Water Assets” below for additional information on this water.

⁽⁶⁾ As part of the acquisition of this property, we acquired a contract to purchase 19,670 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, at a fixed price. We executed this contract on October 11, 2021, at an additional cost of approximately \$1.2 million.

which is included in the total purchase price for this property in the table above. Income is not currently being earned on the value attributable to the water. See “—*Investments in Water Assets*” below for additional information on this water.

- (7) In connection with the acquisition of this property, we also acquired an ownership interest in a related LLC, the sole purpose of which is to own and maintain an irrigation system providing water to this and other neighboring properties. Our acquired ownership, which equated to a 9.1% interest in the LLC, was valued at approximately \$2.1 million at the time of acquisition and is included within Other assets, net on the accompanying Consolidated Balance Sheets. See “—*Investments in Unconsolidated Entities*” below for further information for our aggregate ownership interest in this and other LLCs.
- (8) Lease provides for an initial term of 9.9 years but also includes an annual tenant termination option, effective as of the end of the lease year (as defined within the lease) following the exercise of such termination option. The lease term stated above represents the term through the first available termination option, and the annualized straight-line rent amount represents the rent guaranteed through the noncancellable term of the lease.

During the year ended December 31, 2021, in the aggregate, we recognized operating revenues of approximately \$6.4 million and net income of approximately \$2.4 million related to the above acquisitions.

2020 Acquisitions

During the year ended December 31, 2020, we acquired 26 new farms, which are summarized in the table below (dollars in thousands, except for footnotes).

Property Name	Property Location	Acquisition Date	Total Acreage	No. of Farms	Primary Crop(s)	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
County Road 18	Phillips, CO	1/15/2020	1,325	2	Sugar beets, edible beans, potatoes, & corn	6.0 years	None	\$ 7,500	\$ 39	\$ 416
Lamar Valley	Chase, NE	5/7/2020	678	1	Potatoes, edible beans, & corn	6.7 years	2 (5 years)	3,500	43	204
Driver Road ⁽³⁾	Kern, CA	6/5/2020	590	1	Pecans	4.7 years	2 (10 years)	14,169	52	784
Mt. Hermon	Wicomico & Caroline, MD, and Sussex, DE	8/31/2020	939	5	Sod & vegetables	10.0 years	2 (5 years)	7,347	226	432
Firestone Avenue ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Fresno, CA	9/3/2020	2,534	3	Pistachios and misc. organic & conventional vegetables	1.2 years	2 (5 years)	31,833	131	1,734
West Lost Hills Road ⁽⁴⁾⁽⁷⁾⁽⁸⁾	Fresno, CA	10/1/2020	801	1	Pistachios	1.1 years	4 (3 years)	31,827	77	1,752
Tractor Road	Bamberg & Orangeburg, SC	10/23/2020	597	3	Sod	9.5 years	None	3,765	72	244
American Ave	Fresno, CA	12/11/2020	236	1	Current: Table grapes; Future: Almonds	19.9 years	1 (5 years)	3,600	55	241
Round Mountain	Ventura, CA	12/15/2020	368	3	Misc. vegetables	1.6 years	None	20,750	66	949
West Sierra	Tulare, CA	12/17/2020	4,642	1	Almonds, pomegranates (conventional & organic), pistachios, and oats	9.9 years	1 (10 years)	61,500	112	3,886
Eight Mile Road	San Joaquin, CA	12/24/2020	1,036	2	Conventional & organic blueberries	10.0 years	3 (5 years)	34,300	57	2,234
Rock Road	Whatcom, WA	12/24/2020	638	2	Blueberries	10.0 years	3 (5 years)	31,700	105	1,885
Fountain Springs ⁽⁴⁾	Tulare, CA	12/31/2020	160	1	Citrus (mandarins & lemons)	7.8 years	2 (5 years)	4,200	51	252
			14,544	26				\$ 255,991	\$ 1,086	\$ 15,013

(1) Includes approximately \$75,000 of aggregate external legal fees associated with negotiating and originating the leases associated with these acquisitions, which costs were expensed in the period incurred.

(2) Unaudited; based on the minimum cash rental payments guaranteed under the respective leases, as required under GAAP, and excludes contingent rental payments, such as participation rents.

(3) The lease provides for an initial term of 14.7 years and includes six tenant termination options throughout the initial term. The lease term stated above represents the term through the first available termination option, and the annualized straight-line rent amount represents the rent guaranteed through the noncancellable term of the lease.

(4) Lease provides for an annual participation rent component based on the gross crop revenues earned on the farm. The rent figure above represents only the minimum cash guaranteed under the lease.

(5) Lease provides for an initial term of 8.2 years but also includes an annual tenant termination option should the tenant become physically unable to continue farming operations on the property, effective as of the end of the then-current lease year (as defined within the lease). The lease term stated above represents the term through the first available termination option, and the annualized straight-line rent amount represents the rent guaranteed through the noncancellable term of the lease.

(6) In connection with the acquisition of this property, we also acquired an ownership interest in a related LLC, the sole purpose of which is to own and maintain a pipeline conveying water to this and other neighboring properties. Our acquired ownership, which equated to a 12.5% interest in the LLC, was valued at approximately \$280,000 at the time of acquisition and is included within Other assets, net on the accompanying Consolidated Balance Sheets. See “—*Investments in Unconsolidated Entities*” below for further information on our aggregate ownership interest in this LLC.

(7) Lease provides for an initial term of 5.1 years but also includes an annual tenant termination option should the tenant become physically unable to continue farming operations on the property, effective as of the end of the then-current lease year (as defined within the lease). The lease term stated above represents the term through the first available termination option, and the annualized straight-line rent amount represents the rent guaranteed through the noncancellable term of the lease.

⁽⁸⁾ In connection with the acquisition of this property, we also acquired an ownership interest in a related LLC, the sole purpose of which is to own and maintain a pipeline conveying water to this and other neighboring properties. Our acquired ownership, which equated to a 12.5% interest in the LLC, was valued at approximately \$294,000 at the time of acquisition and is included within Other assets, net on the accompanying Consolidated Balance Sheets. See “Investments in Unconsolidated Entities” below for further information on our aggregate ownership interest in this LLC.

During the year ended December 31, 2020, in the aggregate, we recognized operating revenues of approximately \$2.5 million and net income of approximately \$984,000 related to the above acquisitions.

Purchase Price Allocations

The allocation of the aggregate purchase price for the farms acquired during each of the years ended December 31, 2021 and 2020 is as follows (dollars in thousands):

<u>Assets (Liabilities) Acquired</u>	<u>2021 Acquisitions</u>	<u>2020 Acquisitions</u>
Land and land improvements	\$ 98,403	\$ 124,870
Permanent plantings	129,677	93,751
Irrigation & drainage systems	11,277	26,837
Farm-related facilities	17,521	6,620
Other site improvements	984	2,699
Leasehold interest—land	790	—
In-place lease values	688	395
Leasing costs	511	250
Above-market lease values ⁽¹⁾	—	54
Below-market lease values ⁽²⁾	(1,321)	(58)
Investment in LLC ⁽¹⁾	2,054	573
Water purchase contracts ⁽¹⁾⁽³⁾	31,153	—
Total Purchase Price	\$ 291,737	255,991

⁽¹⁾ Included within Other assets, net on the accompanying Consolidated Balance Sheets.

⁽²⁾ Included within Other liabilities, net on the accompanying Consolidated Balance Sheets.

⁽³⁾ Represents only the value attributable to the water purchase contracts acquired as part of the acquisition of Lerdo Highway and excludes approximately \$2.8 million paid to execute the contracts subsequent to the acquisition.

Acquired Intangibles and Liabilities

The following table shows the weighted-average amortization periods (in years) for the intangible assets acquired and liabilities assumed in connection with new real estate acquired during the years ended December 31, 2021 and 2020:

<u>Intangible Assets and Liabilities</u>	<u>Weighted-Average Amortization Period (in Years)</u>	
	<u>2021</u>	<u>2020</u>
Leasehold interest – land	20.8	0
In-place lease values	13.9	4.6
Leasing costs	13.3	8.3
Above-market lease values and lease incentives	0	10.0
Below-market lease values and other deferred revenue	9.8	1.3
All intangible assets and liabilities	13.8	5.9

Investments in Unconsolidated Entities

In connection with the acquisition of certain farmland located in Fresno County, California, we also acquired an ownership in a related limited liability company (the “Fresno LLC”), the sole purpose of which is to own and maintain a pipeline conveying water to our and other neighboring properties. As of December 31, 2021, our aggregate ownership interest in the Fresno LLC was 50.0%. As our investment in the Fresno LLC is deemed to constitute “significant influence,” we have accounted for this investment under the equity method.

In the connection with the acquisition of certain farmland located in Umatilla County, Oregon, we also acquired an ownership in a related limited liability company (the “Umatilla LLC”), the sole purpose of which is to own and maintain an irrigation system providing water to our and other neighboring properties. As of December 31, 2021, our aggregate ownership interest in

the Umatilla LLC was 9.1%. As our investment in the Umatilla LLC is deemed to constitute “significant influence,” we have accounted for this investment under the equity method.

During the years ended December 31, 2021 and 2020, we recorded an aggregate loss of approximately \$61,000 and \$4,000, respectively (included in Loss from investments in unconsolidated entities on our Consolidated Statements of Operations and Comprehensive Income), which represents our pro-rata share of the aggregate loss recognized by the Fresno LLC and Umatilla LLC. Our combined ownership interest in the Fresno LLC and the Umatilla LLC, which had an aggregate carrying value of approximately \$3.1 million and \$1.2 million as of December 31, 2021 and 2020, respectively, is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets.

Investments in Water Assets

In connection with the acquisition of certain farmland located in Kern County, California, we also acquired three contracts to purchase an aggregate of 45,000 acre-feet of banked water held by Semitropic Water Storage District (“SWSD”), a water storage district located in Kern County, California, at a fixed price. The contracts to purchase the banked water could not readily be net settled by means outside of the contracts, and all rights and obligations associated with the purchase contracts were transferred to us at acquisition of the related farmland. We were not required to purchase a specific amount, or any, of the 45,000 acre-feet of water. Upon acquisition, we recognized the contracts at their relative fair value in accordance with ASC 805.

During the year ended December 31, 2021, we executed all three contracts to purchase all 45,000 acre-feet of banked water for an aggregate additional cost of approximately \$2.8 million. The purchased banked water was recognized at cost, including any administrative fees necessary to transfer the water to our banked water account. While we may, in the future, sell the banked water to an unrelated third party for a profit, our current intent is to hold the water for the long-term for future use on our own farms. There is no amount of time by which we must use the water held by SWSD.

As of December 31, 2021, the investment in banked water had a carrying value of approximately \$34.0 million, which includes the subsequent cost to execute the contract, and is included within Other assets, net on our Consolidated Balance Sheets.

Each quarter, we will review the investment in banked water for any indicators of impairment in accordance with ASC 360, “Property, Plant, and Equipment,” and perform an impairment analysis if there are any such indicators. As of December 31, 2021, we concluded that there were no such indicators and that the water was not impaired.

Future Minimum Lease Payments

We account for all of our leasing arrangements in which we are the lessor as operating leases. The majority of our leases are subject to fixed rental increases, and a small subset of our lease portfolio includes lease payments based on an index, such as the consumer price index (“CPI”). In addition, several of our leases contain participation rent components based on the gross revenues earned on the respective farms. Most of our leases also include tenant renewal options; however, these renewal options are generally based on then-current market rental rates and are therefore typically excluded from the determination of the minimum lease term. The majority of our leases do not generally include tenant termination options.

The following tables summarize the future lease payments to be received under noncancellable leases as of December 31, 2021 (dollars in thousands):

Period		Tenant Lease Revenue
For the fiscal years ending December 31,	2022	\$ 75,700
	2023	71,046
	2024	64,985
	2025	57,953
	2026	53,829
	Thereafter	206,361
		<u>\$ 529,874</u>

Portfolio Concentrations

Credit Risk

As of December 31, 2021, our farms were leased to various different, unrelated third-party tenants, with certain tenants leasing more than one farm. No individual tenant represented greater than 10.0% of the total lease revenue recorded during the year ended December 31, 2021.

Geographic Risk

Farms located in California and Florida accounted for approximately \$49.6 million (65.9%) and \$13.7 million (18.2%), respectively, of the total lease revenue recorded during the year ended December 31, 2021. Though we seek to continue to further diversify geographically, as may be desirable or feasible, should an unexpected natural disaster (such as an earthquake, wildfire, or flood) occur or climactic change impact the regions where our properties are located, there could be a material adverse effect on our financial performance and ability to continue operations. None of our farms in California or Florida have been materially impacted by the recent wildfires, droughts, or hurricanes that occurred in those respective regions. In addition, in light of the ongoing drought taking place in the western U.S., all of our farms in the region have independent (and, in most cases, multiple) sources of water, in addition to rainfall, and have not been materially impacted by the current drought conditions. No other single state accounted for more than 10.0% of the total rental revenue recorded during the year ended December 31, 2021.

NOTE 4. BORROWINGS

Our borrowings as of December 31, 2021 and 2020 are summarized below (dollars in thousands):

	Carrying Value as of		As of December 31, 2021	
	December 31, 2021	December 31, 2020	Stated Interest Rates ⁽¹⁾ (Range; Wtd Avg)	Maturity Dates (Range; Wtd Avg)
Notes and bonds payable:				
Fixed-rate notes payable	\$ 583,807	\$ 492,182	2.44%–5.70%; 3.73%	2/14/2022–7/1/2051; October 2032
Variable-rate notes payable ⁽²⁾	1,714	45,525	3.00%–3.00%; 3.00%	10/1/2040–10/1/2040; October 2040
Fixed-rate bonds payable	86,052	89,883	2.13%–4.57%; 3.45%	1/12/2022–12/30/2030; November 2024
Total notes and bonds payable	671,573	627,590		
Debt issuance costs – notes and bonds payable	(3,691)	(3,629)	N/A	N/A
Notes and bonds payable, net	\$ 667,882	\$ 623,961		
Variable-rate revolving lines of credit	\$ 100	\$ 100	2.50%	4/5/2024
Total borrowings, net	\$ 667,982	\$ 624,061		

⁽¹⁾ Where applicable, stated interest rates are before interest patronage (as described below).

⁽²⁾ Notes were fixed subsequent to the respective fiscal year ends.

As of December 31, 2021, the above borrowings were collateralized by certain of our farms with an aggregate net book value of approximately \$1.2 billion. The weighted-average interest rate charged on the above borrowings (excluding the impact of debt issuance costs and before any interest patronage, or refunded interest) was 3.72% and 3.95% for the years ended December 31, 2021 and 2020, respectively. In addition, 2020 interest patronage from our Farm Credit Notes Payable (as defined below) resulted in a 28.7% reduction (approximately 135 basis points) to the stated interest rates on such borrowings. See below under “—Farm Credit Notes Payables—Interest Patronage” for further discussion on interest patronage.

We generally borrow at a rate of 60% of the value of the underlying agricultural real estate, and, except as noted herein, the amounts borrowed are not generally guaranteed by the Company. Our loan agreements generally contain various affirmative and negative covenants, including with respect to liens, indebtedness, mergers, and asset sales, and customary events of default. These agreements may also require that we satisfy certain financial covenants at the end of each calendar quarter or year. Some of these financial covenants include, but are not limited to, staying below a maximum leverage ratio and maintaining a minimum net worth value, rental-revenue-to-debt ratio, current ratio, and fixed charge coverage ratio. As of December 31, 2021, we were in compliance with all covenants applicable to the above borrowings.

MetLife Borrowings

MetLife Facility

As of December 31, 2019, our facility with Metropolitan Life Insurance Company (“MetLife”) consisted of a total of \$200.0 million of term notes (the “Prior MetLife Term Notes”) and \$75.0 million of revolving equity lines of credit (the “MetLife Lines of Credit,” and together with the Prior MetLife Term Notes, the “Prior MetLife Facility”). The draw period for the Prior MetLife Term Notes expired on December 31, 2019, with approximately \$21.5 million being left undrawn, and MetLife had no obligation to disburse the remaining funds under those notes.

On February 20, 2020, we entered into an agreement with MetLife to remove the MetLife Lines of Credit from the Prior MetLife Facility and create a new credit facility consisting of a new \$75.0 million long-term note payable (the “2020 MetLife Term Note”) and the MetLife Lines of Credit (collectively, the “2020 MetLife Facility”).

The following table summarizes the pertinent terms of the 2020 MetLife Facility as of December 31, 2021 (dollars in thousands, except for footnotes):

Issuance	Aggregate Commitment	Maturity Dates	Principal Outstanding	Interest Rate Terms	Undrawn Commitment
2020 MetLife Term Note	\$ 75,000 ⁽¹⁾	1/5/2030	\$ 36,900	2.75%, fixed through 1/4/2030 ⁽²⁾	\$ 38,100 ⁽³⁾
MetLife Lines of Credit	75,000	4/5/2024	100	3-month LIBOR + 2.00% ⁽⁴⁾	74,900 ⁽³⁾
Total principal outstanding			\$ 37,000		

⁽¹⁾ If the aggregate commitment under the 2020 MetLife Term Note is not fully utilized by December 31, 2022, MetLife has no obligation to disburse the additional funds under the 2020 MetLife Term Note.

⁽²⁾ Interest rates on future disbursements under the 2020 MetLife Term Note will be based on prevailing market rates at the time of such disbursements. In addition, through December 31, 2022, the 2020 MetLife Term Note is also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the 2020 MetLife Term Note).

⁽³⁾ Based on the properties that were pledged as collateral under the 2020 MetLife Facility, as of December 31, 2021, the maximum additional amount we could draw under the facility was approximately \$58.4 million.

⁽⁴⁾ The interest rate on the MetLife Lines of Credit is subject to a minimum annualized rate of 2.50%, plus an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under each line of credit).

Under the 2020 MetLife Facility, we are generally allowed to borrow up to 60% of the aggregate of the lower of cost or the appraised value of the pool of agricultural real estate pledged as collateral. Amounts owed to MetLife under the agreement are guaranteed by us and each subsidiary of ours that owns a property pledged as collateral pursuant to the loan documents. See Note 11, “*Subsequent Events—Financing Activity—MetLife Facility*,” for discussion on an amendment to the 2020 MetLife Facility executed subsequent to December 31, 2021.

Farmer Mac Facility

On December 5, 2014, we, through certain subsidiaries of our Operating Partnership, entered into a bond purchase agreement (the “Bond Purchase Agreement”) with Federal Agricultural Mortgage Corporation (“Farmer Mac”) and Farmer Mac Mortgage Securities Corporation (the “Bond Purchaser”), for a secured note purchase facility. As subsequently amended, the Bond Purchase Agreement provided for bond issuances up to an aggregate amount of \$125.0 million (the “Prior Farmer Mac Facility”) through December 11, 2018, after which date the Bond Purchaser had the option to continue buying new bonds issued under the Prior Farmer Mac Facility.

On December 10, 2020, we entered into an amended and restated bond purchase agreement (the “Amended and Restated Bond Purchase Agreement”) with Farmer Mac and the Bond Purchaser, increasing the secured note purchase facility to provide for bond issuances up to an aggregate principal amount of \$225.0 million (the “2020 Farmer Mac Facility”). In addition, the Amended and Restated Bond Purchase Agreement extended the date up to which we can issue new bonds to May 31, 2023, and the final maturity date for bonds issued under the 2020 Farmer Mac Facility to December 31, 2030. The Amended and Restated Bond Purchase Agreement also included certain adjustments to the Fixed Charge Coverage Ratio definition and the Fixed Charge Ratio Covenant. All other terms of the Bond Purchase Agreement remained the same.

During the year ended December 31, 2021, we issued two new bonds under the 2020 Farmer Mac Facility, the pertinent terms of which are summarized in the following table (dollars in thousands):

Date of Issuance	Amount	Maturity Dates	Principal Amortization	Stated Interest Rate	Interest Rate Terms
2/4/2021	\$ 2,460	10/31/2028	25.0 years	3.13%	Fixed throughout term
11/10/2021	1,290	12/30/2030	25.0 years	3.32%	Fixed throughout term

Pursuant to the Amended and Restated Bond Purchase Agreement, bonds issued by us to the Bond Purchaser will be secured by a security interest in loans originated by us (pursuant to a pledge and security agreement), which, in turn, will be collateralized by first liens on agricultural real estate owned by subsidiaries of ours. The bonds issued generally have a maximum aggregate, effective loan-to-value ratio of 60% of the underlying agricultural real estate, after giving effect to certain overcollateralization

obligations. As of December 31, 2021, we had approximately \$96.4 million of bonds issued and outstanding under the 2020 Farmer Mac Facility.

Farm Credit Notes Payable

From time to time since September 2014 through December 31, 2021, we, through certain subsidiaries of our Operating Partnership, have entered into various loan agreements (collectively, the “Farm Credit Notes Payable”) with 13 different Farm Credit associations (collectively, “Farm Credit”). During the year ended December 31, 2021, we entered into the following loan agreements with Farm Credit (dollars in thousands):

Issuer	Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate ⁽¹⁾	Interest Rate Terms
Farm Credit West, FLCA ⁽²⁾	1/28/2021	\$ 2,073	11/1/2045	24.5 years	3.23%	Fixed through 12/31/2027 (variable thereafter)
Mid Atlantic Farm Credit, ACA	3/3/2021	960	6/1/2045	24.4 years	3.80%	Fixed through 1/31/2031 (variable thereafter)
GreenStone Farm Credit Services, FLCA	8/17/2021	7,980	8/1/2046	25.5 years	4.00%	Fixed through 7/31/2031 (variable thereafter)
Golden State Farm Credit, FLCA	9/28/2021	15,960	7/1/2051	30.0 years	3.75%	Fixed through 9/30/2031 (variable thereafter)
Golden State Farm Credit, FLCA	9/28/2021	6,840	7/1/2046	25.0 years	3.75%	Fixed through 9/30/2031 (variable thereafter)
Farm Credit Florida, ACA	12/13/2021	3,174	1/1/2047	25.0 years	4.13%	Fixed through 12/31/2031 (variable thereafter)

⁽¹⁾ Stated rate is before interest patronage, as described below.

⁽²⁾ Loan proceeds used to repay a previously-issued loan with an outstanding balance of approximately \$1.4 million and a stated interest rate of 4.99%.

Certain amounts owed under the Farm Credit Notes Payable, limited to 12 months of principal and interest due under certain of the loans, are guaranteed by us pursuant to the respective loan documents.

Interest Patronage

Interest patronage, or refunded interest, on our borrowings from Farm Credit is generally recorded upon receipt and is included within Other income on our Consolidated Statements of Operations and Comprehensive Income. Receipt of interest patronage typically occurs in the first half of the calendar year following the calendar year in which the respective interest expense is accrued. During the three months ended March 31, 2021, we recorded interest patronage of approximately \$2.2 million related to interest accrued on the Farm Credit Notes Payable during the year ended December 31, 2020. In addition, during the three months ended September 30, 2020, we recorded approximately \$306,000 of 2020 interest patronage, as certain Farm Credit associations prepaid a portion of the 2020 interest patronage (which related to interest accrued during 2020 but is typically received in 2021). In total, we recorded approximately \$2.5 million of 2020 interest patronage related to our Farm Credit Notes Payable, which resulted in a 28.7% reduction (approximately 135 basis points) to the interest rates on such borrowings.

Other Borrowings

During the year ended December 31, 2021, we entered into loan agreements with certain other lenders, the terms of which are summarized in the following table (dollars in thousands):

Lender	Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate	Interest Rate Terms
Rabo AgriFinance, LLC ⁽¹⁾	3/11/2021	\$ 3,780	12/1/2030	25.0 years	3.27%	Fixed throughout term
Rabo AgriFinance, LLC ⁽¹⁾	3/11/2021	630	12/1/2022	None (interest only)	2.44%	Fixed throughout term
Rabo AgriFinance, LLC ⁽¹⁾	11/10/2021	22,620	12/1/2030	25.0 years	3.42%	Fixed throughout term

⁽¹⁾ Loans were issued as variable-rate loans but were subsequently fixed through our entry into interest rate swap agreements with the lender (as counterparty).

Debt Service – Aggregate Maturities

Scheduled principal payments of our aggregate notes and bonds payable as of December 31, 2021, for the succeeding years are as follows (dollars in thousands):

For the Fiscal Years Ending December 31,	Scheduled Principal Payments
2022	\$ 51,534
2023	45,696
2024	41,846
2025	38,889
2026	18,043
Thereafter	475,565
	<u>\$ 671,573</u>

Fair Value

ASC 820, “Fair Value Measurement (Subtopic 820)” (“ASC 820”), provides a definition of fair value that focuses on the exchange (exit) price of an asset or liability in the principal, or most advantageous, market and prioritizes the use of market-based inputs to the valuation. ASC 820-10 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 — inputs that are based upon quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2 — inputs are based upon quoted prices for similar assets or liabilities in active or inactive markets or model-based valuation techniques, for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 — inputs are generally unobservable and significant to the fair value measurement. These unobservable inputs are generally supported by little or no market activity and are based upon management’s estimates of assumptions that market participants would use in pricing the asset or liability.

As of December 31, 2021, the aggregate fair value of our notes and bonds payable was approximately \$663.8 million, as compared to an aggregate carrying value (excluding unamortized related debt issuance costs) of approximately \$671.6 million. The fair value of our long-term notes and bonds payable is valued using Level 3 inputs under the hierarchy established by ASC 820-10 and is determined by a discounted cash flow analysis, using discount rates based on management’s estimates of market interest rates on long-term debt with comparable terms. Further, due to the revolving nature and variable interest rates applicable to the MetLife Lines of Credit, their aggregate fair value as of December 31, 2021, is deemed to approximate their aggregate carrying value of \$100,000.

Interest Rate Swap Agreements

In order to hedge our exposure to variable interest rates, we have entered into various interest rate swap agreements in connection with certain of our mortgage financings. In accordance with these swap agreements, we will pay our counterparty a fixed interest rate on a quarterly basis and receive payments from our counterparty equivalent to the respective stipulated floating rates. We have adopted the fair value measurement provision for these financial instruments, and the aggregate fair value of our interest rate swap agreements is recorded in Other assets, net or Other liabilities, net, as appropriate, on our accompanying Consolidated Balance Sheets. Generally, in the absence of observable market data, we will estimate the fair values of our interest rate swaps using estimates of certain data points, including estimated remaining life, counterparty credit risk, current market yield, and interest rate spreads of similar securities as of the measurement date. As of December 31, 2021, our interest rate swaps were valued using Level 2 inputs.

In addition, we have designated our interest rate swaps as cash flow hedges, and we record changes in the fair values of the interest rate swap agreements to accumulated other comprehensive income on the Consolidated Balance Sheets. We record changes in fair value on a quarterly basis, using current market valuations at quarter end. The following table summarizes our interest rate swaps as of December 31, 2021 and 2020 (dollars in thousands):

Period	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability
As of December 31, 2021	\$ 82,980	\$ —	\$ (1,036)
As of December 31, 2020	14,077	—	(1,500)

The following table presents the amount of income or loss recognized in comprehensive income within our consolidated financial statements for the years ended December 31, 2021 and 2020 (dollars in thousands):

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Derivative in cash flow hedging relationship:		
Interest rate swaps	\$ 464	\$ (1,110)
Total	\$ 464	\$ (1,110)

The following table summarizes certain information regarding our derivative instruments as of December 31, 2021 and 2020 (dollars in thousands):

Derivative Type	Balance Sheet Location	Derivative Liability Fair Value	
		December 31, 2021	December 31, 2020
Derivatives Designated as Hedging Instruments:			
Interest rate swaps	Other liabilities, net	\$ (1,036)	\$ (1,500)
Total		\$ (1,036)	\$ (1,500)

NOTE 5. MANDATORILY-REDEEMABLE PREFERRED STOCK

Series A Term Preferred Stock

In August 2016, we completed a public offering of 6.375% Series A Cumulative Term Preferred Stock, par value \$0.001 per share (the “Series A Term Preferred Stock”), at a public offering price of \$25.00 per share. As a result of this offering (including the underwriters’ exercise of their option to purchase additional shares to cover over-allotments), we issued a total of 1,150,000 shares of the Series A Term Preferred Stock for gross proceeds of approximately \$28.8 million and net proceeds, after deducting underwriting discounts and offering expenses borne by us, of approximately \$27.6 million.

On February 12, 2021, we redeemed all of our outstanding shares of Series A Term Preferred Stock at a cash redemption price of \$25.00 per share plus all accrued and unpaid dividends up to, but excluding, the redemption date. In total, we paid approximately \$28.8 million for the redemption of the Series A Term Preferred Stock using proceeds from the offering of our Series D Term Preferred Stock (as defined below). Our Series A Term Preferred Stock was delisted from Nasdaq on the date we redeemed all outstanding shares. In connection with this early redemption, during the three months ended March 31, 2021, we wrote off approximately \$127,000 of unamortized issuance costs related to the issuance of the Series A Term Preferred Stock.

On May 7, 2021, we filed Articles Supplementary reclassifying 850,000 shares of authorized but unissued Series A Term Preferred Stock as additional shares of common stock.

Series D Term Preferred Stock

In January 2021, we completed a public offering of 5.00% Series D Cumulative Term Preferred Stock, par value \$0.001 per share (the “Series D Term Preferred Stock”), at a public offering price of \$25.00 per share. As a result of this offering (including the underwriters’ exercise of their option to purchase additional shares to cover over-allotments), we issued a total of 2,415,000 shares of the Series D Term Preferred Stock for gross proceeds of approximately \$60.4 million and net proceeds, after deducting underwriting discounts and offering expenses borne by us, of approximately \$58.3 million. The Series D Term Preferred Stock is traded under the ticker symbol “LANDM” on Nasdaq.

The shares of the Series D Term Preferred Stock have a mandatory redemption date of January 31, 2026, and are not convertible into our common stock or any other securities. Generally, we are not permitted to redeem shares of the Series D Term Preferred Stock prior to January 31, 2023, except in limited circumstances to preserve our qualification as a REIT. On or after January 31, 2023, we may redeem the shares at a redemption price of \$25.00 per share, plus any accumulated and unpaid dividends up to, but excluding, the date of redemption.

We incurred approximately \$2.1 million in total offering costs related to this issuance, which have been recorded net of the Series D Term Preferred Stock as presented on the accompanying Consolidated Balance Sheets and are being amortized over the mandatory redemption period as a component of interest expense on the accompanying Consolidated Statements of Operations and Comprehensive Income. The Series D Term Preferred Stock is recorded as a liability on our accompanying Consolidated Balance Sheets in accordance with ASC 480, “Distinguishing Liabilities from Equity,” which states that mandatorily-redeemable financial instruments should be classified as liabilities. In addition, the related dividend payments are treated similarly to interest expense on the accompanying Consolidated Statements of Operations and Comprehensive Income.

As of December 31, 2021, the fair value of our Series D Term Preferred Stock was approximately \$61.9 million, as compared to the carrying value (exclusive of unamortized offering costs) of approximately \$60.4 million. The fair value of our Series D

Term Preferred Stock uses Level 1 inputs under the hierarchy established by ASC 820-10 and is calculated based on the closing per-share price on December 31, 2021, of \$25.64.

For information on the dividends declared by our Board of Directors and paid by us on the Series D Term Preferred Stock during the year ended December 31, 2021, see Note 8, “*Equity—Distributions.*”

NOTE 6. RELATED-PARTY TRANSACTIONS

Our Adviser and Administrator

We are externally managed pursuant to contractual arrangements with our Adviser and our Administrator, which collectively employ all of our personnel and pay their salaries, benefits, and general expenses directly. Both our Adviser and Administrator are affiliates of ours, as their parent company is owned and controlled by David Gladstone, our chairman, chief executive officer, and president. In addition, two of our executive officers, Mr. Gladstone and Terry Brubaker (our vice chairman and chief operating officer), serve as directors and executive officers of each of our Adviser and Administrator, and Michael LiCalsi, our general counsel and secretary (who also serves as our Administrator’s president, general counsel, and secretary) is also executive vice president of administration of our Adviser.

We have entered into an investment advisory agreement with our Adviser and an administration agreement with our Administrator (the “Administration Agreement”). The advisory agreement with our Adviser that was in effect through June 30, 2021 (the “Prior Advisory Agreement”), was amended and restated effective July 1, 2021 (as amended, the “Current Advisory Agreement,” and together with the Prior Advisory Agreement, the “Advisory Agreements”). Each of the Advisory Agreements and the Administration Agreement were approved unanimously by our Board of Directors, including our independent directors.

Our Board of Directors reviews and considers renewing the agreement with our Adviser each July. During its July 2021 meeting, our Board of Directors reviewed and renewed each of the Current Advisory Agreement and the Administration Agreement for an additional year, through August 31, 2022.

A summary of the compensation terms for each of the Advisory Agreements and a summary of the Administration Agreement is below.

Advisory Agreements

Pursuant to each of the Prior Advisory Agreement (which was in effect from January 1, 2020, through June 30, 2021) and the Current Advisory Agreement (which has been in effect since July 1, 2021), our Adviser is compensated in the form of a base management fee and, each as applicable, an incentive fee, a capital gains fee, and a termination fee. Our Adviser does not charge acquisition or disposition fees when we acquire or dispose of properties, as is common in other externally-managed REITs. Each of the base management, incentive, capital gains, and termination fees is described below.

Base Management Fee

Pursuant to the Prior Advisory Agreement, a base management fee was paid quarterly and was calculated as 0.50% per annum (0.125% per quarter) of the prior calendar quarter’s “Gross Tangible Real Estate,” defined as the gross cost of tangible real estate owned by us (including land and land improvements, permanent plantings, irrigation and drainage systems, farm-related facilities, and other tangible site improvements), prior to any accumulated depreciation, and as shown on our balance sheet or the notes thereto for the applicable quarter.

Pursuant to the Current Advisory Agreement, a base management fee is paid quarterly and is calculated at an annual rate of 0.60% (0.15% per quarter) of the prior calendar quarter’s Gross Tangible Real Estate.

Incentive Fee

Pursuant to each of the Advisory Agreements, an incentive fee is calculated and payable quarterly in arrears if the Pre-Incentive Fee FFO for a particular quarter exceeded a hurdle rate of 1.75% (7.0% annualized) of the prior calendar quarter’s Total Adjusted Common Equity.

For purposes of this calculation, Pre-Incentive Fee FFO is defined in each of the Advisory Agreements as FFO (also as defined in each of the Advisory Agreements) accrued by the Company during the current calendar quarter (prior to any incentive fee calculation for the current calendar quarter), less any dividends declared on preferred stock securities that were not treated as a liability for GAAP purposes. In addition, Total Adjusted Common Equity is defined as common stockholders’ equity plus non-controlling common interests in the Operating Partnership, if any (each as reported on our balance sheet), adjusted to exclude unrealized gains and losses and certain other one-time events and non-cash items.

Our Adviser receives: (i) no Incentive Fee in any calendar quarter in which the Pre-Incentive Fee FFO does not exceed the hurdle rate; (ii) 100% of the Pre-Incentive Fee FFO with respect to that portion of such Pre-Incentive Fee FFO, if any, that exceeds the hurdle rate but was less than 2.1875% in any calendar quarter (8.75% annualized); and (iii) 20% of the amount of the Pre-Incentive Fee FFO, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized).

Capital Gains Fee

Pursuant to each of the Advisory Agreements, a capital gains-based incentive fee is calculated and payable in arrears at the end of each fiscal year (or upon termination of the agreement with our Adviser). The capital gains fee shall equal: (i) 15% of the cumulative aggregate realized capital gains minus the cumulative aggregate realized capital losses, minus (ii) any aggregate capital gains fees paid in prior periods. For purposes of this calculation, realized capital gains and losses will be calculated as (x) the sales price of the property, minus (y) any costs to sell the property and the then-current gross value of the property (which includes the property's original acquisition price plus any subsequent, non-reimbursed capital improvements). At the end of each fiscal year, if this figure is negative, no capital gains fee shall be paid.

Termination Fee

Pursuant to each of the Advisory Agreements, in the event of our termination of the agreement with our Adviser for any reason (with 120 days' prior written notice and the vote of at least two-thirds of our independent directors), a termination fee would be payable to the Adviser equal to three times the sum of the average annual base management fee and incentive fee earned by the Adviser during the 24-month period prior to such termination.

Administration Agreement

Pursuant to the Administration Agreement, we pay for our allocable portion of the Administrator's expenses incurred while performing its obligations to us, including, but not limited to, rent and the salaries and benefits expenses of our Administrator's employees, including our chief financial officer, treasurer, chief compliance officer, general counsel and secretary (who also serves as our Administrator's president, general counsel, and secretary), and their respective staffs.

As approved by our Board of Directors, effective July 1, 2014, our allocable portion of the Administrator's expenses is generally derived by multiplying our Administrator's total expenses by the approximate percentage of time the Administrator's employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under similar contractual agreements.

Gladstone Securities

On April 11, 2017, we entered into an agreement with Gladstone Securities, LLC ("Gladstone Securities"), for it to act as our non-exclusive agent to assist us with arranging financing for our properties (the "Financing Arrangement Agreement"). Gladstone Securities is a privately-held broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Gladstone Securities is an affiliate of ours, as its parent company is owned and controlled by Mr. Gladstone, who also serves on the board of managers of Gladstone Securities. In addition, Michael LiCalsi, our General Counsel and Secretary, serves in several capacities for Gladstone Securities, including as Chief Legal Officer, Secretary, and a member of its board of managers since 2010 and a managing principal since 2011.

Financing Arrangement Agreement

We pay Gladstone Securities a financing fee in connection with the services it provides to us for securing financing on our properties. Depending on the size of the financing obtained, the maximum amount of the financing fee, which will be payable upon closing of the respective financing, will range from 0.5% to 1.0% of the amount of financing obtained. The amount of the financing fee may be reduced or eliminated as determined by us and Gladstone Securities after taking into consideration various factors, including, but not limited to, the involvement of any unrelated third-party brokers and general market conditions.

During the years ended December 31, 2021 and 2020, we paid total financing fees to Gladstone Securities of approximately \$166,000 and \$262,000, respectively. Through December 31, 2021, the total amount of financing fees paid to Gladstone Securities represented approximately 0.14% of the total financings secured since the Financing Arrangement Agreement has been in place.

Dealer-Manager Agreements

On January 10, 2018, we entered into a dealer-manager agreement, which was amended and restated on May 31, 2018 (the "Series B Dealer-Manager Agreement"), with Gladstone Securities, whereby Gladstone Securities served as our exclusive dealer-manager in connection with the offering of our Series B Preferred Stock (as defined in Note 8, "Equity—Series B Preferred Stock"). On February 20, 2020, we entered into a dealer-manager agreement (the "Series C Dealer-Manager

Agreement” and together with the Series B Dealer-Manager Agreement, the “Dealer-Manager Agreements”), with Gladstone Securities, whereby Gladstone Securities serves as our exclusive dealer-manager in connection with the offering of our Series C Preferred Stock (as defined in Note 8, “*Equity-Equity Issuances- Series C Preferred Stock*”).

Pursuant to the Dealer-Manager Agreements, Gladstone Securities provides certain sales, promotional, and marketing services to us in connection with the offering of the Series B Preferred Stock and Series C Preferred Stock, and we generally paid or pay Gladstone Securities for the following:

- With regard to the Series B Preferred Stock:
 - i selling commissions of up to 7.0% of the gross proceeds from sales in the offering (the “Series B Selling Commissions”), and
 - ii a dealer-manager fee of 3.0% of the gross proceeds from sales in the offering (the “Series B Dealer-Manager Fee”).
- With regard to the Series C Preferred Stock:
 - i selling commissions of up to 6.0% of the gross proceeds from sales in the offering (the “Series C Selling Commissions,” and together with the Series B Selling Commissions, the “Selling Commissions”), and
 - ii a dealer-manager fee of 3.0% of the gross proceeds from sales in the offering (the “Series C Dealer-Manager Fee,” and together with the Series B Dealer-Manager Fees, the “Dealer-Manager Fees”).

No Series C Selling Commissions or Series C Dealer-Manager Fee shall be paid with respect to shares of the Series C Preferred Stock sold pursuant to our dividend reinvestment plan (the “DRIP”) for the Series C Preferred Stock. Gladstone Securities may, in its sole discretion, remit all or a portion of the Selling Commissions and also reallocate all or a portion of the Dealer-Manager Fees to participating broker-dealers and wholesalers in support of the offerings. The terms of each of the Dealer-Manager Agreements were approved by our board of directors, including all of our independent directors.

During the year ended December 31, 2020, we paid total Series B Selling Commissions and Series B Dealer-Manager Fees to Gladstone Securities of approximately \$2.5 million in connection with sales of the Series B Preferred Stock. The offering of the Series B Preferred Stock was completed on March 9, 2020, and the security was listed on Nasdaq under the ticker “LANDO” during the year ended December 31, 2020. During the years ended December 31, 2021 and 2020, we paid total Series C Selling Commissions and Series C Dealer-Manager Fees to Gladstone Securities of approximately \$5.0 million and \$2.2 million, respectively, in connection with sales of the Series C Preferred Stock. Selling Commissions and Dealer-Manager Fees paid to Gladstone Securities are netted against the gross proceeds received from sales of the respective securities and are included within Additional paid-in capital on the accompanying Consolidated Balance Sheets.

Related Party Fees

The following table summarizes related-party fees paid or accrued for and reflected in our accompanying consolidated financial statements (dollars in thousands):

	For the Years Ended December 31,	
	2021	2020
Base management fee ⁽¹⁾⁽²⁾	\$ 6,329	\$ 4,289
Incentive fee ⁽¹⁾⁽²⁾	3,901	3,038
Total fees to our Adviser, net	\$ 10,230	\$ 7,327
Administration fee⁽¹⁾⁽²⁾	\$ 1,526	\$ 1,448
Selling Commissions and Dealer-Manager Fees ⁽¹⁾⁽³⁾	\$ 4,961	\$ 4,711
Financing fees ⁽¹⁾⁽⁴⁾	166	262
Total fees to Gladstone Securities	\$ 5,127	\$ 4,973

(1) Pursuant to the agreements with the respective related-party entities, as discussed above.

(2) Reflected as a line item on our accompanying Consolidated Statements of Operations and Comprehensive Income.

(3) Included within Additional paid-in capital on the accompanying Consolidated Balance Sheets.

(4) Included within Notes and bonds payable, net on the Consolidated Balance Sheets and amortized into Interest expense on the Consolidated Statements of Operations and Comprehensive Income.

Related-Party Fees Due

Amounts due to related parties on our accompanying Consolidated Balance Sheets as of December 31, 2021 and 2020 were as follows (dollars in thousands):

	December 31, 2021	December 31, 2020
Base management fee	\$ 1,836	\$ 1,130
Incentive fee	1,793	883
Other, net ⁽¹⁾	95	18
Total due to Adviser	3,724	2,031
Administration fee	411	363
Cumulative accrued but unpaid portions of prior Administration Fees ⁽²⁾	89	75
Total due to Administrator	500	438
Total due to Gladstone Securities⁽³⁾	—	15
Total due to related parties⁽⁴⁾	\$ 4,224	\$ 2,484

- ⁽¹⁾ Other amounts due to or from our Adviser primarily relate to miscellaneous general and administrative expenses either paid by our Adviser on our behalf or by us on our Adviser's behalf.
⁽²⁾ Represents the cumulative accrued but unpaid portion of prior Administration fees that are scheduled to be paid during the three months ending September 30 of each year, which is the quarter following our Administrator's fiscal year end.
⁽³⁾ Represents certain Selling Commissions and Dealer-Manager Fees owed in connection with sales of our Series C Preferred Stock.
⁽⁴⁾ Reflected as a line item on our accompanying Consolidated Balance Sheets.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Operating Obligations

In connection with the execution of certain lease agreements, we have committed to provide capital improvements on certain of our farms, which are summarized in the table below (dollars in thousands):

Farm Location	Farm Acreage	Total Commitment	Obligated Completion Date ⁽¹⁾	Amount Expended or Accrued as of December 31, 2021
St. Lucie, FL	549	230	Q3 2022	111
Santa Barbara, CA	271	4,000 ⁽²⁾	Q3 2022	2,427
Manatee, FL	590	280	Q4 2022	—
Manatee, FL	271	280	Q4 2022	—
Hillsborough, FL	55	2,250 ⁽²⁾	Q4 2022	1,554
Charlotte, FL	975	3,000 ⁽²⁾	Q4 2022	—
Napa, CA	270	1,548 ⁽²⁾	Q3 2023	1,019
Columbia, OR	157	1,800 ⁽²⁾	Q3 2024	1,146
Collier & Hendry, FL	3,612	2,000 ⁽²⁾	Q2 2025	—
Wicomico & Caroline, MD, and Sussex, DE	833	115	Q3 2030	49

- ⁽¹⁾ Our obligation to provide capital to fund these improvements does not extend beyond these respective dates.
⁽²⁾ Pursuant to contractual agreements, we will earn additional rent on the cost of these capital improvements as the funds are disbursed by us.

Ground Lease Obligations

In connection with certain farms acquired through a leasehold interest, we assumed certain ground lease arrangements under which we are the lessee. These operating ground leases have lease expiration dates ranging from February 2025 through December 2041, and none of these leases contain any extension, renewal, or termination options. At lease commencement, the net present value of the minimum lease payments was determined by discounting the respective future minimum lease payments using a discount rate equivalent to our fully-collateralized borrowing rate ranging from 4.22% to 8.72%.

As of December 31, 2021 and 2020, we recorded the following as a result of these operating ground leases (dollars in thousands, except for footnotes):

	December 31, 2021	December 31, 2020
Operating lease right-of-use assets ⁽¹⁾	\$ 671	\$ 136
Operating lease liabilities ⁽²⁾	\$ 664	\$ 130
Weighted-average remaining lease term (years)	15.7	3.8
Weighted-average incremental borrowing rate	7.78 %	4.20 %

⁽¹⁾ Operating lease right-of-use assets are shown net of prepaid lease payments of approximately \$7,000 and \$6,000 for the years ended December 31, 2021 and 2020, respectively, and are included within Other assets, net on the accompanying Consolidated Balance Sheets.

⁽²⁾ Included within Other liabilities, net on the accompanying Consolidated Balance Sheets.

Future minimum lease payments due under the remaining non-cancelable terms of these leases as of December 31, 2021, is as follows (dollars in thousands):

Period	Future Lease Payments ⁽¹⁾
For the fiscal years ending December 31: 2022	\$ 92
2023	92
2024	92
2025	62
2026	62
Thereafter	755
Total undiscounted lease payments	1,155
Less: imputed interest	(491)
Present value of lease payments	\$ 664

⁽¹⁾ Certain annual lease payments are set at the beginning of each year to then-current market rates (as determined by the lessor). The amounts shown above represent estimated amounts based on the lease rates currently in place.

As a result of these ground leases, we recorded lease expense (included within Property operating expenses on the accompanying Consolidated Statement of Operations and Comprehensive Income) of approximately \$81,000 and \$59,000 during the years ended December 31, 2021, and 2020, respectively.

Litigation

In the ordinary course of business, we may be involved in legal proceedings from time to time. We are not currently subject to any material known or threatened litigation.

NOTE 8. EQUITY

Amendment to Articles of Incorporation

On February 20, 2020, we filed with the State Department of Assessments and Taxation of Maryland an Articles Supplementary (i) setting forth the rights, preferences, and terms of the Series C Preferred Stock and (ii) reclassifying and designating 26,000,000 shares of our authorized and unissued shares of common stock as shares of Series C Preferred Stock.

On January 13, 2021, we further amended our articles of incorporation (i) setting forth the rights, preferences, and terms of the Series D Term Preferred Stock and (ii) reclassifying and designating 3,600,000 shares of our authorized and unissued shares of common stock as shares of Series D Term Preferred Stock.

Amendment to Operating Partnership Agreement

In connection with the authorization of the Series C Preferred Stock, the Operating Partnership adopted the Fourth Amendment to its First Amended and Restated Agreement of Limited Partnership (collectively, the "Amendment"), establishing the rights, privileges, and preferences of 6.00% Series C Cumulative Redeemable Preferred Units (the "Series C Preferred OP Units"). The Amendment provides for the Operating Partnership's establishment and issuance of an equal number of Series C Preferred OP Units as are issued shares of Series C Preferred Stock by the Company in connection with the Series C Offering upon the Company's contributions to the Operating Partnership of the net proceeds of the Series C Offering. Generally, the Series C

Preferred OP Units provided for under the Amendment have preferences, distribution rights, and other provisions substantially equivalent to those of the Series C Preferred Stock.

On January 13, 2021, we further amended our Operating Partnership agreement in order to establish the rights, privileges, and preferences of 5.00% Series D Cumulative Term Preferred Units (the “Series D Term Preferred Units”). The Amendment provides for the Operating Partnership’s establishment and issuance of an equal number of Series D Term Preferred Units as are issued shares of Series D Term Preferred Stock by the Company in connection with the offering of Series D Term Preferred Stock upon the Company’s contribution to the Operating Partnership of the net proceeds of the offering of Series D Term Preferred Stock. Generally, the Series D Term Preferred Units provided for under the Amendment have preferences, distributions rights, and other provisions substantially equivalent to those of the Series D Term Preferred Stock.

Registration Statement

On March 6, 2020, we filed a universal registration statement on Form S-3 (File No. 333-236943) with the SEC (the “Registration Statement”) to replace our prior universal registration statement. The Registration Statement, which was declared effective by the SEC on April 1, 2020, permits us to issue up to an aggregate of \$1.0 billion in securities, consisting of common stock, preferred stock, warrants, debt securities, depository shares, subscription rights, and units, including through separate, concurrent offerings of two or more of such securities. Through December 31, 2021, we had issued a total of 3,503,391 shares of Series C Preferred Stock for gross proceeds of approximately \$86.9 million, 2,415,000 shares of Series D Term Preferred Stock for gross proceeds of approximately \$60.4 million, and 12,575,252 shares of common stock (excluding 288,303 shares of common stock issued in exchange for certain OP Units that were tendered for redemption) for gross proceeds of approximately \$241.2 million under the 2020 Registration Statement.

Equity Issuances

Series B Preferred Stock

On May 31, 2018, we filed a prospectus supplement with the SEC for a continuous public offering of up to 6,000,000 shares (the “Series B Offering”) of our 6.00% Series B Cumulative Redeemable Preferred Stock, par value \$0.001 per share (the “Series B Preferred Stock”) at an offering price of \$25.00 per share for gross proceeds of up to \$150.0 million. The Series B Preferred Stock was offered on a continuous, “reasonable best efforts” basis by Gladstone Securities, the dealer-manager for the Series B Offering.

The Series B Offering was completed on March 9, 2020 (the “Series B Termination Date”), with the full 6,000,000 allotted shares being sold, and, exclusive of redemptions, resulted in total gross proceeds of approximately \$147.5 million and net proceeds, after deducting Series B Selling Commissions, Series B Dealer-Manager Fees, and offering expenses payable by us, of approximately \$133.4 million. See Note 6, “*Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreements,*” for a discussion of the fees and commissions paid to Gladstone Securities in connection with the Series B Offering.

During the year ended December 31, 2020, we listed the Series B Preferred Stock on Nasdaq under the ticker symbol “LANDO.” Trading of the Series B Preferred Stock on Nasdaq commenced on October 19, 2020.

Series C Preferred Stock

On April 3, 2020, we filed a prospectus supplement (which superseded and replaced a previously-filed prospectus supplement) with the SEC for a continuous offering (the “Series C Offering”) of up to 26,000,000 shares of our 6.00% Series C Cumulative Redeemable Preferred Stock, par value \$0.001 per share (the “Series C Preferred Stock”). The Series C Offering permits us to sell up to 20,000,000 shares (the “Primary Series C Offering”) of our Series C Preferred Stock on a “reasonable best efforts” basis through Gladstone Securities at an offering price of \$25.00 per share and up to 6,000,000 shares of our Series C Preferred Stock pursuant to the DRIP at a price of \$22.75 per share.

The following table provides information on sales of the Series C Preferred Stock that occurred during the years ended December 31, 2021 and 2020 (dollars in thousands, except per-share amounts):

	Years Ended December 31,	
	2021	2020
Number of shares sold ⁽¹⁾	2,407,027	1,088,315
Weighted-average offering price per share	\$ 24.81	\$ 24.80
Gross proceeds	\$ 59,720	\$ 26,987
Net proceeds ⁽²⁾	\$ 54,760	\$ 24,759

⁽¹⁾ Excludes shares issued pursuant to the DRIP. During the years ended December 31, 2021 and 2020, we issued approximately 7,791 shares and 258 shares, respectively, of the Series C Preferred Stock pursuant to the DRIP.

⁽²⁾ Net of Series C Selling Commissions, Series C Dealer-Manager Fees, and underwriting discounts.

In addition, during the years ended December 31, 2021 and 2020, 9,920 shares and 138 shares, respectively, of Series C Preferred Stock were tendered for optional redemption, which we satisfied with aggregated cash payments of approximately \$248,000 and \$3,000, respectively.

As of December 31, 2021, excluding Selling Commissions and Dealer-Manager Fees, we have incurred approximately \$704,000 of costs related to the Series C Offering, which are initially recorded as deferred offering costs (included within Other assets, net on the accompanying Consolidated Balance Sheets) and are applied against gross proceeds received from the offering through additional paid-in capital as shares of the Series C Preferred Stock are sold. See Note 6, “*Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreements*,” for a discussion of the commissions and fees to be paid to Gladstone Securities in connection with the Series C Offering.

The Series C Offering will terminate on the date (the “Series C Termination Date”) that is the earlier of either June 1, 2025 (unless terminated earlier or extended by our Board of Directors), or the date on which all 20,000,000 shares in the Primary Series C Offering are sold. There is currently no public market for shares of the Series C Preferred Stock; however, we intend to apply to list the Series C Preferred Stock on Nasdaq or another national securities exchange within one calendar year after the Series C Termination Date, though there can be no assurance that a listing will be achieved in such timeframe, or at all.

See Note 11, “*Subsequent Events—Equity Activity—Equity Issuances—Series C Preferred Stock*,” for sales of Series C Preferred Stock completed subsequent to December 31, 2021.

Common Stock

Follow-on Offerings

During the year ended December 31, 2020, we completed a public offering of 1,897,500 shares (including the underwriters’ exercise of the over-allotment option in connection with the offering) of our common stock at a public offering price of \$14.40 per share, resulting in gross proceeds of approximately \$27.3 million and net proceeds (after deducting underwriting discounts and direct offering expenses borne by us) of approximately \$26.1 million.

At-the-Market Program

On August 7, 2015, we entered into equity distribution agreements (commonly referred to as “at-the-market agreements”), as amended from time to time, with Cantor Fitzgerald & Co., Ladenburg Thalmann & Co. Inc., and Virtu Americas LLC (each a “Sales Agent”), under which we were permitted to issue and sell, from time to time and through the Sales Agents, shares of our common stock having an aggregate offering price of up to \$30.0 million (the “Prior ATM Program”).

On May 12, 2020, we terminated the Prior ATM Program and entered into new equity distribution agreements with Virtu Americas LLC and Ladenburg Thalmann & Co. Inc., under which we may issue and sell, from time to time and through the current Sales Agents, shares of our common stock having an aggregate offering price up to \$100.0 million (the “Current ATM Program.” and collectively with the Prior ATM Program, the “ATM Programs”). On May 18, 2021, we entered into separate amendments to the existing equity distribution agreements to allow us to sell up to \$160.0 million of additional shares of our common stock, expanding the aggregate offering price to up to \$260.0 million.

The following table provides information on shares of common stock sold by the Sales Agents under the ATM Programs during the years ended December 31, 2021 and 2020 (dollars in thousands, except per-share amounts):

	Years Ended December 31,	
	2021	2020
Number of shares sold	7,990,994	3,096,558
Weighted-average offering price per share	\$ 21.70	\$ 14.82
Gross proceeds	\$ 173,428	\$ 45,883
Net proceeds ⁽¹⁾	\$ 171,693	\$ 45,424

⁽¹⁾ Net of underwriting commissions.

Non-Controlling Interests in Operating Partnership

We consolidate our Operating Partnership, which is a majority-owned partnership. As of December 31, 2021 and 2020, we owned approximately 99.4% and 100.0%, respectively, of the outstanding OP Units. As of December 31, 2021 and 2020, there were 204,778 and 0 OP Units held by non-controlling OP Unitholders, respectively.

On or after 12 months after becoming a holder of OP Units, each non-controlling OP Unitholder has the right, subject to the terms and conditions set forth in the partnership agreement of the Operating Partnership, to require the Operating Partnership to redeem all or a portion of such units in exchange for cash or, at the Company's option, shares of our common stock on a one-for-one basis. The cash redemption per OP Unit would be based on the market price of our common stock at the time of redemption. A limited partner will not be entitled to exercise redemption rights if the delivery of common stock to the redeeming limited partner would breach restrictions on the ownership of common stock imposed under our charter and other limitations thereof.

Regardless of the rights described above, the Operating Partnership will not have an obligation to issue cash to a unitholder upon a redemption request if the Company elects to redeem the OP Units for shares of its common stock. When a non-controlling unitholder redeems OP Units and the Company elects to satisfy that redemption through the issuance of common stock, non-controlling interest in the Operating Partnership is reduced and stockholders' equity is increased.

During the year ended December 31, 2021, we issued 204,778 OP Units to noncontrolling OP Unitholders representing an aggregate value of approximately \$4.0 million, or \$19.42 per OP Unit. During the year ended December 31, 2020, we issued 288,303 shares of common stock to satisfy the redemption request of OP Units that were tendered for optional redemption.

The Operating Partnership is required to make distributions on each OP Unit in the same amount as those paid on each share of the Company's common stock, with the distributions on the OP Units held by the Company being utilized to make distributions to the Company's common stockholders.

Distributions

The per-share distributions to preferred and common stockholders declared by our Board of Directors during the years ended December 31, 2021 and 2020 are reflected in the table below.

Issuance	For the Years Ended December 31,	
	2021	2020
Series A Term Preferred Stock ⁽¹⁾⁽²⁾	\$ 0.181510	\$ 1.593750
Series B Preferred Stock	1.500000	1.500000
Series C Preferred Stock	1.500000	1.125000
Series D Term Preferred Stock ⁽¹⁾⁽³⁾	1.184031	—
Common Stock ⁽⁴⁾	0.540750	0.537150

⁽¹⁾ Dividends are treated similar to interest expense on the accompanying Consolidated Statements of Operations and Comprehensive Income.

⁽²⁾ The Series A Term Preferred Stock was redeemed in full on February 12, 2021.

⁽³⁾ The Series D Term Preferred Stock was issued on January 19, 2021.

⁽⁴⁾ The same amounts were paid as distributions on each OP Unit held by non-controlling OP Unitholders.

For federal income tax characterization purposes, distributions paid to stockholders may be characterized as ordinary income, capital gains, return of capital, or a combination thereof. The characterization of distributions on our preferred and common stock during each of the years ended December 31, 2021 and 2020 is reflected in the following table:

	Ordinary Income	Return of Capital	Long-term Capital Gain
For the Year Ended December 31, 2021:			
Series A Term Preferred Stock	54.534493 %	45.465507 %	— %
Series B Preferred Stock	54.534493 %	45.465507 %	— %
Series C Preferred Stock	54.534493 %	45.465507 %	— %
Series D Term Preferred Stock	54.534493 %	45.465507 %	— %
Common Stock	— %	100.000000 %	— %
For the Year Ended December 31, 2020:			
Series A Term Preferred Stock	70.743160 %	29.256840 %	— %
Series B Preferred Stock	70.743160 %	29.256840 %	— %
Series C Preferred Stock	70.743160 %	29.256840 %	— %
Common Stock	— %	100.000000 %	— %

NOTE 9. LEASE REVENUES

The following table sets forth the components of our lease revenues for the years ended December 31, 2021 and 2020 (dollars in thousands, except for footnotes):

	For the Years Ended December 31,	
	2021	2020
Fixed lease payments ⁽¹⁾	\$ 69,998	\$ 51,377
Variable lease payments ⁽²⁾	5,320	5,654
Lease revenue, net⁽³⁾	\$ 75,318	\$ 57,031

⁽¹⁾ Fixed lease payments include contractual rents under lease agreements with tenants recognized on a straight-line basis over the respective lease terms and includes the amortization of above-market lease values and lease incentives and the accretion of below-market lease values and other deferred revenue.

⁽²⁾ Variable lease payments include participation rents, which are generally based on a percentage of the gross crop revenues earned on the farm, and reimbursements of certain property operating expenses by tenants. Participation rents are generally recognized when all contingencies have been resolved and when actual results become known or estimable, enabling us to estimate and/or measure our share of such gross revenues. During the years ended December 31, 2021 and 2020, we recorded participation rents of approximately \$5.2 million and \$2.4 million respectively, and reimbursements of certain property operating expenses by tenants of approximately \$101,000 and \$456,000, respectively. In addition, during the year ended December 31, 2020, we received a lease termination payment of approximately \$3.0 million.

⁽³⁾ Reflected as a line item on our accompanying Consolidated Statements of Operations and Comprehensive Income.

NOTE 10. EARNINGS PER SHARE OF COMMON STOCK

The following table sets forth the computation of basic and diluted earnings per common share for the years ended December 31, 2021 and 2020, computed using the weighted-average number of common shares outstanding during the respective periods. Earnings figures are presented net of non-controlling interests in the earnings per share calculations. The non-controlling limited partners' outstanding OP Units (which may be redeemed for shares of common stock) have been excluded from the diluted per-share calculation, as there would be no effect on the amounts since the non-controlling OP Unitholders' share of earnings would also be added back to net income or loss (dollars in thousands, except per-share amounts).

	For the Years Ended December 31,	
	2021	2020
Net loss attributable to common stockholders	\$ (8,763)	\$ (4,396)
Weighted average shares of common stock outstanding – basic and diluted	30,357,268	22,258,121
Loss per common share – basic and diluted	\$ (0.29)	\$ (0.20)

The weighted-average number of OP Units held by non-controlling OP Unitholders was 166,067 and 131,745 for the years ended December 31, 2021 and 2020, respectively.

NOTE 11. SUBSEQUENT EVENTS

Financing Activity

Borrowing Activity

Subsequent to the year ended December 31, 2021, we entered into certain agreements to provide for current and future financings. The terms of these agreements are summarized in the following table (dollars in thousands):

Issuer	Date of Issuance	Amount	Maturity Dates	Principal Amortization	Stated Interest Rate ⁽¹⁾	Interest Rate Terms
Farmer Mac	1/11/2022	\$ 1,980	12/30/2030	20.0 years	3.31%	Fixed throughout term
Northwest Farm Credit Services, FLCA	2/01/2022	1,442	2/01/2032	20.1 years	4.65%	Fixed throughout term

⁽¹⁾ Where applicable, stated rate is before interest patronage, as described in Note 4 “*Borrowings—Farm Credit Notes Payable—Interest Patronage.*”

In connection with securing the above borrowings, Gladstone Securities, an affiliate of ours, earned total financing fees of approximately \$8,000.

MetLife Facility

On February 3, 2022, we amended the 2020 MetLife Facility to increase the overall size of the facility through the addition of a new \$100.0 million long-term note payable (the “2022 MetLife Term Note”). The 2022 MetLife Term Note is scheduled to mature on January 5, 2032, and the interest rates on future disbursements under the 2022 MetLife Term Note will be based on the 10-year U.S. Treasury at the time of such disbursements, with the initial disbursement priced based on the 10-year U.S. Treasury plus a spread to be determined by the lender. In addition, through December 31, 2024, the 2022 MetLife Term Note is also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the 2022 MetLife Term Note). If the full commitment of \$100.0 million is not utilized by December 31, 2024, MetLife has no obligation to disburse the remaining funds under the 2022 MetLife Term Note.

The amendment does not change the terms of the MetLife Facility and includes customary terms, covenants, events of default, and constraints on borrowing availability based on collateral for a credit facility of its size and nature. All other material items of the MetLife Facility remained unchanged. As part of this amendment, we paid an origination fee of \$250,000 to MetLife and a financing fee of \$80,000 to Gladstone Securities.

Equity Activity

The following table provides information on equity sales that have occurred subsequent to December 31, 2021 (dollars in thousands, except per-share amounts):

Type of Issuance	Number of Shares Sold	Weighted Average Offering Price Per Share	Gross Proceeds	Net Proceeds ⁽¹⁾
Series C Preferred Stock ⁽²⁾	663,508	\$ 24.75	\$ 16,422	\$ 15,095

⁽¹⁾ Net of Selling Commissions and Dealer-Manager Fees.

⁽²⁾ Excludes approximately 3,230 shares issued pursuant to the DRIP.

Distributions

On January 11, 2022, our Board of Directors authorized and we declared the following monthly cash distributions to holders of our preferred and common stock:

<u>Issuance</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Share</u>
Series B Preferred Stock:	January 21, 2022	January 31, 2022	\$ 0.125
	February 18, 2022	February 28, 2022	0.125
	March 23, 2022	March 31, 2022	0.125
	Total Series B Preferred Stock Distributions:		\$ 0.375
Series C Preferred Stock:	January 26, 2022	February 4, 2022	\$ 0.125
	February 24, 2022	March 4, 2022	0.125
	March 25, 2022	April 4, 2022	0.125
	Total Series C Preferred Stock Distributions:		\$ 0.375
Series D Term Preferred Stock:	January 21, 2022	January 31, 2022	\$ 0.104167
	February 18, 2022	February 28, 2022	0.104167
	March 23, 2022	March 31, 2022	0.104167
	Total Series D Term Preferred Stock Distributions:		\$ 0.312501
Common Stock⁽¹⁾:	January 21, 2022	January 31, 2022	\$ 0.0453
	February 18, 2022	February 28, 2022	0.0453
	March 23, 2022	March 31, 2022	0.0453
	Total Common Stock Distributions:		\$ 0.1359

⁽¹⁾ The same amounts paid to common stockholders will be paid as distributions on each OP Unit held by non-controlling OP Unitholders as of the above record dates.

GLADSTONE LAND CORPORATION
SCHEDULE III—REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 2021
(In Thousands)

Location and Description of Property	Date Acquired	Encumbrances	Initial Cost			Subsequent Capitalized Additions			Total Cost			Accumulated Depreciation ⁽⁵⁾	
			Land and Land Improvements	Buildings & Improvements	Permanent Plantings	Land Improvements	Buildings & Improvements	Permanent Plantings	Land and Land Improvements	Buildings & Improvements	Permanent Plantings		Total ⁽¹⁾
Santa Cruz County, California: Land & Improvements	6/16/1997	\$ 7,692	\$ 4,350	\$ —	\$ —	\$ —	\$ 579	\$ —	\$ 4,350	\$ 579	\$ —	\$ 4,929	\$ (380)
Ventura County, California: Land, Buildings & Improvements	9/15/1998	29,977	9,895	5,256	—	—	293	—	9,895	5,549	—	15,444	(4,531)
Santa Cruz County, California: Land & Improvements	1/3/2011	6,708	8,328	—	—	443	527	—	8,771	527	—	9,298	(200)
Hillsborough County, Florida: Land, Buildings & Improvements	9/12/2012	2,468	2,199	1,657	—	14	1,779	—	2,213	3,436	—	5,649	(1,446)
Monterey County, California: Land, Buildings & Improvements	10/21/2013	4,808	7,187	164	—	180	3,112	—	7,367	3,276	—	10,643	(892)
Cochise County, Arizona: Land, Buildings & Improvements	12/27/2013	2,940	6,168	572	—	8	4,877	—	6,176	5,449	—	11,625	(1,421)
Santa Cruz County, California: Land, Buildings & Improvements	6/13/2014	3,012	5,576	207	—	—	12	—	5,576	219	—	5,795	(209)
Ventura County, California: Land, Buildings & Improvements	7/23/2014	2,241	6,219	505	—	—	85	—	6,219	590	—	6,809	(267)
Kern County, California: Land & Improvements	7/25/2014	2,925	5,841	67	—	—	993	—	5,841	1,060	—	6,901	(446)
Manatee County, Florida: Land, Buildings & Improvements	9/29/2014	8,627	8,466	5,426	—	—	667	—	8,466	6,093	—	14,559	(3,832)
Ventura County, California: Land, Buildings & Improvements	10/29/2014	15,271	23,673	350	—	—	2,166	—	23,673	2,516	—	26,189	(745)
Ventura County, California: Land & Improvements	11/4/2014	3,180	5,860	92	—	—	2	—	5,860	94	—	5,954	(67)
Monterey County, California: Land, Buildings & Improvements	1/5/2015	10,673	15,852	582	—	(156)	1,483	—	15,696	2,065	—	17,761	(861)
Manatee County, Florida: Land, Buildings & Improvements	3/10/2015	3,595	2,403	1,871	—	—	84	—	2,403	1,955	—	4,358	(1,213)
Hendry County, Florida: Land, Buildings & Improvements	6/25/2015	10,356	14,411	789	—	—	—	—	14,411	789	—	15,200	(643)
Rock County, Nebraska: Land, Buildings & Improvements	8/20/2015	—	4,862	613	—	—	—	—	4,862	613	—	5,475	(469)
Holt County, Nebraska: Land, Buildings & Improvements	8/20/2015	—	4,690	786	—	—	—	—	4,690	786	—	5,476	(399)
Kern County, California: Land & Improvements	9/3/2015	15,837	18,893	497	—	688	5,959	1,418	19,581	6,456	1,418	27,455	(2,447)
Cochise County, Arizona: Land, Buildings & Improvements	12/23/2015	3,210	4,234	1,502	—	5	3,599	—	4,239	5,101	—	9,340	(1,092)
Saguache County, Colorado: Land, Buildings & Improvements	3/3/2016	14,557	16,756	8,348	—	—	1,486	—	16,756	9,834	—	26,590	(5,348)
Fresno County, California: Land, Improvements & Permanent plantings	4/5/2016	7,833	3,623	1,228	11,455	28	362	—	3,651	1,590	11,455	16,696	(2,937)
Saint Lucie County, Florida: Land, Buildings & Improvements	7/1/2016	2,652	4,165	971	—	—	—	—	4,165	971	—	5,136	(534)
Baca County, Colorado: Land & Buildings	9/1/2016	3,394	6,167	214	—	—	—	—	6,167	214	—	6,381	(76)
Merced County, Colorado: Land & Improvements	9/14/2016	7,466	12,845	504	—	—	190	—	12,845	694	—	13,539	(133)
Stanislaus County, Colorado: Land & Improvements	9/14/2016	8,088	14,114	45	—	—	463	—	14,114	508	—	14,622	(107)
Fresno County, California: Land, Improvements & Permanent plantings	10/13/2016	3,392	2,937	139	3,452	—	—	—	2,937	139	3,452	6,528	(951)
Baca County, Colorado: Land & Improvements	12/28/2016	6,561	11,430	278	—	—	—	—	11,430	278	—	11,708	(278)
Martin County, Florida: Land & Improvements	1/12/2017	32,400	52,443	1,627	—	—	—	—	52,443	1,627	—	54,070	(325)

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Yuma County, Arizona Land & Improvements	6/1/2017	13,158	12,390	12,191	—	151	16,775	—	12,541	28,966	—	41,507	(5,344)
Fresno County, California: Land, Improvements & Permanent plantings	7/17/2017	6,807	5,048	777	7,818	2	1,521	(1,124)	5,050	2,298	6,694	14,042	(1,461)
Santa Barbara County, California: Land, Improvements & Permanent plantings	8/9/2017	3,225	4,559	577	397	(50)	172	1,484	4,509	749	1,881	7,139	(529)
Okeechobee County, Florida: Land & Improvements	8/9/2017	5,014	9,111	953	—	985	1,094	—	10,096	2,047	—	12,143	(549)
Walla Walla County, Washington: Land, Improvements & Permanent plantings	9/8/2017	4,659	5,286	401	3,739	—	—	—	5,286	401	3,739	9,426	(2,238)
Fresno County, California: Land, Improvements & Permanent plantings	12/15/2017	3,080	2,016	324	3,626	(1)	—	(3)	2,015	324	3,623	5,962	(1,451)
Kern County, California: Land & Improvements	1/31/2018	2,045	2,733	249	—	(4)	1,529	—	2,729	1,778	—	4,507	(229)
Collier & Hendry, Florida Land & Improvements	7/12/2018	21,013	36,223	344	—	1	—	—	36,224	344	—	36,568	(170)
Kings County, California: Land, Improvements & Permanent plantings	9/13/2018	3,983	3,264	284	3,349	5	—	5	3,269	284	3,354	6,907	(412)
Madera, California: Land, Improvements & Permanent plantings	11/1/2018	13,089	12,305	1,718	9,015	13	2	9	12,318	1,720	9,024	23,062	(1,060)
Hartley County, Texas: Land & Improvements	11/20/2018	5,000	7,320	1,054	—	3	96	—	7,323	1,150	—	8,473	(223)
Merced County, California: Land	12/6/2018	4,627	8,210	—	—	5	—	—	8,215	—	—	8,215	—
Madera County, California: Land & Improvements	4/9/2019	16,445	8,074	2,696	17,916	—	1,284	—	8,074	3,980	17,916	29,970	(2,567)
Allegan and Van Buren County, Michigan: Land & Improvements	6/4/2019	2,920	1,634	800	2,694	—	—	—	1,634	800	2,694	5,128	(474)
Yolo County, California: Land & Improvements	6/13/2019	4,852	5,939	665	2,648	—	—	—	5,939	665	2,648	9,252	(354)
Monterey County, California: Land & Improvements	7/11/2019	5,708	8,629	254	—	1,342	1,561	—	9,971	1,815	—	11,786	(153)
Martin County, Florida: Land & Improvements	7/22/2019	36,040	51,691	6,595	—	4	1	—	51,695	6,596	—	58,291	(1,237)
Fresno County, California: Land & Improvements	8/16/2019	39,592	24,772	13,410	31,420	(3)	326	10	24,769	13,736	31,430	69,935	(4,141)
Ventura County, California: Land & Improvements	8/28/2019	12,706	20,602	397	—	172	1,169	—	20,774	1,566	—	22,340	(290)
Napa County, California: Land & Improvements	8/29/2019	17,569	27,509	1,646	2,923	3,435	451	648	30,944	2,097	3,571	36,612	(893)
Hayes County, Nebraska: Land & Improvements	10/7/2019	3,045	4,750	264	—	16	1	—	4,766	265	—	5,031	(99)
Hayes & Hitchcock County, Nebraska: Land & Improvements	10/7/2019	5,739	9,275	431	—	20	1	—	9,295	432	—	9,727	(179)
Phillips County, Colorado: Land & Improvements	1/15/2020	4,500	6,875	660	—	—	7	—	6,875	667	—	7,542	(130)
Kern County, California: Land, Improvements & Permanent plantings	6/24/2020	8,290	12,521	1,325	370	—	—	—	12,521	1,325	370	14,216	—
Wicomico & Caroline County, Maryland, and Sussex County, Delaware: Land & Improvements	8/31/2020	4,374	6,703	626	—	—	114	—	6,703	740	—	7,443	(90)
Fresno County, California: Land & Improvements	9/3/2020	18,199	15,071	4,680	11,921	—	203	—	15,071	4,883	11,921	31,875	(1,104)
Fresno County, California: Land, Improvements & Permanent plantings	10/1/2020	18,248	7,128	9,206	15,242	8	98	16	7,136	9,304	15,258	31,698	(1,245)
Ventura County, California: Land & Improvements	12/15/2020	12,450	19,215	1,264	—	48	3	—	19,263	1,267	—	20,530	(122)
Tulare County, California: Land, Improvements & Permanent plantings	12/17/2020	22,319	26,952	6,420	28,152	36	9	37	26,988	6,429	28,189	61,606	(2,741)

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Whatcom County, Washington: Land, Improvements, & Permanent plantings	12/24/2020	20,262	8,219	7,228	16,281	18	226	35	8,237	7,454	16,316	32,007	(1,483)
San Joaquin County, California: Land, Improvements, & Permanent plantings	12/24/2020	26,694	12,265	2,142	19,924	6	40	10	12,271	2,182	19,934	34,387	(2,229)
San Joaquin County, California: Land, Improvements, & Permanent plantings	3/11/2021	—	—	4,306	—	—	—	—	—	4,306	—	4,306	(248)
Tehama County, California Land & Improvements & Horticulture	4/5/2021	22,570	27,747	2,512	6,600	103	34	—	27,850	2,546	6,600	36,996	(584)
Kern County, California Land & Improvements & Horticulture	6/4/2021	—	21,810	2,514	25,984	65	81	—	21,875	2,595	25,984	50,454	(1,014)
Van Buren County, Michigan: Land & Improvements & Horticulture	6/9/2021	7,889	3,677	4,391	5,233	13	35	—	3,690	4,426	5,233	13,349	(220)
Kern County, California Land & Improvements & Horticulture	8/11/2021	15,288	5,690	8,156	16,154	11	46	—	5,701	8,202	16,154	30,057	(623)
Yamhill County, Oregon Land & Improvements & Horticulture	8/11/2021	6,880	2,854	2,493	6,972	36	—	—	2,890	2,493	6,972	12,355	(230)
St. Lucie County, Florida Land & Improvements & Horticulture	8/18/2021	3,174	2,494	601	2,146	173	—	111	2,667	601	2,257	5,525	(91)
Kern County, California Land & Improvements & Horticulture	12/3/2021	—	22,363	2,894	62,744	90	—	—	22,453	2,894	62,744	88,091	(206)
Charlotte County, FL Land & Improvements & Horticulture	12/16/2021	—	7,275	75	—	85	—	—	7,360	75	—	7,435	(1)
Miscellaneous Investments	Various	30,357	40,696	11,689	10,031	350	3,902	1,107	41,046	15,591	11,138	67,775	(5,339)
		<u>\$ 671,673</u>	<u>\$ 804,482</u>	<u>\$ 153,502</u>	<u>\$ 328,206</u>	<u>\$ 8,348</u>	<u>\$ 59,499</u>	<u>\$ 3,763</u>	<u>\$ 812,830</u>	<u>\$ 213,001</u>	<u>\$ 331,969</u>	<u>\$ 1,357,800</u>	<u>\$ (74,002)</u>

(1) The aggregate cost for land, buildings, improvements and long-lived horticulture plantings for federal income tax purposes is approximately \$1.3 billion.

(2) The Company computes depreciation using the straight-line method over the shorter of the estimated useful life or 39 years for buildings and improvements, the shorter of the estimated useful life or 40 years for permanent plantings, 5 to 20 years for equipment and fixtures and the shorter of the useful life or the remaining lease term for tenant improvements.

The following table reconciles the change in the balance of real estate during the years ended December 31, 2021 and 2020, respectively (dollars in thousands):

	2021	2020
Balance, beginning of period	\$ 1,095,439	\$ 827,255
<i>Additions:</i>		
Acquisitions during the period	257,862	257,055
Improvements	8,181	11,129
<i>Deductions:</i>		
Dispositions during period	(3,682)	—
Balance, end of period	<u>\$ 1,357,800</u>	<u>\$ 1,095,439</u>

The following table reconciles the change in the balance of accumulated depreciation during the years ended December 31, 2021 and 2020, respectively (dollars in thousands):

	2021	2020
Balance, beginning of period	\$ 49,236	\$ 35,174
Additions during period	25,905	16,655
Dispositions during period	(1,139)	(2,593)
Balance, end of period	<u>\$ 74,002</u>	<u>\$ 49,236</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of December 31, 2021, our management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective as of December 31, 2021, in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated can provide only reasonable assurance of necessarily achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Management's Annual Report on Internal Control over Financial Reporting

Refer to "Management's Report on Internal Controls over Financial Reporting," located in Item 8 of this Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

We will file a definitive Proxy Statement for our 2022 Annual Meeting of Stockholders (the “2022 Proxy Statement”) with the SEC, pursuant to Regulation 14A, not later than 120 days after December 31, 2021. Accordingly, certain information required by Part III has been omitted under General Instruction G(3) to Form 10-K. Only those sections of the 2022 Proxy Statement that specifically address the items set forth herein are incorporated by reference.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is hereby incorporated by reference from our 2022 Proxy Statement under the captions “*Election of Directors to Class of 2025*,” “*Information Regarding the Board of Directors and Corporate Governance*,” “*Compensation Committee Report*,” “*Executive Officers*,” and the sub-caption “*Code of Ethics and Business Conduct*.”

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is hereby incorporated by reference from our 2022 Proxy Statement under the captions “*Executive Compensation*,” “*Director Compensation*” and “*Compensation Committee Report*” and the sub-caption “*Compensation Committee Interlocks and Insider Participation*.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is hereby incorporated by reference from our 2022 Proxy Statement under the caption “*Security Ownership of Certain Beneficial Owners and Management*.”

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required by Item 13 is hereby incorporated by reference from our 2022 Proxy Statement under the captions “*Transactions with Related Persons*” and “*Information Regarding the Board of Directors and Corporate Governance*.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is hereby incorporated by reference from our 2022 Proxy Statement under the sub-captions “*Independent Registered Public Accounting Firm Fees*” and “*Pre-Approval Policy and Procedures*” under the caption “*Ratification of Selection of Independent Registered Public Accounting Firm*.”

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

a. DOCUMENTS FILED AS PART OF THIS REPORT

1. The following financial statements are filed herewith:
 - Report of Independent Registered Public Accounting Firm
 - Consolidated Balance Sheets as of December 31, 2021 and 2020
 - Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2021 and 2020
 - Consolidated Statements of Equity for the years ended December 31, 2021 and 2020
 - Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2020
 - Notes to Financial Statements
2. Financial statement schedules
 - Schedule III – Real Estate and Accumulated Depreciation is filed herewith.
 - All other schedules are omitted because they are not applicable, or because the required information is included in the financial statements or notes thereto.
3. Exhibits
 - The following exhibits are filed as part of this report or hereby incorporated by reference to exhibits previously filed with the Securities and Exchange Commission:

Exhibit Number	Exhibit Description
3.1	Articles of Incorporation, incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 (File No. 333-183965), filed on November 2, 2012.
3.2	Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 to Pre-Effective Amendment No. 3 the Registration Statement on Form S-11 (File No. 333-183965), filed on November 15, 2012.
3.3	Articles of Amendment, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on July 12, 2017.
3.4	Articles Supplementary 6.00% Series B Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 31, 2018.
3.5	Articles Supplementary for 6.00% Series C Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
3.6	Articles Supplementary for 5.00% Series D Cumulative Term Preferred Stock, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on January 14, 2021.
3.7	Articles Supplementary, incorporated by reference to Exhibit 3.7 to the Quarterly Report on Form 10-Q (File No. 001-35795), filed on May 12, 2021.
4.1	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.1 to Pre-Effective Amendment No. 4 to the Registration Statement on Form S-11 (File No. 333-183965), filed on December 27, 2012.
4.2	Form of Certificate for 6.00% Series B Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 31, 2018.
4.3	Form of Certificate for 6.00% Series C Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
4.4	Form of Certificate for 5.00% Series D Cumulative Term Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on January 14, 2021.
4.5	Form of Indenture, incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-3 (File No. 333-236943), filed on March 6, 2020.
4.6	Description of Securities.+
10.1	Second Amended and Restated Administration Agreement, dated February 1, 2013, by and between Gladstone Land Corporation and Gladstone Administration, LLC, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35795), filed on February 4, 2013.

10.2	First Amended and Restated Agreement of Limited Partnership of Gladstone Land Limited Partnership, dated October 7, 2014, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35795), filed on October 14, 2014.
10.3	Third Amendment to First Amended and Restated Agreement of Limited Partnership of Gladstone Land Limited Partnership, including Exhibit SB-2 thereto, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 31, 2018.
10.4	Amended and Restated Subscription Escrow Agreement, dated as of May 31, 2018, by and among Gladstone Land Corporation, Gladstone Land Securities, LLC, and UMB Bank, National Association, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35795), filed on May 31, 2018.
10.5	Amended and Restated AgVantage Bond Purchase Agreement, dated as of December 10, 2020, by and among Gladstone Lending Company, LLC, as Issuer, Farmer Mac Mortgage Securities Corporation, as Bond Purchaser, and Federal Agricultural Mortgage Corporation, as Guarantor, incorporated by reference to Exhibit 10.1 on the Current Report on Form 8-K (File No. 001-35795), filed on December 15, 2020.
10.6	Amended and Restated Pledge and Security Agreement, dated as of December 10, 2020, by and among Gladstone Lending Company, LLC, as Grantor, Farmer Mac Mortgage Securities Corporation, as Purchaser, and Federal Agricultural Mortgage Corporation, as Collateral Agent and Bond Guarantor, incorporated by reference to Exhibit 10.2 on the Current Report on Form 8-K (File No. 001-35795), filed on December 15, 2020.
10.7	Fourth Amendment to the First Amended and Restated Agreement of Limited Partnership of Gladstone Land Limited Partnership, including Exhibit SC thereto, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
10.8	Fifth Amendment to the First Amended and Restated Agreement of Limited Partnership of Gladstone Land Limited Partnership, including Exhibit SD thereto, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35795), filed on January 14, 2021.
10.9	Equity Distribution Agreement, dated May 12, 2020, by and among Gladstone Land Corporation, Gladstone Land Limited Partnership, and Ladenburg Thalmann & Co., Inc., incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 12, 2020.
10.10	Equity Distribution Agreement, dated May 12, 2020, by and among Gladstone Land Corporation, Gladstone Land Limited Partnership, and Virtu Americas, LLC, incorporated by reference to Exhibit 1.2 to the Current Report on Form 8-K (File No. 001-35795), filed on May 12, 2020.
10.11	Loan Agreement, dated as of February 20, 2020, by and among Gladstone Land Limited Partnership, as borrower, Gladstone Land Corporation, as guarantor, and Metropolitan Life Insurance Company, as lender, incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
10.12	Dealer Manager Agreement, dated as of February 20, 2020, by and between Gladstone Land Corporation and Gladstone Securities, LLC, incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
10.13	Form of Participating Dealer Agreement, dated February 20, 2020, by and between Gladstone Land Corporation and Gladstone Securities, LLC, incorporated by reference to Exhibit A of Exhibit 1.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
10.14	First Amendment to the Amended and Restated Escrow Agreement, dated as of February 20, 2020, by and between Gladstone Land Corporation and UMB Bank, National Association, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
10.15	First Amendment to Loan Agreement, dated as of February 3, 2022 by and among Gladstone Land Limited Partnership, as borrower, Gladstone Land Corporation, as guarantor, and Metropolitan Life Insurance Company, as lender +-
10.16	Amendment No.1 to Equity Distribution Agreement, dated May 18, 2021, by and among Gladstone Land Corporation, Gladstone Land Limited Partnership, and Ladenburg Thalmann & Co. Inc., incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 18, 2021.
10.17	Amendment No.1 to Equity Distribution Agreement, dated May 18, 2021, by and among Gladstone Land Corporation, Gladstone Land Limited Partnership, and Virtu Americas LLC, incorporated by reference to Exhibit 1.2 to the Current Report on Form 8-K (File No. 001-35795), filed on May 18, 2021
10.18	Fifth Amended and Restated Investment Advisory Agreement, dated July 13, 2021, by and between Gladstone Land Corporation and Gladstone Management Corporation, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35795), filed on July 14, 2021.
21	List of Subsidiaries of Gladstone Land Corporation +-
23	Consent of PricewaterhouseCoopers, LLP +-
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 +-
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 +-
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 +-+

32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Estimated Value Methodology for Series C Cumulative Redeemable Preferred Stock at December 31, 2021
*	Certain information in this exhibit has been redacted pursuant to Item 601(b)(10) of Regulation S-K and the Company agrees to furnish to the Securities and Exchange Commission a complete copy of the exhibit, including the redacted portions, upon request.
+	Filed herewith.
++	Furnished herewith.
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF***	XBRL Definition Linkbase
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

*** Attached as Exhibit 101 to this Annual Report on Form 10-K are the following materials, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Condensed Consolidated Balance Sheets as of December 31, 2021, and December 31, 2020, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2021 and 2020, (iii) the Condensed Consolidated Statements of Equity for the years ended December 31, 2021 and 2020, (iv) the Condensed Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2020, and (v) the Notes to the Condensed Consolidated Financial Statements.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

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Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Date: February 22, 2022	By: <u>/s/ David Gladstone</u> David Gladstone Chief Executive Officer, President, and Chairman of the Board of Directors (principal executive officer)
Date: February 22, 2022	By: <u>/s/ Terry Lee Brubaker</u> Terry Lee Brubaker Vice Chairman, Chief Operating Officer and Director
Date: February 22, 2022	By: <u>/s/ Lewis Parrish</u> Lewis Parrish Chief Financial Officer (principal financial and accounting officer)
Date: February 22, 2022	By: <u>/s/ Paul Adलगren</u> Paul Adलगren Director
Date: February 22, 2022	By: <u>/s/ Michela A. English</u> Michela A. English Director
Date: February 22, 2022	By: <u>/s/ John Outland</u> John Outland Director
Date: February 22, 2022	By: <u>/s/ Anthony W. Parker</u> Anthony W. Parker Director
Date: February 22, 2022	By: <u>/s/ Walter H. Wilkinson, Jr.</u> Walter H. Wilkinson, Jr. Director

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Gladstone Land Corporation (which we refer to as “we,” “us,” or the “Company”) has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): our common stock, par value \$0.001 per share (“common stock”); our 6.00% Series B Cumulative Redeemable Preferred Stock, par value \$0.001 per share (“Series B Preferred Stock”); and our 5.00% Series D Cumulative Term Preferred Stock, par value \$0.001 per share (“Series D Preferred Stock”). Our 6.00% Series C Cumulative Redeemable Preferred Stock, par value \$0.001 per share (the “Series C Preferred Stock”), is not registered under Section 12 of the Exchange Act.

We collectively refer to our Series B Preferred Stock, our Series C Preferred Stock, and our Series D Preferred Stock as our “Preferred Stock,” where appropriate. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Annual Report on Form 10-K to which this Description of Securities is an exhibit.

DESCRIPTION OF CAPITAL STOCK**General**

Our authorized capital stock consists of 100,000,000 shares of capital stock, \$0.001 par value per share, 63,944,073 of which are classified as common stock, 6,456,065 of which are classified as Series B Preferred Stock, 25,999,862 of which are classified as Series C Preferred Stock and 3,600,000 of which are classified as Series D Preferred Stock. Under our charter, our board of directors is authorized to classify and reclassify any unissued shares of capital stock into other classes or series of stock by setting or changing in any one or more respects, from time to time before issuance of such stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms and conditions of redemption of such stock. In addition, our board of directors, with the approval of a majority of the entire board and without any action by our stockholders, may amend our charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue.

The following summary description of our capital stock is not necessarily complete and is qualified in its entirety by reference to our charter and bylaws, as amended, each of which has been filed with the Securities and Exchange Commission, as well as applicable provisions of the General Corporation Law of the State of Maryland (the “MGCL”).

Meetings and Special Voting Requirements

An annual meeting of the stockholders is held each year for the purpose of electing the class of directors whose term is up for election and to conduct other business that may be brought before the stockholders. Special meetings of stockholders may be called upon the request of our chairman, our chief executive officer, our president, a majority of our directors or a majority of our independent directors or by the written request of stockholders of record as of the request date entitled to cast not less than a majority of all votes entitled to be cast at such meeting, provided that the request is in the form and manner specified in our Bylaws. In general, the presence in person or by proxy of a majority of the outstanding shares entitled to vote at the meeting constitutes a quorum. Generally, the affirmative vote of a majority of the votes cast at a meeting at which a quorum is present is necessary to take stockholder action, except that a plurality of all votes cast at such a meeting is sufficient to elect any director.

Under the MGCL, a Maryland corporation generally cannot dissolve, amend its charter, merge, convert or consolidate with another entity, sell all or substantially all of its assets or engage in a statutory share exchange unless the action is declared advisable by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter, unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is specified in the corporation’s charter. Our charter provides that these actions (other than certain amendments to the provisions of our charter related to the removal of directors and the restrictions on ownership and transfer of our stock, and the vote required to amend such provisions, which must be approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the amendment) may be approved by a majority of all of the votes entitled to be cast on the matter.

Common Stock

Voting Rights

Subject to the provisions of our charter regarding restrictions on the transfer and ownership of our capital stock and except as may otherwise be specified in the terms of any class or series of common stock, each outstanding share of common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors, and, except as provided with respect to any other class or series of capital stock, including our Preferred Stock, the holders of the common stock possess the exclusive voting power. There is no cumulative voting in the election of directors, which means that the holders of a majority of the outstanding common stock, voting as a single class, can elect all of the directors then standing for election and the holders of the remaining shares are not able to elect any directors.

Dividends, Liquidations and Other Rights

All shares of common stock offered and sold will be duly authorized, fully paid and nonassessable. Holders of our common stock are entitled to receive dividends when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. They also are entitled to share ratably in our assets legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up, after payment of or adequate provision for all of our known debts and liabilities. These rights are subject to the preferential rights of any other class or series of our shares, including our Preferred Stock, and to the provisions of our charter regarding restrictions on transfer of our shares.

Holders of our common stock have no preference, conversion, exchange, sinking fund, redemption or appraisal rights and have no preemptive rights to subscribe for any of our securities. Subject to the restrictions on transfer of shares contained in our charter, all shares of common stock have equal dividend, liquidation and other rights.

Certificates

Generally, we will not issue stock certificates. Shares of common stock will be held in “uncertificated” form, which will eliminate the physical handling and safekeeping responsibilities inherent in owning transferable stock certificates and eliminate the need to return a duly executed stock certificate to the transfer agent to effect a transfer. Transfers can be effected simply by mailing to us a duly executed transfer form. Upon the issuance of shares of common stock, we will send on request to each stockholder a written statement which will include all information that is required to be written upon stock certificates pursuant to the MGCL.

Transfer Agent and Registrar

The transfer and distribution paying agent and registrar for our common stock is Computershare, Inc.

Series B Preferred Stock

Dividends

Holders of shares of the Series B Preferred Stock are entitled to receive, when, as and if authorized by our Board of Directors (or a duly authorized committee of the board) and declared by us, out of funds legally available for the payment of dividends, preferential cumulative cash dividends at the rate of 6.00% per annum of the liquidation preference of \$25.00 per share (equivalent to a fixed annual amount of \$1.50 per share). Holders of the Series B Preferred Stock are not eligible to participate in the Company’s dividend reinvestment plan. Dividends on shares of the Series B Preferred Stock will accrue and be paid on the basis of a 360-day year consisting of twelve 30-day months. Dividends on outstanding shares of the Series B Preferred Stock will accrue and be cumulative from the end of the most recent dividend period for which dividends have been paid or, if no dividends have been paid, from the date of issuance. Dividends are payable monthly in arrears on such date as our Board of Directors may designate to holders of record as they appear in our stock records at the close of business on the applicable record date. The record date for each dividend will be designated by our Board of Directors and will be a date that is prior to the dividend payment date.

Our Board of Directors will not authorize, and we will not declare, pay or set apart for payment, any dividends on shares of Series B Preferred Stock at any time that the terms and provisions of any of our agreements, including any agreement relating to our indebtedness, prohibits that action or provides that the authorization, declaration, payment or setting apart for payment of those dividends would constitute a breach of or a default under any such agreement, or if such action is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series B Preferred Stock will accumulate whether or not (1) restrictions exist in respect thereof, (2) we have earnings, (3) there are funds legally available for the payment of such dividends, or (4) our Board of Directors authorizes or we declare such dividends. Accumulated but unpaid dividends on the Series B Preferred Stock will not bear interest, and holders of the Series B Preferred Stock will not be entitled to any distributions in excess of full cumulative dividends described above.

If we do not declare and either pay or set apart for payment the full cumulative dividends on the Series B Preferred Stock and all shares of capital stock that are equal in rank with Series B Preferred Stock (including shares of the Series C Preferred Stock and Series D Preferred Stock), the amount which we have declared will be allocated ratably to the Series B Preferred Stock and to each series of shares of capital stock equal in rank so that the amount declared for each share of Series B Preferred Stock and for each share of each series of capital stock equal in rank is proportionate to the accrued and unpaid dividends on those shares.

Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series B Preferred Stock have been or contemporaneously are declared and paid (or declared and a sum sufficient for the payment is set apart for payment) for all past dividend periods, no dividends (other than in shares of common stock or other shares of capital stock ranking junior to the Series B Preferred Stock as to dividends and upon liquidation) will be declared and paid or declared and set apart for payment nor will any other distribution be declared and made upon our common stock, or any of our other capital stock ranking junior to or equal with the Series B Preferred Stock as to dividends or upon liquidation, nor will we redeem, purchase, or otherwise acquire for any consideration (or pay or make any monies available for a sinking fund for the redemption of any such shares) any shares of our common stock, or any other shares of our capital stock ranking junior to or equal with the Series B Preferred Stock as to dividends or upon liquidation (except by conversion into or exchange for any of our capital stock ranking junior to the Series B Preferred Stock as to dividends and upon liquidation or redemption for the purpose of preserving our qualification as a REIT).

Ranking

The Series B Preferred Stock ranks, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution:

- senior to all classes or series of our common stock and any future class or series of our capital stock expressly designated as ranking junior to the Series B Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up;
- on parity with our Series C Preferred Stock and Series D Preferred Stock and any future class or series of our capital stock expressly designated as ranking on parity with the Series B Preferred Stock with respect to dividend rights and rights upon liquidation, dissolution or winding up;
- junior to any future class or series of our capital stock expressly designated as ranking senior to the Series B Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up, none of which exists on the date hereof; and
- junior to all of our existing and future indebtedness.

Redemption by Stockholders

Optional Redemption Following Death of a Holder

Subject to the restrictions described under “-Stockholder Redemption Option,” and the terms and procedures described below under “-Redemption Procedures,” commencing on the date of original issuance and terminating upon the listing of the Series B Preferred Stock on Nasdaq or another national securities exchange, shares of Series B Preferred Stock held by a natural person upon his or her death will be redeemed at the written request of the holder’s estate for a cash payment of \$25.00 per share of Series B Preferred Stock on the Death Redemption Date, which is the tenth calendar day following delivery of such holder’s estate’s request to redeem shares of the Series B Preferred Stock, or if such tenth calendar day is not a business day, on the next succeeding business day.

Stockholder Redemption Option

Subject to the restrictions described herein, and the terms and procedures described below under “-Redemption Procedures,” commencing on the date of original issuance (or, if after the date of original issuance our Board of Directors suspends the redemption program of the holders of the Series B Preferred Stock, on the date our Board of Directors reinstates such program) and terminating on the earlier to occur of (1) the date upon which our Board of Directors, by resolution, suspends or terminates the redemption program, and (2) the date on which shares of the Series B Preferred Stock are listed on Nasdaq or another national securities exchange, holders of the Series B Preferred Stock may, at their option, require us to redeem any or all of their shares of Series B Preferred Stock for a cash payment of \$22.50 per share of Series B Preferred Stock on the Stockholder Redemption Date, which is the tenth calendar day following delivery of such holder’s request to redeem shares of the Series B Preferred Stock, or if such tenth calendar day is not a business day, on the next succeeding business day. The maximum dollar amount that we will make available each calendar year to redeem shares of Series B Preferred Stock will not be subject to an annual limit; provided, that our obligation to redeem shares of Series B Preferred Stock is limited to the extent that our Board of Directors determines, in its sole and absolute discretion, that we do not have sufficient funds available to fund any such redemption or we are restricted by applicable law from making such redemption; and is also limited to the extent our Board of Directors suspends or terminates the optional redemption right at any time or for any reason, including after delivery of a Stockholder Redemption Notice but prior to the corresponding Stockholder Redemption Date.

Redemption Procedures

To require us to redeem shares of Series B Preferred Stock, a holder or estate of a holder, as applicable, must deliver a notice of redemption, by overnight delivery or by first class mail, postage prepaid to us at our principal executive offices. Each such notice must be an original, notarized copy and must state: (1) the name and address of the stockholder whose shares of Series B Preferred Stock are requested to be redeemed, (2) the number of shares of Series B Preferred Stock requested to be redeemed, (3) the name of the broker dealer who holds the shares of Series B Preferred Stock requested to be redeemed, the stockholder’s account number with such broker dealer and such broker dealer’s participant number for DTC and (4) in the case of a notice to redeem upon the death of a holder, a certified copy of the death certificate (and such other evidence that is satisfactory to us in our sole discretion) for the natural person who previously held the shares to be redeemed.

If, as a result of the limitations described under “-Stockholder Redemption Option,” the optional redemption right has not been suspended or terminated but fewer than all shares for which a notice of redemption was delivered to us are to be redeemed, the number of shares to be redeemed will be pro rata based on the number of shares of Series B Preferred Stock for which each holder timely submitted a notice of redemption. If a Stockholder Redemption Date is also a Death Redemption Date, the limitations described under “-Stockholder Redemption Option” shall first be applied to any redemption requested upon the death of the holder and then to shares to be redeemed pursuant to the Stockholder Redemption Option.

Upon any redemption of shares of Series B Preferred Stock, the holder thereof will also be entitled to receive a sum equal to all accumulated and unpaid dividends on such shares to, but excluding, the applicable Stockholder Redemption Date or Death Redemption Date (unless such Stockholder Redemption Date or Death Redemption Date falls after a dividend record date and on or prior to the corresponding dividend payment date, in which case each holder of shares of Series B Preferred Stock on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the redemption of such shares on or prior to such dividend payment date, and each holder of shares of Series B Preferred Stock that are redeemed on such Stockholder Redemption Date or Death Redemption Date will be entitled to the dividends, if any, occurring after the end of the dividend period to which such dividend payment date relates up to, but excluding, the Stockholder Redemption Date or Death Redemption Date, as the case may be). Upon the redemption of any shares of Series B Preferred Stock, such shares of Series B Preferred Stock will cease to be outstanding, dividends with respect to such shares of Series B Preferred Stock will cease to accumulate and all rights whatsoever with respect to such shares (except the right to receive the per share cash payment for the redeeming shares) will terminate.

We may suspend or terminate the redemption program at any time in our sole discretion.

Optional Redemption by the Company

Except in certain limited circumstances relating to maintaining our qualification as a REIT as described in “-Restrictions on Ownership and Transfer,” we cannot redeem the Series B Preferred Stock prior to the later of (1) first anniversary of the Termination Date and (2) June 1, 2022.

On and after the later of (1) first anniversary of the Termination Date and (2) June 1, 2022, at our sole option upon not less than 30 nor more than 60 days’ written notice, we may redeem shares of the Series B Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus an amount

equal to all accumulated and unpaid dividends on such shares to, but excluding, the date fixed for redemption, without interest. Holders of Series B Preferred Stock to be redeemed must then surrender such Series B Preferred Stock at the place designated in the notice. Upon surrender of the Series B Preferred Stock, the holders will be entitled to the redemption price. If notice of redemption of any shares of Series B Preferred Stock has been given and if we have deposited the funds necessary for such redemption with the paying agent for the benefit of the holders of any of the shares of Series B Preferred Stock to be redeemed, then from and after the redemption date, dividends will cease to accumulate on those shares of Series B Preferred Stock, those shares of Series B Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. If less than all of the outstanding Series B Preferred Stock is to be redeemed, the Series B Preferred Stock to be redeemed will be selected (1) pro rata, (2) by lot or (3) by any other fair and equitable method that our Board of Directors may choose.

Unless full cumulative dividends for all applicable past dividend periods on all shares of Series B Preferred Stock and any shares of stock that rank on parity with regards to dividends and upon liquidation have been or contemporaneously are declared and paid (or declared and a sum sufficient for payment set apart for payment), no shares of Series B Preferred Stock will be redeemed. In such event, we also will not purchase or otherwise acquire directly or indirectly any shares of Series B Preferred Stock (except by exchange for our capital stock ranking junior to the Series B Preferred Stock as to dividends and upon liquidation). However, the foregoing will not prevent us from purchasing shares pursuant to our charter, in order to ensure that we continue to meet the requirements for qualification as a REIT, or from acquiring shares of Series B Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series B Preferred Stock and any shares of stock that rank on parity with regards to dividends and upon liquidation. So long as no dividends are in arrears, we will be entitled at any time and from time to time to repurchase shares of Series B Preferred Stock in open-market transactions duly authorized by the Board of Directors and effected in compliance with applicable laws.

We will deliver a notice of redemption, by overnight delivery, by first class mail, postage prepaid or electronically to holders thereof, or request our agent, on behalf of us, to promptly do so by overnight delivery, by first class mail, postage prepaid or electronically. The notice will be provided not less than 30 nor more than 60 days prior to the date fixed for redemption in such notice. Each such notice will state: (1) the date for redemption; (2) the number of Series B Preferred Stock to be redeemed; (3) the CUSIP number for the Series B Preferred Stock; (4) the applicable redemption price on a per share basis; (5) if applicable, the place or places where the certificate(s) for such shares are to be surrendered for payment of the price for redemption; (6) that dividends on the Series B Preferred Stock to be redeemed will cease to accumulate from and after such date of redemption; and (7) the applicable provisions of our charter under which such redemption is made. If fewer than all shares held by any holder are to be redeemed, the notice delivered to such holder will also specify the number of Series B Preferred Stock to be redeemed from such holder or the method of determining such number. We may provide in any such notice that such redemption is subject to one or more conditions precedent and that we will not be required to effect such redemption unless each such condition has been satisfied at the time or times and in the manner specified in such notice. No defect in the notice or delivery thereof will affect the validity of redemption proceedings, except as required by applicable law.

If a redemption date falls after a record date and on or prior to the corresponding dividend payment date, each holder of Series B Preferred Stock at the close of business on that record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before the dividend payment date, and the redemption price received by the holder on the redemption date will be \$25.00 per share.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series B Preferred Stock will be entitled to be paid, out of our assets legally available for distribution to our stockholders, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends on such shares to, but excluding, the date of payment, but without interest, before any distribution of assets is made to holders of our common stock or any other class or series of our capital stock that ranks junior to the Series B Preferred Stock as to liquidation rights. If our assets legally available for distribution to stockholders are insufficient to pay in full the liquidation preference on the Series B Preferred Stock and the liquidation preference on any shares of preferred stock equal in rank with the Series B Preferred Stock, all assets distributed to the holders of the Series B Preferred Stock and any other series of preferred stock equal in rank with the Series B Preferred Stock will be distributed ratably so that the amount of assets distributed per share of Series B Preferred Stock and such other series of preferred stock equal in rank with the Series B Preferred Stock will in all cases bear to each other the same ratio that the liquidation preference per share on the Series B Preferred Stock and on such other series of preferred stock bear to each other. Written notice of any such liquidation, dissolution or winding up of us, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances will be payable, will be given by first class mail, postage pre-paid, not less than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series B Preferred Stock at the respective addresses of such holders as the same

appear on the stock transfer records of the Company. After payment of the full amount of the liquidation preference, plus any accumulated and unpaid dividends to which they are entitled, the holders of Series B Preferred Stock will have no right or claim to any of our remaining assets. If we convert into or consolidate or merge with or into any other corporation, trust or entity, effect a statutory share exchange or sell, lease, transfer or convey all or substantially all of our property or business, we will not be deemed to have liquidated, dissolved or wound up.

Voting Rights

Holders of the Series B Preferred Stock do not have any voting rights, except as described below.

Whenever dividends on any shares of Series B Preferred Stock are in arrears for 18 or more consecutive months (a "Dividend Default"), then the holders of those shares together with the holders of all other series of preferred stock equal in rank with the Series B Preferred Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote separately as a class for the election of a total of two additional directors on our Board of Directors.

The election of these directors will take place at a special meeting called upon the written request of the holders of record of at least 20% of the outstanding shares of Series B Preferred Stock or holders of record of at least 20% of any class or series of preferred stock equal in rank with the Series B Preferred Stock which like voting rights have been conferred and are exercisable (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders) or at the next annual meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated from past dividend periods and the then current dividend period have been paid (or declared and a sum sufficient for payment set apart). A quorum for any such meeting will exist if at least a majority of the total outstanding shares of Series B Preferred Stock and outstanding shares of preferred stock equal in rank with the Series B Preferred Stock entitled to like voting rights are represented in person or by proxy at that meeting. The directors elected as described above will be elected upon the affirmative vote of a plurality of the votes cast by the holders of shares of Series B Preferred Stock and preferred stock equal in rank with the Series B Preferred Stock, voting separately as a single class, present and voting in person or by proxy at a duly called and held meeting at which a quorum is present. If and when all accumulated dividends and the dividend for the then current dividend period on the Series B Preferred Stock have been paid in full or declared or set apart for payment in full the holders of the Series B Preferred Stock will be divested of the right to elect directors and, if all dividend arrearages have been paid in full or declared and set apart for payment in full on all series of preferred stock entitled to like voting rights, the term of office of each director so elected will terminate. Any director so elected may be removed at any time with or without cause by, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of the Series B Preferred Stock having the voting rights described above, voting separately as a single class with all classes or series of preferred stock entitled to like voting rights. So long as a dividend arrearage continues, any vacancy in the office of a director elected as described above may be filled by written consent of the director elected as described above who remains in office, or if none remains in office, by a vote of the holders of record of the outstanding shares of Series B Preferred Stock when they have the voting rights described above, voting separately as a single class with all classes or series of preferred stock entitled to like voting rights, by majority vote. These directors will each be entitled to one vote per director on any matter.

So long as any shares of Series B Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Series B Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of our charter, including the articles supplementary designating the Series B Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series B Preferred Stock. However, with respect to the occurrence of any event listed above, so long as the Series B Preferred Stock remains outstanding (or shares issued by a surviving entity in substitution for the Series B Preferred Stock) with its terms materially unchanged, taking into account that upon the occurrence of such an event, we may not be the surviving entity, the occurrence of any such event will not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series B Preferred Stock. In addition (i) any increase in the number of authorized shares of Series B Preferred Stock, (ii) any increase in the number of authorized shares of preferred stock or the creation or issuance of any other class or series of preferred stock or (iii) any increase in the number of authorized shares of such class or series, in each case ranking equal with or junior to the Series B Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of Series B Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been deposited in trust to effect such redemption.

Transfer Agent and Registrar

The transfer agent and registrar for the Series B Preferred Stock is Computershare, Inc.

Series C Preferred Stock***Dividends***

Holders of shares of the Series C Preferred Stock will be entitled to receive, when, as and if authorized by our Board of Directors (or a duly authorized committee of the board) and declared by us, out of funds legally available for the payment of dividends, preferential cumulative cash dividends at the rate of 6.00% per annum of the liquidation preference of \$25.00 per share (equivalent to a fixed annual amount of \$1.50 per share). Generally, holders of the Series C Preferred Stock are not eligible to participate in the Company's dividend reinvestment plan, except that each registered holder of at least one full share of Series C Preferred Stock will be automatically enrolled in our Series C Preferred Stock dividend reinvestment plan unless the stockholder opts out of the dividend reinvestment plan.

Dividends on shares of the Series C Preferred Stock will accrue and be paid on the basis of a 360-day year consisting of twelve 30-day months. Dividends on outstanding shares of the Series C Preferred Stock will accrue and be cumulative from the end of the most recent dividend period for which dividends have been paid or, if no dividends have been paid, from the date of issuance. Dividends will be payable monthly in arrears, on or about the fifth day of each month for dividends accrued the previous month or such other date as our Board of Directors may designate, to holders of record as they appear in our stock records at the close of business on the applicable record date. The record date for each dividend will be designated by our Board of Directors and will be a date that is prior to the dividend payment date.

Our Board of Directors will not authorize, and we will not declare, pay or set apart for payment, any dividends on shares of Series C Preferred Stock at any time that the terms and provisions of any of our agreements, including any agreement relating to our indebtedness, prohibits that action or provides that the authorization, declaration, payment or setting apart for payment of those dividends would constitute a breach of or a default under any such agreement, or if such action is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series C Preferred Stock will accumulate whether or not (1) restrictions exist in respect thereof, (2) we have earnings, (3) there are funds legally available for the payment of such dividends, or (4) our Board of Directors authorizes or we declare such dividends. Accumulated but unpaid dividends on the Series C Preferred Stock will not bear interest, and holders of the Series C Preferred Stock will not be entitled to any distributions in excess of full cumulative dividends described above.

If we do not declare and either pay or set apart for payment the full cumulative dividends on the Series C Preferred Stock and all shares of capital stock that are equal in rank with Series C Preferred Stock (including shares of the Series B Preferred Stock and Series D Preferred Stock), the amount which we have declared will be allocated ratably to the Series C Preferred Stock and to each series of shares of capital stock equal in rank so that the amount declared for each share of Series C Preferred Stock and for each share of each series of capital stock equal in rank is proportionate to the accrued and unpaid dividends on those shares.

Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series C Preferred Stock have been or contemporaneously are declared and paid (or declared and a sum sufficient for the payment is set apart for payment) for all past dividend periods, no dividends (other than in shares of common stock or other shares of capital stock ranking junior to the Series C Preferred Stock as to dividends and upon liquidation) will be declared and paid or declared and set apart for payment nor will any other distribution be declared and made upon our common stock, or any of our other capital stock ranking junior to or equal with the Series C Preferred Stock as to dividends or upon liquidation, nor will we redeem, purchase, or otherwise acquire for any consideration (or pay or make any monies available for a sinking fund for the redemption of any such shares) any shares of our common stock, or any other shares of our capital stock ranking junior to or equal with the Series C Preferred Stock as to dividends or upon liquidation (except by conversion into or exchange for any of our capital stock ranking junior to the Series C Preferred Stock as to dividends and upon liquidation or redemption for the purpose of preserving our qualification as a REIT).

Ranking

The Series C Preferred Stock ranks, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution:

- senior to all classes or series of our common stock and any future class or series of our capital stock expressly designated as ranking junior to the Series C Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up;
- on parity with our Series B Preferred Stock and Series D Preferred Stock and any future class or series of our capital stock expressly designated as ranking on parity with the Series C Preferred Stock with respect to dividend rights and rights upon liquidation, dissolution or winding up;
- junior to any future class or series of our capital stock expressly designated as ranking senior to the Series C Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up, none of which exists on the date hereof; and
- junior to all of our existing and future indebtedness.

Redemption by Stockholders

Optional Redemption Following Death of a Holder

Subject to the restrictions described under “-Stockholder Redemption Option,” and the terms and procedures described below under “-Redemption Procedures,” commencing on the date of original issuance and terminating upon the listing of the Series C Preferred Stock on Nasdaq or another national securities exchange, shares of Series C Preferred Stock held by a natural person upon his or her death will be redeemed at the written request of the holder’s estate for a cash payment of \$25.00 per share of Series C Preferred Stock on the Death Redemption Date, which is the tenth calendar day following delivery of such holder’s estate’s request to redeem shares of the Series C Preferred Stock, or if such tenth calendar day is not a business day, on the next succeeding business day.

Stockholder Redemption Option

Subject to the restrictions described herein, and the terms and procedures described below under “-Redemption Procedures,” commencing on the date of original issuance (or, if after the date of original issuance our Board of Directors suspends the redemption program of the holders of the Series C Preferred Stock, on the date our Board of Directors reinstates such program) and terminating on the earlier to occur of (1) the date upon which our Board of Directors, by resolution, suspends or terminates the redemption program, and (2) the date on which shares of the Series C Preferred Stock are listed on Nasdaq or another national securities exchange, holders of the Series C Preferred Stock may, at their option, require us to redeem any or all of their shares of Series C Preferred Stock for a cash payment of \$22.50 per share of Series C Preferred Stock on the Stockholder Redemption Date, which is the tenth calendar day following delivery of such holder’s request to redeem shares of the Series C Preferred Stock, or if such tenth calendar day is not a business day, on the next succeeding business day. The maximum dollar amount that we will make available each calendar year to redeem shares of Series C Preferred Stock will not be subject to an annual limit; provided, that our obligation to redeem shares of Series C Preferred Stock is limited to the extent that our Board of Directors determines, in its sole and absolute discretion, that we do not have sufficient funds available to fund any such redemption or we are restricted by applicable law from making such redemption; and is also limited to the extent our Board of Directors suspends or terminates the optional redemption right at any time or for any reason, including after delivery of a Stockholder Redemption Notice but prior to the corresponding Stockholder Redemption Date.

Redemption Procedures

To require us to redeem shares of Series C Preferred Stock, a holder or estate of a holder, as applicable, must deliver a notice of redemption, by overnight delivery or by first class mail, postage prepaid to us at our principal executive offices. Each such notice must be an original, notarized copy and must state: (1) the name and address of the stockholder whose shares of Series C Preferred Stock are requested to be redeemed, (2) the number of shares of Series C Preferred Stock requested to be redeemed, (3) the name of the broker dealer who holds the shares of Series C Preferred Stock requested to be redeemed, the stockholder’s account number with such broker dealer and such broker dealer’s participant number for DTC and (4) in the case of a notice to redeem upon the death of a holder, a certified copy of the death certificate (and such other evidence that is satisfactory to us in our sole discretion) for the natural person who previously held the shares to be redeemed.

If, as a result of the limitations described under “-Stockholder Redemption Option,” the optional redemption right has not been suspended or terminated but fewer than all shares for which a notice of redemption was delivered to us are to be redeemed, the number of shares to be redeemed will be pro rata based on the number of shares of Series C Preferred Stock for which each holder timely submitted a notice of redemption. If a Stockholder Redemption Date is also a Death Redemption Date, the limitations described under “-Stockholder Redemption Option” shall first be applied to any redemption requested upon the death of the holder and then to shares to be redeemed pursuant to the Stockholder Redemption Option.

Upon any redemption of shares of Series C Preferred Stock, the holder thereof will also be entitled to receive a sum equal to all accumulated and unpaid dividends on such shares to, but excluding, the applicable Stockholder Redemption Date or Death Redemption Date (unless such Stockholder Redemption Date or Death Redemption Date falls after a dividend record date and on or prior to the corresponding dividend payment date, in which case each holder of shares of Series C Preferred Stock on such dividend record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date, notwithstanding the redemption of such shares on or prior to such dividend payment date, and each holder of shares of Series C Preferred Stock that are redeemed on such Stockholder Redemption Date or Death Redemption Date will be entitled to the dividends, if any, occurring after the end of the dividend period to which such dividend payment date relates up to, but excluding, the Stockholder Redemption Date or Death Redemption Date, as the case may be). Upon the redemption of any shares of Series C Preferred Stock, such shares of Series C Preferred Stock will cease to be outstanding, dividends with respect to such shares of Series C Preferred Stock will cease to accumulate and all rights whatsoever with respect to such shares (except the right to receive the per share cash payment for the redeeming shares) will terminate.

We may suspend or terminate the redemption program at any time in our sole discretion.

Optional Redemption by the Company

Except in certain limited circumstances relating to maintaining our qualification as a REIT as described in “-Restrictions on Ownership and Transfer,” we cannot redeem the Series C Preferred Stock prior to the later of (1) first anniversary of the Termination Date and (2) June 1, 2024.

On and after the later of (1) first anniversary of the Termination Date and (2) June 1, 2024, at our sole option upon not less than 30 nor more than 60 days’ written notice, we may redeem shares of the Series C Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus an amount equal to all accumulated and unpaid dividends on such shares to, but excluding, the date fixed for redemption, without interest. Holders of Series C Preferred Stock to be redeemed must then surrender such Series C Preferred Stock at the place designated in the notice. Upon surrender of the Series C Preferred Stock, the holders will be entitled to the redemption price. If notice of redemption of any shares of Series C Preferred Stock has been given and if we have deposited the funds necessary for such redemption with the paying agent for the benefit of the holders of any of the shares of Series C Preferred Stock to be redeemed, then from and after the redemption date, dividends will cease to accumulate on those shares of Series C Preferred Stock, those shares of Series C Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares will terminate, except the right to receive the redemption price. If less than all of the outstanding Series C Preferred Stock is to be redeemed, the Series C Preferred Stock to be redeemed will be selected (1) pro rata, (2) by lot or (3) by any other fair and equitable method that our Board of Directors may choose.

Unless full cumulative dividends for all applicable past dividend periods on all shares of Series C Preferred Stock and any shares of stock that rank on parity with regards to dividends and upon liquidation have been or contemporaneously are declared and paid (or declared and a sum sufficient for payment set apart for payment), no shares of Series C Preferred Stock will be redeemed. In such event, we also will not purchase or otherwise acquire directly or indirectly any shares of Series C Preferred Stock (except by exchange for our capital stock ranking junior to the Series C Preferred Stock as to dividends and upon liquidation). However, the foregoing will not prevent us from purchasing shares pursuant to our charter, in order to ensure that we continue to meet the requirements for qualification as a REIT, or from acquiring shares of Series C Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series C Preferred Stock and any shares of stock that rank on parity with regards to dividends and upon liquidation. Upon listing, if any, of the Series C Preferred Stock on Nasdaq or another national securities exchange, so long as no dividends are in arrears, we will be entitled at any time and from time to time to repurchase shares of Series C Preferred Stock in open-market transactions duly authorized by the Board of Directors and effected in compliance with applicable laws.

We will deliver a notice of redemption, by overnight delivery, by first class mail, postage prepaid or electronically to holders thereof, or request our agent, on behalf of us, to promptly do so by overnight delivery, by first class mail, postage prepaid or electronically. The notice will be provided not less than 30 nor more than 60 days prior to the date fixed for redemption in such notice. Each such notice will state: (1) the date for redemption; (2) the number of

shares of Series C Preferred Stock to be redeemed; (3) the CUSIP number for the Series C Preferred Stock; (4) the applicable redemption price on a per share basis; (5) if applicable, the place or places where the certificate(s) for such shares are to be surrendered for payment of the price for redemption; (6) that dividends on the Series C Preferred Stock to be redeemed will cease to accumulate from and after such date of redemption; and (7) the applicable provisions of our charter under which such redemption is made. If fewer than all shares held by any holder are to be redeemed, the notice delivered to such holder will also specify the number of Series C Preferred Stock to be redeemed from such holder or the method of determining such number. We may provide in any such notice that such redemption is subject to one or more conditions precedent and that we will not be required to effect such redemption unless each such condition has been satisfied at the time or times and in the manner specified in such notice. No defect in the notice or delivery thereof will affect the validity of redemption proceedings, except as required by applicable law.

If a redemption date falls after a record date and on or prior to the corresponding dividend payment date, each holder of Series C Preferred Stock at the close of business on that record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before the dividend payment date. Each holder of shares Series C Preferred Stock that are redeemed on such redemption date will be entitled to the dividends, if any, accruing after the end of the dividend period for which such dividend payment date relates up to, but excluding, the redemption date.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series C Preferred Stock will be entitled to be paid, out of our assets legally available for distribution to our stockholders, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends on such shares to, but excluding, the date of payment, but without interest, before any distribution of assets is made to holders of our common stock or any other class or series of our capital stock that ranks junior to the Series C Preferred Stock as to liquidation rights. If our assets legally available for distribution to stockholders are insufficient to pay in full the liquidation preference on the Series C Preferred Stock and the liquidation preference on any shares of preferred stock equal in rank with the Series C Preferred Stock, all assets distributed to the holders of the Series C Preferred Stock and any other series of preferred stock equal in rank with the Series C Preferred Stock will be distributed ratably so that the amount of assets distributed per share of Series C Preferred Stock and such other series of preferred stock equal in rank with the Series C Preferred Stock will in all cases bear to each other the same ratio that the liquidation preference per share on the Series C Preferred Stock and on such other series of preferred stock bear to each other. Written notice of any such liquidation, dissolution or winding up of us, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances will be payable, will be given by first class mail, postage pre-paid, not less than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series C Preferred Stock at the respective addresses of such holders as the same appear on the stock transfer records of the Company. After payment of the full amount of the liquidation preference, plus any accumulated and unpaid dividends to which they are entitled, the holders of Series C Preferred Stock will have no right or claim to any of our remaining assets. If we convert into or consolidate or merge with or into any other corporation, trust or entity, effect a statutory share exchange or sell, lease, transfer or convey all or substantially all of our property or business, we will not be deemed to have liquidated, dissolved or wound up.

Voting Rights

Holders of the Series C Preferred Stock will not have any voting rights, except as described below.

Whenever dividends on any shares of Series C Preferred Stock are in arrears for 18 or more consecutive months (a "Dividend Default"), then the holders of those shares together with the holders of all other series of preferred stock equal in rank with the Series C Preferred Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote separately as a class for the election of a total of two additional directors on our Board of Directors.

The election of these directors will take place at a special meeting called upon the written request of the holders of record of at least 20% of the outstanding shares of Series C Preferred Stock or holders of record of at least 20% of any class or series of preferred stock equal in rank with the Series C Preferred Stock which like voting rights have been conferred and are exercisable (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders) or at the next annual meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated from past dividend periods and the then current dividend period have been paid (or declared and a sum sufficient for payment set apart). A quorum for any such meeting will exist if at least a majority of the total outstanding shares of Series C Preferred Stock and outstanding shares of preferred stock equal in rank with the Series C Preferred Stock entitled to like voting rights are represented in person or by proxy at that meeting. The directors elected as described above will be elected upon the affirmative vote of a plurality of the votes cast by the holders of shares of Series C Preferred Stock and preferred stock equal in rank with

the Series C Preferred Stock, voting separately as a single class, present and voting in person or by proxy at a duly called and held meeting at which a quorum is present. If and when all accumulated dividends and the dividend for the then current dividend period on the Series C Preferred Stock have been paid in full or declared or set apart for payment in full the holders of the Series C Preferred Stock will be divested of the right to elect directors and, if all dividend arrearages have been paid in full or declared and set apart for payment in full on all series of preferred stock entitled to like voting rights, the term of office of each director so elected will terminate. Any director so elected may be removed at any time with or without cause by, and may not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding shares of the Series C Preferred Stock having the voting rights described above, voting separately as a single class with all classes or series of preferred stock entitled to like voting rights. So long as a dividend arrearage continues, any vacancy in the office of a director elected as described above may be filled by written consent of the director elected as described above who remains in office, or if none remains in office, by a vote of the holders of record of the outstanding shares of Series C Preferred Stock when they have the voting rights described above, voting separately as a single class with all classes or series of preferred stock entitled to like voting rights, by majority vote. These directors will each be entitled to one vote per director on any matter.

So long as any shares of Series C Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Series C Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of our charter, including the articles supplementary designating the Series C Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series C Preferred Stock. However, with respect to the occurrence of any event listed above, so long as the Series C Preferred Stock remains outstanding (or shares issued by a surviving entity in substitution for the Series C Preferred Stock) with its terms materially unchanged, taking into account that upon the occurrence of such an event, we may not be the surviving entity, the occurrence of any such event will not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series C Preferred Stock. In addition (i) any increase in the number of authorized shares of Series C Preferred Stock, (ii) any increase in the number of authorized shares of preferred stock or the creation or issuance of any other class or series of preferred stock or (iii) any increase in the number of authorized shares of such class or series, in each case ranking equal with or junior to the Series C Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of Series C Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been deposited in trust to effect such redemption.

Transfer Agent and Registrar

The transfer agent and registrar for the Series C Preferred Stock is Computershare, Inc.

Listing

We intend to apply to list the Series C Preferred Stock on Nasdaq within one calendar year of the Termination Date (as defined in the Articles Supplementary setting forth the terms of the Series C Preferred Stock). There can be no assurance that a listing will be achieved in such timeframe, or at all.

Series D Preferred Stock

Dividends

Holders of shares of the Series D Preferred Stock are entitled to receive, when, as and if, authorized by our Board of Directors (or a duly authorized committee of the Board) and declared by us, out of funds legally available for the payment of dividends, preferential cumulative cash dividends at the rate of 5.00% per annum of the liquidation preference of \$25.00 per share (equivalent to a fixed annual amount of \$1.25 per share).

Dividends on shares of the Series D Preferred Stock are cumulative from (but excluding) the date of original issue and are payable monthly in arrears, on or about the fifth day of each month for dividends accrued the previous month or such date as our Board of Directors may designate, to holders of record as they appear in our stock records at the close of business on the applicable record date. The record date for each dividend will be designated by our Board of Directors and will be a date that is prior to the dividend payment date.

Our Board of Directors will not authorize, and we will not declare, pay or set apart for payment, any dividends on shares of Series D Preferred Stock at any time that the terms and provisions of any of our agreements, including any agreement relating to our indebtedness, prohibits that action or provides that the authorization, declaration, payment or setting apart for payment of those dividends would constitute a breach of or a default under any such agreement, or if such action is restricted or prohibited by law.

Notwithstanding the foregoing, dividends on the Series D Preferred Stock will accumulate whether or not (1) restrictions exist in respect thereof, (2) we have earnings, (3) there are funds legally available for the payment of such dividends, or (4) our Board of Directors authorizes or we declare such dividends. Accumulated but unpaid dividends on the Series D Preferred Stock will not bear interest, and holders of the Series D Preferred Stock will not be entitled to any distributions in excess of full cumulative dividends described above.

If we do not declare and either pay or set apart for payment the full cumulative dividends on the Series D Preferred Stock and all shares of capital stock that are equal in rank with Series D Preferred Stock (including shares of the Series B Preferred Stock and Series C Preferred Stock), the amount which we have declared will be allocated ratably to the Series D Preferred Stock and to each series of shares of capital stock equal in rank so that the amount declared for each share of Series D Preferred Stock and for each share of each series of capital stock equal in rank is proportionate to the accrued and unpaid dividends per share on those shares.

Except as provided in the immediately preceding paragraph, unless full cumulative dividends on the Series D Preferred Stock have been or contemporaneously are declared and paid (or declared and a sum sufficient for the payment is set apart for payment) for all past dividend periods, no dividends (other than in shares of common stock or other shares of capital stock ranking junior to the Series D Preferred Stock as to dividends and upon liquidation) will be declared and paid or declared and set apart for payment nor will any other distribution be declared and made upon our common stock, or any of our other capital stock ranking junior to or on parity with the Series D Preferred Stock as to dividends or upon liquidation, nor will we redeem, purchase, or otherwise acquire for any consideration (or pay or make any monies available for a sinking fund for the redemption of any such shares) any shares of our common stock, or any other shares of our capital stock ranking junior to or on parity with the Series D Preferred Stock as to dividends or upon liquidation (except by conversion into or exchange for any of our capital stock ranking junior to the Series D Preferred Stock as to dividends and upon liquidation or redemption for the purpose of preserving our qualification as a REIT).

Holders of shares of the Series D Preferred Stock are not entitled to any distribution, whether payable in cash, property or shares of capital stock, in excess of full cumulative dividends on the Series D Preferred Stock as described above; however, if we fail to redeem or call for redemption the Series D Preferred Stock pursuant to the mandatory redemption required on January 31, 2026, the dividend rate on the Series D Preferred Stock will increase by 3.0% per share per annum to 8.0%, until such shares are redeemed or called for redemption. Any dividend payment made on the Series D Preferred Stock will first be credited against the earliest accumulated but unpaid dividends due with respect to those shares which remain payable. Accrued but unpaid dividends on the Series D Preferred Stock will accumulate as of the dividend payment date on which they first become payable.

Redemption

Mandatory Redemption

We are required to redeem the Series D Preferred Stock on January 31, 2026 at a redemption price of \$25.00 per share plus an amount equal to accumulated but unpaid dividends thereon up to but excluding January 31, 2026.

Optional Redemption

The Series D Preferred Stock will not be redeemable prior to January 31, 2023. However, in order to ensure that we will continue to meet the requirements for qualification as a REIT, the Series D Preferred Stock will be subject to provisions in our charter pursuant to which shares of our capital stock owned by a stockholder in excess of 3.3% (or 9.8% in the case of certain Qualified Institutional Investors (as defined in the charter)) in value of the aggregate of the outstanding shares of capital stock of the Company will be transferred in trust pursuant to the charter.

On and after January 31, 2023, at our sole option upon not less than 15 nor more than 60 days' written notice, we may redeem shares of the Series D Preferred Stock, in whole or in part, at any time or from time to time, for cash at a redemption price of \$25.00 per share, plus an amount equal to all accumulated and unpaid dividends thereon to, but excluding, the date fixed for redemption, without interest. If notice of redemption of any shares of Series D Preferred Stock has been given and if we have deposited the funds necessary for such redemption with the paying agent for the benefit of the holders of any of the shares of Series D Preferred Stock to be redeemed, then from and after the date of such deposit dividends will cease to accumulate on those shares of Series D Preferred Stock, those shares of Series D Preferred Stock will no longer be deemed outstanding and all rights of the holders of such shares

will terminate, except the right to receive the redemption price. If less than all of the outstanding Series D Preferred Stock is to be redeemed, the Series D Preferred Stock to be redeemed shall be selected ratably by lot or by any other fair and equitable method that the Board may choose.

Unless full cumulative dividends for all applicable past dividend periods on all shares of Series D Preferred Stock and any shares of stock that rank on parity with regards to dividends and upon liquidation have been or contemporaneously are declared and paid (or declared and a sum sufficient for payment set apart for payment or deposited with the applicable paying agent for all past dividend periods), no shares of Series D Preferred Stock will be redeemed. However, the foregoing will not prevent us from purchasing shares pursuant to our charter, in order to ensure that we continue to meet the requirements for qualification as a REIT, or from acquiring shares of Series D Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all outstanding shares of Series D Preferred Stock and any shares of stock that rank on parity with regards to dividends and upon liquidation.

We will deliver a notice of redemption, by overnight delivery, by first class mail, postage prepaid or electronically to holders thereof, or request our agent, on behalf of us, to promptly do so by overnight delivery, by first class mail, postage prepaid or electronically. The notice will be provided not less than 15 nor more than 60 days prior to the date fixed for redemption in such notice. Each such notice will state: (A) the date for redemption; (B) the number of Series D Preferred Stock to be redeemed; (C) the CUSIP number for the Series D Preferred Stock; (D) the applicable redemption price on a per share basis; (E) if applicable, the place or places where the certificate(s) for such shares are to be surrendered for payment of the price for redemption; (F) that dividends on the Series D Preferred Stock to be redeemed will cease to accumulate from and after such date of redemption; and (G) the applicable provisions of our charter under which such redemption is made. If fewer than all shares held by any holder are to be redeemed, the notice delivered to such holder will also specify the number of Series D Preferred Stock to be redeemed from such holder or the method of determining such number. We may provide in any such notice that such redemption is subject to one or more conditions precedent and that we will not be required to affect such redemption unless each such condition has been satisfied at the time or times and in the manner specified in such notice. No defect in the notice or delivery thereof will affect the validity of redemption proceedings, except as required by applicable law.

If a redemption date falls after a record date and prior to the corresponding dividend payment date, however, each holder of Series D Preferred Stock at the close of business on that record date will be entitled to the dividend payable on such shares on the corresponding dividend payment date notwithstanding the redemption of such shares before the dividend payment date.

Change of Control

If a Change of Control Triggering Event occurs with respect to the Series D Preferred Stock, unless we have exercised our option to redeem such Series D Preferred Stock as described above, holders of the Series D Preferred Stock will have the right to require us to redeem (a "Change of Control Redemption") the Series D Preferred Stock at a price equal to the liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends up to but excluding the date of payment, but without interest (a "Change of Control Payment"). Within 30 days following any Change of Control Triggering Event or, at our option, prior to any Change of Control Triggering Event, but after public announcement of the transaction that constitutes or may constitute the Change of Control Triggering Event, a notice will be mailed to holders of the Series D Preferred Stock, describing the transaction that constitutes or may constitute the Change of Control Triggering Event and offering to redeem such Series D Preferred Stock on the date specified in the applicable notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed (a "Change of Control Payment Date"). The notice will, if mailed prior to the date of consummation of the Change of Control Triggering Event, state that the Change of Control Redemption is conditioned on the Change of Control Triggering Event occurring on or prior to the applicable Change of Control Payment Date.

We will not be required to make a Change of Control Redemption upon the occurrence of a Change of Control Triggering Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by us and the third party redeems all Series D Preferred Stock properly tendered and not withdrawn under its offer.

We will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the redemption of the Series D Preferred Stock as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Redemption provisions of the Series D Preferred Stock, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Redemption provisions of the Series D Preferred Stock by virtue of any such conflict.

For purposes of the foregoing discussion of the redemption of the Series D Preferred Stock at the option of the holders, the following definitions are applicable.

“*Capital Stock*” of a corporation means the capital stock of every class whether now or hereafter authorized, regardless of whether such capital stock shall be limited to a fixed sum or percentage with respect to the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of such corporation.

“*Change of Control Triggering Event*” means the occurrence of any of the following: (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or more series of related transactions, of all or substantially all of our assets and the assets of our subsidiaries, taken as a whole, to any Person, other than us or one of our subsidiaries; (2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any Person becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of our outstanding Voting Stock or other Voting Stock into which our Voting Stock is reclassified, consolidated, exchanged or changed, measured by voting power rather than number of shares; (3) we consolidate with, or merge with or into, any Person, or any Person consolidates with, or merges with or into, us, in any such event pursuant to a transaction in which any of our outstanding Voting Stock or the Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of our Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person or any direct or indirect parent company of the surviving Person immediately after giving effect to such transaction; (4) the first day on which a majority of the members of our Board of Directors are not Continuing Directors; or (5) the adoption of a plan relating to our liquidation or dissolution. Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control Triggering Event under clause (2) above if (i) we become a direct or indirect wholly-owned subsidiary of a holding company and (ii)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no Person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

“*Continuing Directors*” means, as of any date of determination, any member of our Board of Directors who (A) was a member of such Board of Directors on the date the Series D Preferred Stock was issued or (B) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the continuing directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of a proxy statement in which such member was named as a nominee for election as a director, without objection to such nomination).

“*Person*” has the meaning given thereto in Section 13(d)(3) of the Exchange Act.

“*Voting Stock*” means, with respect to any specified Person that is a corporation as of any date, the Capital Stock of such Person that is at the time entitled to vote generally in the election of the Board of Directors of such Person.

Liquidation Preference

In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of shares of Series D Preferred Stock will be entitled to be paid, out of our assets legally available for distribution to our stockholders, a liquidation preference of \$25.00 per share, plus an amount equal to any accumulated and unpaid dividends on such shares to, but excluding, the date of payment, but without interest, before any distribution of assets is made to holders of our common stock or any other class or series of our capital stock that ranks junior to the Series D Preferred Stock as to liquidation rights. If our assets legally available for distribution to stockholders are insufficient to pay in full the liquidation preference on the Series D Preferred Stock and the liquidation preference on any shares of preferred stock equal in rank with the Series D Preferred Stock, all assets distributed to the holders of Series D Preferred Stock and any other series of preferred stock on parity with the Series D Preferred Stock will be distributed ratably so that the amount of assets distributed per share of Series D Preferred Stock and such other series of preferred stock equal in rank with the Series D Preferred Stock will in all cases bear to each other the same ratio that the liquidation preference per share on the Series D Preferred Stock and on such other series of preferred stock bear to each other. Written notice of any such liquidation, dissolution or winding up of us, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances will be payable, will be given by first class mail, postage pre-paid, not less than 30 nor more than 60 days prior to the payment date stated therein, to each record holder of the Series D Preferred Stock at the respective addresses of such holders as the same appear on the stock transfer records of the Company. After payment of the full amount of the liquidation

preference, plus an amount equal to any accumulated and unpaid dividends to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of our remaining assets. If we convert into or consolidate or merge with or into any other corporation, trust or entity, effect a statutory share exchange or sell, lease, transfer or convey all or substantially all of our property or business, we will not be deemed to have liquidated, dissolved or wound up.

Rank

The Series D Preferred Stock ranks, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution:

- senior to all classes or series of our common stock and any future class or series of our capital stock expressly designated as ranking junior to the Series D Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up;
- on parity with our Series B Preferred Stock, our Series C Preferred Stock and any future class or series of our capital stock expressly designated as ranking on parity with the Series D Preferred Stock with respect to dividend rights and rights upon liquidation, dissolution or winding up;
- junior to any future class or series of our capital stock expressly designated as ranking senior to the Series D Preferred Stock with respect to dividend rights or rights upon liquidation, dissolution or winding up, none of which exists on the date hereof; and
- junior to all of our existing and future indebtedness.

Voting Rights

Holders of the Series D Preferred Stock will not have any voting rights, except as described below. Whenever dividends on any shares of Series D Preferred Stock are in arrears for 18 or more consecutive months (a "Dividend Default"), then the holders of those shares together with the holders of all other series of preferred stock equal in rank with the Series D Preferred Stock upon which like voting rights have been conferred and are exercisable, will be entitled to vote separately as a class for the election of a total of two additional directors on our Board of Directors.

The election of these directors will take place at a special meeting called upon the written request of the holders of record of at least 20% of the outstanding shares of Series D Preferred Stock or holders of record of at least 20% of any class or series of preferred stock equal in rank with the Series D Preferred Stock upon which like voting rights have been conferred and are exercisable (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of stockholders) or at the next annual meeting of stockholders, and at each subsequent annual meeting until all dividends accumulated from past dividend periods and the then current dividend period have been paid (or declared and a sum sufficient for payment set apart). A quorum for any such meeting will exist if at least a majority of the total outstanding shares of Series D Preferred Stock and outstanding shares of preferred stock equal in rank with the Series D Preferred Stock entitled to like voting rights are represented in person or by proxy at that meeting. The directors elected as described above will be elected upon the affirmative vote of a plurality of the votes cast by the holders of shares of Series D Preferred Stock and such preferred stock equal in rank with the Series D Preferred Stock, voting separately as a single class, present and voting in person or by proxy at a duly called and held meeting at which a quorum is present. If and when all accumulated dividends and the dividend for the then current dividend period on the Series D Preferred Stock have been paid in full or declared or set apart for payment in full the holders of the Series D Preferred Stock will be divested of the right to elect directors and, if all dividend arrearages have been paid in full or declared and set apart for payment in full on all series of preferred stock entitled to like voting rights, the term of office of each director so elected will terminate. Any director so elected may be removed at any time with or without cause by, and may not be removed otherwise than by the vote of, the holders of record of a majority of the total outstanding shares of Series D Preferred Stock having the voting rights described above and outstanding shares of all classes of series of preferred stock entitled to like voting rights, voting separately as a single class. So long as a dividend arrearage continues, any vacancy in the office of a director elected as described above may be filled by written consent of the director elected as described above who remains in office, or if none remains in office, by a vote of the holders of record of the total outstanding shares of Series D Preferred Stock when they have the voting rights described above and outstanding shares of all classes or series of preferred stock entitled to like voting rights, voting separately as a single class. These directors will each be entitled to one vote per director on any matter.

So long as any shares of Series D Preferred Stock remain outstanding, we will not, without the affirmative vote or consent of the holders of at least two-thirds of the shares of the Series D Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting (voting separately as a class), amend, alter or repeal the provisions of our charter, including the articles supplementary designating the Series D Preferred Stock, whether by merger, consolidation or otherwise, so as to materially and adversely affect any right, preference, privilege or voting power of the Series D Preferred Stock. However, with respect to the occurrence of any event listed above, so long as the Series D Preferred Stock remains outstanding (or shares issued by a surviving entity in substitution for the Series D Preferred Stock) with its terms materially unchanged, taking into account that upon the occurrence of such an event, we may not be the surviving entity, the occurrence of any such event will not be deemed to materially and adversely affect such rights, preferences, privileges or voting power of holders of the Series D Preferred Stock. In addition (i) any increase in the number of authorized shares of Series D Preferred Stock, (ii) any increase in the number of authorized shares of preferred stock or the creation or issuance of any other class or series of preferred stock or (iii) any increase in the number of authorized shares of such class or series, in each case ranking equal with or junior to the Series D Preferred Stock with respect to payment of dividends or the distribution of assets upon liquidation, dissolution or winding up, will not be deemed to materially and adversely affect such rights, preferences, privileges or voting powers.

The foregoing voting provisions will not apply if, at or prior to the time when the act with respect to which such vote would otherwise be required is effected, all outstanding shares of Series D Preferred Stock have been redeemed or called for redemption upon proper notice and sufficient funds have been deposited in trust to effect such redemption.

Conversion

The Series D Preferred Stock is not convertible into or exchangeable for any of our other property or securities.

Transfer Agent and Registrar

The transfer agent and registrar for the Series D Preferred Stock is Computershare, Inc.

CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

Classification of our Board of Directors

Our board of directors is currently comprised of eight members. Our board is divided into three classes of directors. Directors of each class are elected for a term expiring at the third annual meeting following their election and until their respective successor is duly elected and qualifies, and each year one class of directors will be elected by the stockholders. Our board of directors has the sole power to fill any vacancy on the board of directors and any director elected to fill a vacancy shall serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is elected and qualifies. We believe that classification of our board of directors helps to assure the continuity and stability of our business strategies and policies as determined by our directors. Holders of shares of our common stock have no right to cumulative voting in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the capital stock entitled to vote are able to elect all of the successors of the class of directors whose terms expire at that meeting.

Our classified board could have the effect of making the replacement of incumbent directors more time consuming and difficult. At least two annual meetings of stockholders, instead of one, will generally be required to effect a change in a majority of our board of directors. Thus, our classified board could increase the likelihood that incumbent directors will retain their positions. The staggered terms of directors may delay, defer or prevent a tender offer or an attempt to change control of us or another transaction that might involve a premium price for our common stock that might be in the best interest of our stockholders.

Removal of Directors

Any director may be removed only for cause by the stockholders upon the affirmative vote of at least two-thirds of all the votes entitled to be cast generally in the election of directors.

Restrictions on Ownership and Transfer

To qualify and maintain status as a REIT, not more than 50% of our outstanding shares may be owned by any five or fewer individuals (including some tax-exempt entities) during the last half of each taxable year, and the outstanding shares must be owned by 100 or more persons independent of us and each other during at least 335 days of a 12-

month taxable year or during a proportionate part of a shorter taxable year for which an election to be treated as a REIT is made. These requirements do not apply to us for our first taxable year for which we elect to be taxed as a REIT for federal income tax purposes. In order to assist our board of directors in becoming a REIT and preserving our status as a REIT, among other purposes, our charter contains ownership limits which prohibit any person or group of persons from acquiring, directly or indirectly, beneficial ownership of more than 3.3% in value of our outstanding shares of capital stock or more than 3.3% in value or in number of shares (whichever is more restrictive) of our outstanding shares of common stock, other than David Gladstone, who currently owns approximately 18.4% of our outstanding capital stock, and the Gladstone Future Trust, that currently owns approximately 5.6% of our outstanding capital stock, and certain qualified institutional investors who may own up to 9.8%.

The 3.3% ownership limit does not apply to any underwriter, placement agent or initial purchaser that participates in a public offering, a private placement or other private offering of our capital stock (or securities convertible or exchangeable for capital stock) in a public offering of our shares, only to the extent necessary to facilitate such offering.

Distributions

Distributions will be paid to stockholders as of the record date selected by our board of directors. We generally pay distributions on a monthly basis regardless of the frequency with which such distributions are declared. To qualify as a REIT, we are required to make distributions sufficient to satisfy the REIT requirements. Generally, income distributed as distributions will not be taxable to us under federal income tax laws unless we fail to comply with the REIT requirements.

Distributions are authorized at the discretion of our board of directors based on our earnings, cash flow and general financial condition. The directors' discretion will be governed, in substantial part, by their obligation to cause us to comply with the REIT requirements. Because we may receive income from interest or rents at various times during our fiscal year, distributions may not reflect our income earned in that particular distribution period but may be made in anticipation of cash flow which we expect to receive during a later month and may be made in advance of actual receipt in an attempt to make distributions relatively uniform. We may borrow to make distributions if the borrowing is necessary to maintain our REIT status, or if the borrowing is part of a liquidation strategy whereby the borrowing is done in anticipation of the sale of properties and the proceeds will be used to repay the loan.

Information Rights

Any stockholder may, during normal business hours and for any lawful and proper purpose, inspect and copy our bylaws, minutes of the proceedings of our stockholders meetings, our annual statement of affairs and any voting trust agreement that is on file at our principal office. In addition, one or more stockholders who together are, and for at least six months have been, record or beneficial holders of 5% of any class of our stock are entitled to inspect our books of accounts or a copy of our stockholder list upon written request. The list will include the name and address of, and the number of shares owned by, each stockholder and will be available at our principal office within 20 days of the stockholder's request.

The rights of stockholders described above are in addition to, and do not adversely affect rights provided to investors under, Rule 14a-7 promulgated under the Exchange Act. Rule 14a-7 provides that, upon request of investors and the payment of the expenses of the distribution, we are required to distribute specific materials to stockholders in the context of the solicitation of proxies for voting on matters presented to stockholders, or, at our option, provide requesting stockholders with a copy of the list of stockholders so that the requesting stockholders may make the distribution themselves.

Business Combinations

The MGCL prohibits "business combinations" between a corporation and an interested stockholder or an affiliate of an interested stockholder for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, statutory share exchange, or, in circumstances specified in the statute, certain transfers of assets, certain stock issuances and transfers, liquidation plans and reclassifications involving interested stockholders and their affiliates. The MGCL defines an interested stockholder as:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of our outstanding voting stock; or
-

- an affiliate or associate of the corporation who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then-outstanding stock of the corporation.
- A person is not an interested stockholder if the board of directors approves in advance the transaction by which the person otherwise would have become an interested stockholder. However, in approving the transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board of directors.

After the five-year prohibition, any business combination between a corporation and an interested stockholder generally must be recommended by the board of directors and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of the then outstanding shares of voting stock; and
- two-thirds of the votes entitled to be cast by holders of the voting stock other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or shares held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the common stockholders receive a minimum price, as defined under the MGCL, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are approved by the board of directors before the time that the interested stockholder becomes an interested stockholder.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect to be subject, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board of directors;
- a two-thirds vote requirement for removing a director;
- a requirement that the number of directors be fixed only by vote of the directors;
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors in which the vacancy occurred; and
- a majority requirement for the calling by stockholders of a special meeting of stockholders.

Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (a) have a classified board, (b) require a two-thirds vote for the removal of any director from the board, (c) vest in the board the exclusive power to fix the number of directorships and (d) require, unless called by our chairman, our chief executive officer, our president, a majority of our directors or a majority of our independent directors, the request of stockholders entitled to cast not less than a majority of all votes entitled to be cast to call a special meeting. We have elected that, except as may be provided by our board of directors in setting the terms of any class or series of stock, any and all vacancies on the board may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the remainder of the full term of the class in which such vacancy occurred and until his or her successor is duly elected and qualifies.

Amendments to Our Charter and Bylaws

Except for amendments to the provisions of our charter relating to the removal of directors and the restrictions on ownership and transfer of our shares of stock and the vote required to amend these provisions (each of which must

be advised by our board of directors and approved by the affirmative vote of stockholders entitled to cast not less than two-thirds of all the votes entitled to be cast on the matter), our charter generally may be amended only if approved and advised by our board of directors and approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Our board of directors has the exclusive power to adopt, alter or repeal any provision of our bylaws and to make new bylaws.

Extraordinary Transactions

Under the MGCL, a Maryland corporation generally cannot dissolve, merge, sell all or substantially all of its assets, convert into another entity, engage in a statutory share exchange or engage in similar transactions outside the ordinary course of business unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter unless a lesser percentage (but not less than a majority of all of the votes entitled to be cast on the matter) is set forth in the corporation's charter. As permitted by the MGCL, our charter provides that any of these actions except for the charter amendments described above may be approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter.

Operations

We generally are prohibited from engaging in certain activities, including acquiring or holding property or engaging in any activity that would cause us to fail to qualify as a REIT.

Term and Termination

Our charter provides for us to have a perpetual existence. Pursuant to our charter, and subject to the provisions of any of our classes or series of stock then outstanding and the approval by a majority of the entire board of directors, our stockholders by the affirmative vote of a majority of all of the votes entitled to be cast on the matter, may approve a plan of liquidation and dissolution.

Advance Notice of Director Nominations and New Business

Our bylaws provide that, with respect to an annual meeting of stockholders, nominations of persons for election to our board of directors and the proposal of business to be considered by stockholders at the annual meeting may be made only:

- pursuant to our notice of the meeting;
- by or at the direction of our board of directors; or
- by a stockholder who was a stockholder of record at the time of the provision of notice, who is entitled to vote at the meeting and who has complied with the advance notice procedures set forth in our bylaws.

With respect to special meetings of stockholders, only the business specified in our notice of meeting may be brought before the meeting of stockholders and nominations of persons for election to our board of directors at which directors are to be elected pursuant to our notice of the meeting may be made only:

- by or at the direction of our board of directors; or
- by a stockholder who was a stockholder of record at the time of the provision of notice, who is entitled to vote at the meeting and who has complied with the advance notice provisions set forth in our bylaws.

Power to Issue Additional Shares

In the future, we may issue additional securities, including upon the redemption of limited partnership interests that we may issue in connection with acquisitions of real property. We believe that the power to issue additional shares of stock and to classify or reclassify unissued shares of common stock or preferred stock into other classes or series of stock and thereafter to issue the classified or reclassified shares provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law or the rules of

any stock exchange or automated quotation system on which our securities may be listed or traded. Although we have no present intention of doing so, we could issue a class or series of shares that could delay, defer or prevent a transaction or a change in control that might involve a premium price for holders of common stock or otherwise be in their best interest.

Control Share Acquisitions

The MGCL provides that a holder of “control shares” of a Maryland corporation acquired in a “control share acquisition” has no voting rights with respect to such shares except to the extent approved at a special meeting by the affirmative vote of two-thirds of the votes entitled to be cast on the matter, excluding shares of stock in a corporation in respect of which any of the following persons is entitled to exercise or direct the exercise of the voting power of shares of stock of the corporation in the election of directors: (i) a person who makes or proposes to make a control share acquisition, (ii) an officer of the corporation or (iii) an employee of the corporation who is also a director of the corporation. “Control shares” are voting shares of stock which, if aggregated with all other such shares of stock previously acquired by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power: (i) one-tenth or more but less than one-third, (ii) one-third or more but less than a majority, or (iii) a majority or more of all voting power. Control shares do not include shares that the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A “control share acquisition” means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition, upon satisfaction of certain conditions (including an undertaking to pay expenses and delivering an acquiring person statement), may compel our board of directors to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then, subject to certain conditions and limitations, the corporation may redeem any or all of the control shares (except those for which voting rights have previously been approved) for fair value determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of such shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of such appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the control share acquisition statute any and all acquisitions of shares of our stock by David Gladstone and any of his affiliates. There is no assurance that such provision will not be amended or eliminated at any time in the future.

Possible Anti-Takeover Effect of Certain Provisions of Maryland Law and of Our Charter and Bylaws

The business combination provisions and the control share acquisition provisions of the MGCL; the classification of our board of directors; the restrictions on the transfer and ownership of stock and the advance notice provisions of our bylaws could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of common stock or otherwise be in their best interests.

FIRST AMENDMENT TO LOAN AGREEMENT

THIS FIRST AMENDMENT TO LOAN AGREEMENT (this “**First Amendment**”), is made and entered into as of February 3, 2022 (the “**Effective Date**”) by and among GLADSTONE LAND LIMITED PARTNERSHIP, a Delaware limited partnership (“**Borrower**”), GLADSTONE LAND CORPORATION, a Maryland corporation (“**Guarantor**”), and METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation (the “**Lender**”).

RECITALS

A. Borrower, Guarantor and Lender are parties to that certain Loan Agreement dated as of February 20, 2020, as amended and addended (the “**Loan Agreement**”). The Loan Agreement was executed in connection with a loan (the “**Loan**”) made by Lender to Borrower evidenced by (i) that certain Promissory Note (Note B - RELOC) in the principal amount of up to Twenty-Five Million and 00/100 Dollars (\$25,000,000.00) dated as of April 30, 2014 and executed by Borrower to the order of Lender, as amended by that certain First Amendment to Promissory Note (Note B) dated as of September 3, 2015, as amended by that certain Second Amendment to Promissory Note (Note B) dated as of October 5, 2016, as further amended by that certain Third Amendment to Promissory Note (Note B) dated as of December 15, 2017, as completely amended and restated by that certain Amended and Restated Promissory Note (Note B-RELOC) dated February 20, 2020 (“**Note B**”), (ii) that certain Amended and Restated Promissory Note (Note D - RELOC) in the principal amount of up to Fifty Million and 00/100 Dollars (\$50,000,000.00) dated as of December 15, 2017 executed by Borrower to the order of Lender as completely amended and restated by that certain Amended and Restated Promissory Note (Note D-RELOC) dated February 20, 2020 (“**Note D**”), and (iii) that certain Promissory Note (Note E – Term Facility) in the principal amount of up to Seventy-Five Million and 00/100 Dollars (\$75,000,000.00) dated as of February 20, 2020 and executed by Borrower to the order of Lender (“**Note E**”, and collectively with Notes B and D, the “**Notes**”). The Notes are currently secured by the Security Instruments, as defined in the Loan Agreement. Guarantor has guaranteed the payment and performance of the Loan pursuant to that certain Loan Guaranty Agreement dated as of February 20, 2020 (as amended, the “**Guaranty**”). Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Loan Agreement.

B. Borrower has requested, and Lender has agreed to make, an additional loan to Borrower in the maximum principal amount of One Hundred Million and 00/100 Dollars (\$100,000,000.00) (“**Additional Loan**”). This Loan Agreement is being amended to add the Additional Loan to its terms and to further amend the Loan Agreement as provided for herein.

C. In addition, under the terms of the Loan Agreement, Borrower may request that additional Collateral be added to the Loan with the acquisition of agricultural property by Borrower or one of its subsidiaries, which property may be accepted by Lender as Collateral for the Loan. Borrower has identified, and Lender has agreed to accept as Collateral for the Loan, the property described on Exhibit B-1 attached hereto, and all agricultural operations and related permanent plantings, irrigation facilities and water rights located on such property, and the rents, revenue and income derived therefrom (collectively, the “**Future Property**”) to be owned by

West Lerdo Highway Lost Hills CA, LP, a Delaware limited partnership (the “**Future Property Owner**”).

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Guarantor and Lender hereby agree as follows:

AGREEMENT

1. Status of Existing Loan. Borrower and Guarantor acknowledge for the benefit of Lender that the Notes, the Guaranty, the Loan Agreement as amended by this First Amendment, the Security Instruments, and any other Loan Documents (collectively, the “**Loan Documents**”) are all valid and binding obligations enforceable in accordance with their terms, and that neither Borrower nor Guarantor has any offset or defense against the indebtedness evidenced by the Notes or any of the obligations set forth in the Loan Documents.

2. Additional Loan.

2.1 Borrower has duly authorized the delivery of that certain Promissory Note (Note F) in the principal amount of up to \$100,000,000.00, as amended, modified, restated, extended or expanded from time to time (“**Note F**”), dated as of even date herewith and executed by Borrower to the order of Lender. The interest rates applicable to the balance under Note F (and the adjustment of such interest rates), the repayment terms and other terms applicable to the indebtedness evidenced by Note F are more particularly set forth in Note F. The term “Notes” as used in the Loan Agreement and the other Loan Documents is hereby amended to include Note F.

2.2 Borrower hereby agrees to borrow from Lender, and Lender, subject to the terms and conditions herein set forth and in the other Loan Documents, hereby agrees to lend to Borrower, the aggregate principal sum of up to One Hundred Million and 00/100 Dollars (\$100,000,000.00) to be evidenced by Note F and disbursed in accordance with the Loan Agreement (the “**Additional Loan**”). The term “Loan” as used in the Loan Agreement and the other Loan Documents is hereby amended to include the Additional Loan

2.3 Payment of Note F and performance of the obligations arising under the Loan Agreement, as amended by this First Amendment and the Loan shall be secured by the Security Instruments now or hereafter granted by any of the Property Owners with respect to, inter alia, the Land and the other Real Property and such other documents and instruments as Lender shall reasonably request to further evidence or perfect its security interest in the Collateral. Each Property Owner shall execute and deliver to Lender an amendment to its respective Security Instrument to expand the obligations secured thereby to include the Additional Loan, and all references in the Loan Agreement and the other Loan Documents to “Security Instruments” shall mean the Security Instruments as so amended.

2.4 Borrower’s obligations under Note F, the Loan Agreement as modified by this Amendment and the other Loan Documents shall be guaranteed by (a) Guarantor pursuant to the Guaranty; (b) the Property Owners pursuant to certain Property Owner

Guaranties and the Security Instruments; and (c) any Future Property Owners pursuant to Loan Guaranty Agreements and Security Instruments, delivered in connection with the addition of Future Property to the Collateral. Note F is also supported by the Indemnity Agreement.

2.5 Borrower shall pay to Lender an unused commitment fee payable in arrears with each interest payment payable on an Interest Payment Date as more particularly provided in Note F.

3. Disbursement of Additional Loan. Note F shall be disbursed in accordance with the terms and conditions of Section 3.1 of the Loan Agreement; provided however, that (a) Borrower may request disbursements at any time after the Effective Date but no later than December 31, 2024, with no more than six (6) Disbursements under Note F permitted in any calendar year; (b) in no event shall the total Disbursements under Note F exceed the lesser of \$100,000,000.00 or sixty percent (60%) of the Appraised Value of the Collateral; and (c) Section 3.1(m) is adjusted to provide that prepayments shall (unless otherwise indicated by Borrower), in the absence of an Event of Default, be applied first to the outstanding principal balance, if any, of Note B and Note D and then to the outstanding principal balance of Note E and then to Note F.

4. Future Property. The property legally described on Exhibit B-1 attached hereto is hereby added to be part of the “Land” under the Loan Agreement, and Exhibit B of the Loan Agreement is hereby amended to include Exhibit B-1 attached hereto. The Future Property is hereby accepted by Lender as, and for all purposes is deemed to be, Real Property under the Loan Agreement.

5. Liens and Leases. Exhibit D of the Loan Agreement setting forth the liens and leases constituting Permitted Encumbrances on the Collateral is replaced with Exhibit D-1 attached hereto.

6. Disclosure and Valuation. Exhibit A of the Loan Agreement setting forth the disclosure and valuation of the Real Property is replaced with Exhibit A-1 attached hereto.

7. Future Property Owner. Future Property Owner is well seized of an indefeasible estate in fee simple in the Future Property. Future Property Owner is a separate Subsidiary entity established as a single asset entity by Borrower for the purposes of owning the Future Property. Exhibit E of the Loan Agreement setting forth the Property Owners is hereby replaced with Exhibit E-1. All references to the Property Owners in the Loan Agreement shall include the Future Property Owner.

8. New Security Instrument and Loan Documents. Future Property Owner shall execute and deliver to Lender, as a condition to the effectiveness of this Addendum and Lender’s acceptance of the Future Property as Collateral, the following documents, each in substantially the form required by Lender:

(a) a new security instrument encumbering its interest in the Future Property (the “**New Security Instrument**”), which shall be deemed to be a Security Instrument under the Loan Agreement and all other Loan Documents;

- (b) a Property Owner Guaranty;
- (c) a joinder to the Indemnity Agreement;
- (d) a First Amendment to the Contribution and Indemnity Agreement;
- (e) a certification as to its status, the use and other features of the Future Property; and
- (f) such other documents and certificates as required by Lender to the extent consistent with the Loan Documents.

9. Cross-Default and Cross-Collateralization. Borrower and Guarantor acknowledge that the Security Instruments, including the New Security Instrument, are Collateral for the entire Loan, and the occurrence of a default under any of the Security Instruments, including the New Security Instrument, or any of the Loan Documents will comprise a default under all of the Security Instruments, including the New Security Instrument, and other Loan Documents.

10. Title Policy. In connection with the New Security Instrument, Lender shall be provided with a mortgagee's title insurance policy insuring the Lender's first priority lien in the Future Property, subject only to such encumbrances, and containing such endorsements, as Lender may approve in its sole and absolute discretion and aggregating title insurance coverage with all other Title Policies insuring the liens of the Security Instruments.

11. Consent of Guarantor. Guarantor hereby consents to the addition of Note F to the Loan under the terms of the Loan Agreement, as amended hereby, and further, consents to the execution by all parties of this First Amendment and any other documents or modifications to documents contemplated hereby. Guarantor agrees that the Guaranty remains in full force and effect with regard to all disbursements of the Loan and the Loan Documents as so modified.

12. Reaffirmation of Guaranty. Guarantor hereby confirms and reaffirms all of the representations, warranties, covenants and obligations of the Guaranty and the other Loan Documents, and further confirms and agrees that Guarantor is and shall continue to be liable for all obligations arising under and in connection with the Loan.

13. Reaffirmation by Borrower. Except as specifically amended by this First Amendment, the Loan Agreement shall remain unmodified and in full force and effect. Borrower hereby reaffirms for the benefit of Lender each and every of the terms and provisions of the Notes and the Loan Agreement, and agrees to the addition of Note F to the Loan Agreement under the terms of this Amendment.

14. Representations and Warranties of Borrower. Borrower hereby restates and reaffirms all of the covenants, representations and warranties set forth in the Loan Agreement, as if made as of the date of this First Amendment. In particular, all of the representations and warranties set forth in Section 4 of the Loan Agreement, as amended hereby, as applied to Borrower and all of the Property, remain true, accurate and complete.

15. Miscellaneous. Borrower and Lender hereby agree that all references in the Loan Agreement to the “**Loan Documents**” shall include this First Amendment and Note F. Furthermore, the Loan Documents shall be interpreted in accordance with the provisions of this First Amendment and any related terms set forth in such documents are hereby modified accordingly. All references in the Loan Agreement to the “**Security Instrument**” or the “**Security Instruments**” are hereby amended to incorporate the First Amendments referenced in Section 2.3 above, and to include the New Security Instrument. All references to the “**Notes**” are hereby amended to mean Note B, Note D, Note E and Note F.

16. Counterparts. This First Amendment may be executed in multiple counterparts, each of which shall be an original and all of which, when combined, shall constitute one and the same instrument.

[Signatures pages follow]

IN WITNESS WHEREOF, Lender, Borrower and Guarantor have executed this First Amendment, or have caused this First Amendment to be executed by its duly authorized representative(s) as of the Effective Date.

BORROWER:

GLADSTONE LAND LIMITED PARTNERSHIP,
a Delaware limited partnership

By: Gladstone Land Partners, LLC,
a Delaware limited liability company
Its General Partner

By: Gladstone Land Corporation,
a Maryland corporation
Its Manager

By: /s/David Gladstone
David Gladstone
Its Chief Executive Officer

GUARANTOR:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/David Gladstone
David Gladstone
Its Chief Executive Officer

[Signatures continue on next page]

LENDER:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By: MetLife Investment Management, LLC,

its investment manager

By: /s/Robert Frudden
Name: Robert Frudden
Its: Authorized Signatory
and Director

EXHIBIT A-1
Current Schedule of Properties and Proportionate Shares

	%	Amount
20th Avenue South Haven, LLC, a Delaware limited liability company	0.62%	\$1,525,000.00
Broadway Road Moorpark, LLC, a Delaware limited liability company	1.54%	\$3,780,000.00
East Shelton Road, LLC, a Delaware limited liability company	3.40%	\$8,360,000.00
Spring Valley Road Watsonville, LP, a Delaware limited partnership	3.30%	\$8,100,000.00
Naumann Road Oxnard, LP, a Delaware limited partnership	2.40%	\$5,890,000.00
Sycamore Road Arvin, LP, a Delaware limited partnership	2.82%	\$6,930,000.00
Dalton Lane Watsonville, LLC, a California limited liability company	1.82%	\$4,475,000.00
West Sierra Avenue Earlimart CA, LP, a Delaware limited partnership	25.05%	\$61,500,000.00
Lerdo Highway Shafter CA, LP, a Delaware limited partnership	23.21%	\$57,000,000.00
West Lerdo Highway Lost Hills CA, LP, a Delaware limited partnership	35.84%	\$88,000,000.00
Total	100.00	\$245,560,000.00

EXHIBIT B-1
Future Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE UNINCORPORATED AREA, COUNTY OF KERN, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

THE WEST HALF OF THE WEST HALF OF SECTION 32, TOWNSHIP 27 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.
EXCEPT 12-1/2% INTEREST IN AND TO ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDERLYING SAID LAND, AS EXCEPTED IN THE DEED FROM JOHN MACKESSY, ET UX, RECORDED MAY 14, 1964 IN BOOK 3725 PAGE 270 OF OFFICIAL RECORDS.

ALSO EXCEPT 25% OF ALL OIL, GAS, PETROLEUM, AND OTHER HYDROCARBON SUBSTANCES EXCEPTED IN THE DEED FROM ARTHUR O. KING, AS TRUSTEE, RECORDED APRIL 9, 1964 IN BOOK 3713 PAGE 755 OF OFFICIAL RECORDS.

ALSO EXCEPT 37-1/2% OF ALL OIL, GAS, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES WITHIN OR UNDERLYING SAID LAND, AS EXCEPTED BY EDWARD J. CARR AND MARY K. CARR, WILLIAM N. LAGOMARSINO AND BERTHA LAGOMARSINO, HENRY J. OLIVA AND GENEVA OLIVA, IN DEED RECORDED JANUARY 27, 1966.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS.

APN: 069-250-10-00

PARCEL B:

THAT PORTION OF THE EAST HALF OF THE WEST HALF OF SECTION 29, TOWNSHIP 27 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, LYING WEST OF THE CENTER LINE OF THE WEST SIDE CANAL, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE EAST HALF OF THE WEST HALF OF SECTION 29, TOWNSHIP 27 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE RUNNING EASTERLY ALONG THE NORTHERLY BOUNDARY OF SECTION 29, SOUTH 87° 41' EAST 794 FEET TO A POINT ON THE CENTER LINE OF THE WEST SIDE CANAL; THENCE RUNNING IN A SOUTHEASTERLY DIRECTION ALONG SAID CANAL CENTER LINE SOUTH 5° 58' EAST 5331.20 FEET TO A POINT ON THE SOUTHERLY BOUNDARY OF SAID SECTION 29; THENCE RUNNING WESTERLY ALONG SAID SOUTHERLY BOUNDARY NORTH 87° 42' WEST 1353.70 FEET TO THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST HALF OF SAID SECTION 29; THENCE RUNNING IN A NORTHERLY DIRECTION ALONG THE WESTERLY BOUNDARY OF THE EAST HALF OF THE WEST HALF OF SAID SECTION 29, NORTH 0° 03' EAST, 5280 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM THE NORTHERLY 150 FEET OF SAID LAND CONDEMNED IN FINAL ORDER OF CONDEMNATION RECORDED NOVEMBER 14, 1974 IN BOOK 4869 PAGE 1591 AND FIRST AMENDED ORDER OF CONDEMNATION RECORDED DECEMBER 23, 1974 IN BOOK 4873 PAGE 2431 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ANY AND ALL OIL AND/OR GAS IN OR UNDER A DEPTH OF 500 FEET BELOW THE SURFACE OF SAID LAND AND ALL OTHER MINERALS OF ANY AND EVERY KIND AND NAME, INCLUDING HELIUM, TOGETHER WITH THE RIGHTS TO (A) OPERATE, MAINTAIN, RENEW AND RELOCATE ANY AND ALL EXISTING SHAFTS, PIPELINES, POWER AND COMMUNICATION LINES, TANKS, ROADWAYS, RAILROAD TRACKS, POWER STATIONS, AND

OTHER STRUCTURES AND WELLS, AS MAY BE NECESSARY AND CONVENIENT IN ORDER TO EXPLORE, PROSPECT FOR, OR TO PRODUCE, SAVE AND REMOVE OIL, GAS, HELIUM AND OTHER MINERALS FROM SAID LAND OR FROM OTHER LANDS PRESENTLY OR SUBSEQUENTLY OWNED OR LEASED BY GRANTOR, WHETHER OR NOT SUCH OTHER LANDS ARE PART OF A LARGER PARCEL FROM WHICH THE LAND GRANTED HEREUNDER IS HEREBY SEVERED OR ARE ENTIRELY SEPARATE FROM ANY PARCEL FROM WHICH THE LANDS GRANTED HEREUNDER ARE SEVERED; (B) FROM TIME TO TIME TO CONSTRUCT, OPERATE, MAINTAIN, RENEW AND RELOCATE SUCH ADDITIONAL FACILITIES OF THE SAME CHARACTER AS WILL NOT UNREASONABLY INTERFERE WITH THE USE OF SAID LAND BY GRANTEE; (C) DIG OR DRILL WATER WELLS, AT ANY DEPTH, AND USE WATER THEREFROM IN CONNECTION WITH THE EXPLORATION, PROSPECTING AND DEVELOPMENT OF SAID LAND FOR OIL, GAS, HELIUM AND OTHER MINERALS, AND THE PRODUCTION, SAVINGS AND REMOVAL OF THE SAME THEREFROM; AND (D) FROM TIME TO TIME REMOVE ANY AND ALL PROPERTY, MACHINERY, EQUIPMENT OR APPLIANCES PLACED ON SAID LAND BY GRANTOR, AS RESERVED BY SANTA FE ENERGY COMPANY, A TEXAS CORPORATION BY DEED RECORDED AUGUST 5, 1987 IN BOOK 6034 PAGE 766 OF OFFICIAL RECORDS.

APN: 069-250-17-00 & 069-250-18-00

PARCEL C:

THE EAST HALF OF THE WEST HALF AND ALL OF THE PART OF THE WEST HALF OF THE EAST HALF OF SECTION 32, TOWNSHIP 27 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA, COUNTY OF KERN, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, LYING WEST OF THE CENTER OF THE WEST SIDE CANAL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST HALF OF SECTION 32, TOWNSHIP 27 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN; THENCE RUNNING EASTERLY ALONG THE SOUTHERLY BOUNDARY OF SAID SECTION 32, NORTH 89° 43' EAST 1320.00 FEET TO THE SOUTH ONE-QUARTER SECTION CORNER; THENCE CONTINUING ALONG THE SOUTHERLY BOUNDARY OF SAID SECTION 32, SOUTH 87° 20' EAST 833.00 FEET TO A POINT ON THE CENTER LINE OF THE WEST SIDE CANAL, THENCE RUNNING IN A NORTHERLY DIRECTION ALONG SAID CANAL CENTER LINE NORTH 8° 46' WEST 4240.00 FEET TO A POINT, THENCE CONTINUING ALONG SAID CANAL CENTER LINE NORTH 5° 58' WEST 1073.00 FEET TO A POINT ON THE NORTHERLY BOUNDARY OF SAID SECTION 32; THENCE RUNNING WESTERLY ALONG SAID NORTHERLY BOUNDARY NORTH 87° 42' WEST 1353.70 FEET TO THE NORTHWEST CORNER OF THE EAST HALF OF THE WEST HALF OF SAID SECTION 32; THENCE RUNNING IN A SOUTHERLY DIRECTION ALONG THE WESTERLY BOUNDARY OF THE EAST HALF OF THE WEST HALF OF SAID SECTION 32, SOUTH 0° 27' WEST 5280.00 FEET TO THE PLACE OF BEGINNING.

EXCEPTING THEREFROM ALL OIL, AND/OR GAS IN OR UNDER A DEPTH OF 500 FEET BELOW THE SURFACE OF SAID LAND AND ALL OTHER MINERALS OF ANY AND EVERY KIND AND NAME, INCLUDING HELIUM, TOGETHER WITH THE RIGHTS TO; (A) OPERATE, MAINTAIN, RENEW AND RELOCATE ANY AND ALL EXISTING SHAFTS, PIPELINES, POWER AND COMMUNICATION LINES, TANKS, ROADWAYS, RAILROAD TRACKS, POWER STATIONS, AND OTHER STRUCTURES AND WELLS AS MAY BE NECESSARY AND CONVENIENT IN ORDER TO EXPLORE, PROSPECT FOR, OR TO PRODUCE, SAVE AND REMOVE OIL, GAS, HELIUM AND OTHER MINERALS FROM SAID LAND OR FROM OTHER LANDS PRESENTLY OR SUBSEQUENTLY OWNERS OR LEASED BY GRANTOR, WHETHER OR NOT SUCH OTHER LANDS ARE PART OF A LARGER PARCEL FROM WHICH THE LAND GRANTED HEREUNDER IS HEREBY SEVERED OR ARE ENTIRELY SEPARATE FROM ANY PARCEL FROM WHICH THE LANDS GRANTED HEREUNDER ARE SEVERED; (B) FROM TIME TO TIME TO CONSTRUCT, OPERATE, MAINTAIN, RENEW AND RELOCATE SUCH ADDITIONAL FACILITIES OF THE SAME CHARACTER AS WILL NOT UNREASONABLY INTERFERE WITH THE USE OF SAID LAND BY GRANTEE; (C) DIG OR DRILL WATER WELLS, AT ANY DEPTH, AND USE WATER THEREFROM IN CONNECTION WITH THE EXPLORATION, PROSPECTING AND DEVELOPMENT OF SAID LAND FOR OIL, GAS, HELIUM AND OTHER MINERALS, AND THE PRODUCTION, SAVING AND REMOVAL OF THE SAME THEREFROM; AND; (D) FROM TIME TO TIME REMOVE ANY AND ALL PROPERTY, MACHINERY, EQUIPMENT, OR APPLIANCES PLACED ON SAID LAND BY GRANTOR. IT IS DECLARED TO BE THE INTENT OF THE PARTIES HERETO THAT THE

TERM "MINERAL IS HERE USED IN ITS BROADEST AND MOST INCLUSIVE SENSE. IN THE EVENT THE GRANTOR ENTERS UPON SAID LAND FOR THE PURPOSE OF CONDUCTING OPERATIONS FOR THE EXPLORATION FOR, PRODUCTION AND/OR SAVING AND REMOVAL OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, WATER, HELIUM, OR OTHER MINERALS, OR IN THE EXERCISE OF ANY RIGHT HEREINABOVE RESERVED TO GRANTOR, AND SHOULD GRANTOR, IN CONDUCTING SUCH OPERATIONS OR IN THE EXERCISE OF SUCH RIGHTS, DAMAGE ANY GROWING CROPS OR IMPROVEMENTS OR RENDER UNSUITABLE FOR PASTURAGE OR FARMING ANY PORTION OF SAID LAND THERETOFORE CONVERTED TO AND USED FOR PASTURAGE OR FARMING, GRANTOR SHALL PAY TO GRANTEE THE AMOUNT OF ACTUAL DAMAGE TO CROPS OF IMPROVEMENTS. OR, IF GRANTOR SO ELECTS, ANNUALLY, AS RENTAL FOR THE LAND SO RENDERED UNSUITABLE, THE RATE OF RENTAL THEN CURRENT IN THE LOCALITY FOR LEASING PASTURAGE OR FARMING LAND, AS THE CASE MAY BE. IF GRANTOR ELECTS THE PAYMENT OF RENTAL, SUCH RENTAL SHALL BE PAID UNTIL THE AFFECTED LAND SHALL AGAIN BE RENDERED UNABLE. THE OBLIGATIONS OF GRANTOR CONTAINED IN THIS PARAGRAPH SHALL BE COVENANTS RUNNING WITH THE LAND HEREBY GRANTED, AS RESERVED IN THE DEED FROM SANTA FE ENERGY COMPANY, RECORDED AUGUST 5, 1987 IN BOOK 6034, PAGE 766 OF OFFICIAL RECORDS, DOCUMENT NO. 15320.

APN: 069-250-19-00 AND 069-250-20-00

PARCEL D:

A PARCEL OF LAND DESCRIBED AS BEGINNING AT THE SOUTHEAST CORNER OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA OF KERN, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, THENCE ALONG THE SOUTH LINE OF SAID SECTION 8, SOUTH 89° 54' WEST 312 FEET TO THE SOUTHWEST CORNER OF THE 15.14 ACRE TRACT OF LAND CONVEYED BY WARREN BARNES TO MILLER & LUX INCORPORATED, ON DECEMBER 12, 1917; THENCE ALONG THE WEST LINE OF THE 15.14 ACRE TRACT AND THE 10.30 ACRE TRACT CONVEYED BY WARREN BARNES TO MILLER & LUX INCORPORATED, ON DECEMBER 12, 1917, IN SECTION 8 OF AFORESAID TOWNSHIP AND RANGE AND ALONG THE EAST LINE OF A 16.00 ACRE TRACT CONVEYED BY MILLER & LUX INCORPORATED TO WARREN BARNES IN SAID SECTION 8, IN THE YEAR 1917, NORTH 15° 53' WEST 5478.20 FEET TO A POINT ON THE NORTH LINE OF SAID SECTION 8 WHICH BEARS NORTH 89° 26' EAST 820.00 FEET FROM THE NORTH QUARTER SECTION CORNER OF SECTION 8; THENCE ALONG THE NORTH LINE OF SECTION 8, NORTH 89° 26' EAST 990 FEET; THENCE ALONG THE CENTER LINE OF THE WEST SIDE CANAL AND ALONG THE EASTERLY LINE OF A STRIP OF LAND 75.00 FEET IN WIDTH, RESERVED AS A RIGHT OF WAY AND EASEMENT TO REPAIR, MAINTAIN AND OPERATE SAID WEST SIDE CANAL, BY DEED RECORDED April 29, 1929 IN BOOK 293 PAGE 346 OF OFFICIAL RECORDS, SOUTH 11° 38' EAST 5386.00 FEET TO A POINT ON THE SOUTH LINE OF SECTION 9 OF AFORESAID TOWNSHIP AND RANGE; THENCE LEAVING THE CENTER LINE OF THE WEST SIDE CANAL SOUTH 89° 46' WEST 265.00 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL THE MINERAL RIGHTS, AS CONVEYED IN A DOCUMENT RECORDED JANUARY 9, 1995, DOCUMENT NO. 2613 OF OFFICIAL RECORDS.

APN: 086-070-05-00

PARCEL E:

THAT PORTION OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTH LINE OF SAID SECTION 8, 312 FEET WEST OF THE SOUTHEAST CORNER THEREOF; THENCE NORTH 15° 23' WEST TO A POINT IN THE NORTH LINE OF SAID SECTION; THENCE WEST ALONG SAID NORTH LINE, 820 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION; THENCE SOUTH TO THE SOUTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 8, THENCE EAST ALONG THE SOUTH LINE OF SAID SECTION TO THE POINT OF COMMENCEMENT.

EXCEPT 1/2 OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES AS RESERVED IN DEED FROM DOROTHY TWISSELMANN, ET AL, RECORDED MAY 29, 1969 IN BOOK 4164 PAGE 919 OF OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM THE REMAINING 1/2 OF ALL OIL, GAS, MINERALS AND OTHER HYDROCARBON SUBSTANCES, AS RESERVED BY HENRY DELL BUTTS, ET AL, IN DEED RECORDED NOVEMBER 3, 1975 IN BOOK 4922 PAGE 2335 OF OFFICIAL RECORDS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS.

APN: 086-070-11-00

PARCEL F:

PARCEL B OF CERTIFICATE OF COMPLIANCE NO. 2080 AS PER THAT CERTAIN CERTIFICATE OF COMPLIANCE RECORDED MARCH 29, 2000 AS DOCUMENT NO. 0200036808 OF OFFICIAL RECORDS, BEING THAT PORTION OF SECTION 7, TOWNSHIP 28 SOUTH, RANGE 22 EAST, LYING EAST OF THAT PORTION OF THE CALIFORNIA AQUEDUCT CONVEYED TO THE STATE OF CALIFORNIA.

EXCEPTING THEREFROM ALL OIL, GAS AND OTHER HYDROCARBONS, NON-HYDROCARBON GASES OR GASEOUS SUBSTANCES, ALL OTHER MINERALS OF WHATSOEVER NATURE, LYING ABOVE A DEPTH OF 7000 FEET SUBSEA, WITHOUT REGARD TO SIMILARITY TO THE ABOVE-MENTIONED SUBSTANCES (HEREINAFTER "SAID SUBSTANCES") IN AND UNDER THE FOLLOWING DESCRIBED LANDS IN THE COUNTY OF KERN, STATE OF CALIFORNIA, TOGETHER WITH THE EXCLUSIVE RIGHT TO INJECT, STORE AND REMOVE PRODUCED WATER IN THE TULARE AQUIFER FORMATION AND WITH THE NON-EXCLUSIVE RIGHT FROM TIME TO TIME TO ENTER SAID LANDS TO BORE OR DRILL AND MAINTAIN WELLS AND OTHER WORKS INTO, THROUGH AND UNDER SAID LANDS FOR THE PURPOSES OF EXPLORING FOR AND PRODUCING SAID SUBSTANCES AND THE RIGHTS TO INJECT, STORE AND REMOVE FROM AND THROUGH SAID BORES, WELLS OR WORKS, PRODUCED WATER TOGETHER WITH THE RIGHT TO PERFORM ANY AND ALL OPERATIONS DEEMED BY GRANTEE NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS, AS CONVEYED TO SHELL WESTERN E & P, INC., A DELAWARE CORPORATION, BY DEED RECORDED NOVEMBER 6, 1987 IN BOOK 6064 PAGE 2349, DOCUMENT NO. 055407, OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM, ALL MINERAL RIGHTS CONVEYED TO CALIFORNIA MINERALS, L.P., PURSUANT TO THAT CERTAIN MINERAL DEED DATED DECEMBER 29, 1998, RECORDED DECEMBER 30, 1998 AS DOCUMENT NO. 0198184684, OFFICIAL RECORDS OF KERN COUNTY, STATE OF CALIFORNIA.

ALSO EXCEPTING FROM THE ABOVE LAND (EXCEPT THE WEST HALF OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER), ALL MINERAL RIGHTS CONVEYED TO CALIFORNIA MINERALS, L.P., PURSUANT TO THAT CERTAIN MINERAL DEED DATED DECEMBER 29, 1998, RECORDED DECEMBER 30, 1998 AS DOCUMENT NO. 0198184684, OFFICIAL RECORDS OF KERN COUNTY, STATE OF CALIFORNIA.

ALSO EXCEPTING AND RESERVING UNTO CHEVRON U.S.A., INC., A CORPORATION, ITS SUCCESSORS AND ASSIGNS: ALL OIL, GAS AND OTHER HYDROCARBONS, NON-HYDROCARBON GASES OR GASEOUS SUBSTANCES; ALL OTHER MINERALS OF WHATSOEVER NATURE, WITHOUT REGARD TO SIMILARITY TO THE ABOVE-MENTIONED SUBSTANCES; AND ALL SUBSTANCES THAT MAY BE PRODUCED THEREWITH FROM THE PROPERTY, BY DEED RECORDED 3/29/00 AS DOCUMENT NO. 0200036809, OF OFFICIAL RECORDS;

ALSO EXCEPTING AND RESERVING UNTO CHEVRON U.S.A., INC., A CORPORATION, ITS SUCCESSORS AND ASSIGNS: ALL GEOTHERMAL RESOURCES, EMBRACING INDIGENOUS STEAM, HOT WATER AND HOT BRINES, STEAM AND OTHER GASES, HOT WATER AND HOT BRINES RESULTING FROM WATER, GAS OR OTHER FLUIDS ARTIFICIALLY INTRODUCED INTO

SUBSURFACE FORMATIONS; HEAT OR THE ASSOCIATED ENERGY FOUND BENEATH THE SURFACE OF THE EARTH; AND BY-PRODUCTS OF ANY OF THE FOREGOING SUCH AS MINERALS (EXCLUSIVE OF OIL OR HYDROCARBON GAS THAT CAN BE SEPARATELY PRODUCED) WHICH ARE FOUND IN SOLUTION OR ASSOCIATION WITH OR DERIVED FROM ANY OF THE FOREGOING FOUND ON OR UNDER THE PROPERTY, A DEED RECORDED 3/29/00 AS DOCUMENT NO. 0200036809, OF OFFICIAL RECORDS;

ALSO EXCEPTING AND RESERVING UNTO CHEVRON U.S.A., INC., A CORPORATION, ITS SUCCESSORS AND ASSIGNS: THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO BORE OR DRILL AND MAINTAIN WELLS AND OTHER WORKS INTO AND THROUGH THE PROPERTY AND ADJOINING STREETS, ROADS AND HIGHWAYS FOR THE PURPOSE OF EXPLORING FOR AND PRODUCING ENERGY RESOURCES, THE RIGHT TO PRODUCE, INJECT, STORE AND REMOVE FROM AND THROUGH SAID BORES, WELLS OR WORKS, OIL, GAS, WATER, AND OTHER SUBSTANCES OF WHATEVER NATURE; AND THE RIGHT TO PERFORM ANY AND ALL OPERATIONS DEEMED BY SELLER NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS, INCLUDING BUT NOT LIMITED TO THE RIGHT TO CONDUCT SEISMIC TESTING AND CONSTRUCT, MAINTAIN AND OPERATE PIPELINES, VALVES, CATHODIC PROTECTION FACILITIES AND APPURTENANCES, BY DEED RECORDED 3/29/000 AS DOCUMENT NO. 0200036809, OF OFFICIAL RECORDS;

APN: 086-070-18-00

PARCEL G:

PARCEL ONE:

THE SOUTH HALF OF THE NORTHWEST QUARTER AND THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THEREFROM THAT PORTION OF THE SOUTH HALF OF THE NORTHWEST QUARTER CONVEYED TO THE BARNES SCHOOL DISTRICT AND DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT 450 FEET WEST OF THE NORTHEAST CORNER OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8; THENCE WEST 315 FEET ON THE LINE OF THE INTERSECTION BETWEEN THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION; THENCE SOUTH 315 FEET; THENCE EAST 315 FEET AND THENCE NORTH 315 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM ALL OIL AND GAS WITHIN OR UNDERLYING SAID LAND, AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED IN BOOK 19 PAGE 283 OF PATENTS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-070-03)

APN: 086-070-20-00 (PORTION)

PARCEL TWO:

THE NORTH HALF OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THEREFROM ALL OIL AND GAS WITHIN OR UNDERLYING SAID LAND, AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED IN BOOK 19 PAGE 283 OF PATENTS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-070-02)

APN: 086-070-20-00 (PORTION)

PARCEL THREE:

THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER; AND THE WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF KERN, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT ALL OIL, GAS AND OTHER HYDROCARBON SUBSTANCES AND MINERALS IN, UNDER AND UPON SAID LAND, AS RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, DATED July 26, 1916, RECORDED NOVEMBER 30, 1917 IN BOOK 19 PAGE 282 OF PATENTS, AND IN THE DEEDS FROM ERNEST C. TWISSELMAN, AS EXECUTOR AND ELEANORA M. TWISSELMANN AND JACOB C. MARTENS, DATED DECEMBER 22, 1950, RECORDED JANUARY 26, 1951 AND IN DEED RECORDED July 23, 1943 IN BOOK 1151 PAGE 120 OF OFFICIAL RECORDS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-070-09)

APN: 086-070-20-00 (PORTION)

PARCEL FOUR:

THE EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE UNINCORPORATED AREA OF THE COUNTY OF KERN, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT ALL OIL AND GAS IN SAID LAND TO THE UNITED STATES OF AMERICA OR PERSONS AUTHORIZED BY IT, THE RIGHT TO PROSPECT FOR, MINE, AND REMOVE SUCH DEPOSITS FROM THE SAME UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF JULY 17, 1914 (38 STAT 509), AS RECITED IN PATENT DATED July 26, 1912 FROM THE UNITED STATES OF AMERICA TO ALBERT C. EDWARDS, RECORDED IN BOOK 19 PAGE 282 OF PATENTS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-070-08)

APN: 086-070-20-00 (PORTION)

PARCEL FIVE:

BEGINNING AT A POINT 450 FEET WEST FROM THE NORTHEAST CORNER OF THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 8, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, RUNNING THENCE WEST 315 FEET ON THE LINE OF INTERSECTION BETWEEN THE NORTH HALF OF THE NORTHWEST QUARTER AND THE SOUTH HALF OF THE NORTHWEST QUARTER OF SAID SECTION 8, RUNNING THENCE SOUTH 315 FEET, THENCE EAST 315 FEET, THENCE NORTH 315 FEET TO THE POINT OF BEGINNING.

APN: 086-070-20-00 (PORTION)

PARCEL H:

LOTS 1 AND 2 OF THE NORTHWEST QUARTER, AND LOTS 1 AND 2 OF THE NORTHEAST QUARTER OF SECTION 6, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT ALL OIL, GAS, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES PRODUCED AND SAVED FROM SAID LAND, AS EXCEPTED IN DEED FROM EDWARD J. CARR AND MARY R. CARR, HUSBAND AND WIFE; WILLIAM N. LAGOMARSINO AND BERTHA LAGOMARSINO, HUSBAND AND WIFE; HENRY J. OLIVA AND GENEVA OLIVA, HUSBAND AND WIFE, RECORDED DECEMBER 31, 1964 IN BOOK 3799 PAGE 827 OF OFFICIAL RECORDS.

ALSO EXCEPT ANY REMAINING OIL, GAS, PETROLEUM AND OTHER HYDROCARBON SUBSTANCES AND MINERALS AS RESERVED BY WILLIAM PAUL BLAIR, ET UX, ET AL, IN DEED RECORDED MARCH 11, 1977 IN BOOK 5013 PAGE 1102 OF OFFICIAL RECORDS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-040-11)

APN: 086-040-11-00

PARCEL I:

PARCEL 1:

THAT PORTION OF THE NORTH HALF OF SECTION 1, TOWNSHIP 28 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, LYING EAST OF THE EASTERLY BOUNDARY LINE OF THE CALIFORNIA AQUEDUCT DEEDED TO THE STATE OF CALIFORNIA SEPTEMBER 30, 1966 IN BOOK 3985 PAGE 214 OF OFFICIAL RECORDS, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM (1) ALL MINERALS OF WHATSOEVER NATURE (INCLUDING, BUT NOT LIMITED TO, OIL, GAS, OTHER HYDROCARBONS AND ASSOCIATED SUBSTANCES) ON, UNDER, OR THAT MAY BE PRODUCED FROM THOSE ZONES AND FORMATIONS LOCATED BELOW A DEPTH OF FIFTY (50) FEET BELOW THE SURFACE OF SAID LANDS; (2) THE RIGHT TO LOCATE WELLS, PERFORM GEOPHYSICAL AND OTHER MINERAL EXPLORATION ACTIVITIES ON THE SURFACE OF THE LANDS CONVEYED HEREUNDER AND TO DRILL THROUGH THAT PORTION OF THE SUBSURFACE CONVEYED HEREUNDER FOR THE PURPOSE OF PRODUCING THE MINERALS RESERVED HEREUNDER OR FOR THE PURPOSES OF INJECTING, STORING, OR REMOVING OIL, GAS, OTHER MINERALS, OR PRODUCED WATER, FROM SAID ZONES AND FORMATIONS; (3) ALL PORE SPACES AND PORE SPACE RIGHTS BELOW A DEPTH OF FORTY FEET (40') BELOW THE SURFACE OF THE EARTH, ALONG WITH THE RIGHT TO UTILIZE SAID PORE SPACES AND PORE SPACE RIGHTS FOR THE STORAGE OF OIL FIELD BRINES, WASTE WATERS ASSOCIATED WITH OIL FIELD OPERATIONS, AND OTHER LIQUIDS AS RESERVED BY CALRESOURCES LLC, A CALIFORNIA LIMITED LIABILITY COMPANY IN DEED RECORDED DECEMBER 4, 1997 AS INSTRUMENT NO. 0197160296 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL OF GRANTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL PORE SPACES AND PORE SPACE RIGHTS BELOW A DEPTH OF THIRTY (30) FEET BELOW THE SURFACE OF THE EARTH ALONG WITH THE RIGHT TO UTILIZE SAID PORE SPACES AND PORE SPACE RIGHTS FOR THE STORAGE OR DISPOSAL OF OIL FIELD BRINES, WASTE WATERS ASSOCIATED WITH OIL FIELD OPERATIONS, AND OTHER LIQUIDS, INsofar AS SUCH PORE SPACES UNDERLIE SAID LAND, AS CONVEYED TO AERA ENERGY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY BY DEED FROM BELRIDGE FARMS AND PACKING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY RECORDED DECEMBER 5, 1997 AS DOCUMENT NO. 0197161487.

APN: 085-180-14-00 (PORTION)

PARCEL 2:

THAT PORTION OF THE SOUTH HALF OF SECTION 1, TOWNSHIP 28 SOUTH, RANGE 21 EAST, MOUNT DIABLO BASE AND MERIDIAN, LYING EAST OF THE EASTERLY BOUNDARY LINE OF THE

CALIFORNIA AQUEDUCT DEEDED TO THE STATE OF CALIFORNIA SEPTEMBER 30, 1966 IN BOOK 3985 PAGE 214 OF OFFICIAL RECORDS, ACCORDING TO THE OFFICIAL PLAT THEREOF.

ALSO EXCEPTING THEREFROM (1) ALL MINERALS OF WHATSOEVER NATURE (INCLUDING, BUT NOT LIMITED TO, OIL, GAS, OTHER HYDROCARBONS AND ASSOCIATED SUBSTANCES) ON, UNDER, OR THAT MAY BE PRODUCED FROM THOSE ZONES AND FORMATIONS LOCATED BELOW A DEPTH OF FIFTY (50) FEET BELOW THE SURFACE OF SAID LANDS; (2) THE RIGHT TO LOCATE WELLS, PERFORM GEOPHYSICAL AND OTHER MINERAL EXPLORATION ACTIVITIES ON THE SURFACE OF THE LANDS CONVEYED HEREUNDER AND TO DRILL THROUGH THAT PORTION OF THE SUBSURFACE CONVEYED HEREUNDER FOR THE PURPOSE OF PRODUCING THE MINERALS RESERVED HEREUNDER OR FOR THE PURPOSES OF INJECTING, STORING, OR REMOVING OIL, GAS, OTHER MINERALS, OR PRODUCED WATER, FROM SAID ZONES AND FORMATIONS; (3) ALL PORE SPACES AND PORE SPACE RIGHTS BELOW A DEPTH OF FORTY FEET (40') BELOW THE SURFACE OF THE EARTH, ALONG WITH THE RIGHT TO UTILIZE SAID PORE SPACES AND PORE SPACE RIGHTS FOR THE STORAGE OF OIL FIELD BRINES, WASTE WATERS ASSOCIATED WITH OIL FIELD OPERATIONS, AND OTHER LIQUIDS AS RESERVED BY CALRESOURCES LLC, A CALIFORNIA LIMITED LIABILITY COMPANY IN DEED RECORDED DECEMBER 4, 1997 AS INSTRUMENT NO. 0197160296, OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL OF GRANTOR'S RIGHT, TITLE AND INTEREST IN AND TO ALL PORE SPACES AND PORE SPACE RIGHTS BELOW A DEPTH OF THIRTY (30) FEET BELOW THE SURFACE OF THE EARTH ALONG WITH THE RIGHT TO UTILIZE SAID PORE SPACES AND PORE SPACE RIGHTS FOR THE STORAGE OR DISPOSAL OF OIL FIELD BRINES, WASTE WATERS ASSOCIATED WITH OIL FIELD OPERATIONS, AND OTHER LIQUIDS, INSOFAR AS SUCH PORE SPACES UNDERLIE SAID LAND, AS CONVEYED TO AERA ENERGY LLC, A CALIFORNIA LIMITED LIABILITY COMPANY BY DEED FROM BELRIDGE FARMS AND PACKING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY RECORDED DECEMBER 5, 1997 AS DOCUMENT NO. 0197161487.

APN: 085-180-14-00 (PORTION)

PARCEL J:

PARCEL 1:

THE SOUTHWEST QUARTER, THE EAST HALF OF THE SOUTHEAST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 6, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT THE FOLLOWING DESCRIBED PARCELS:

PARCEL A:

BEGINNING AT A 1-1/2 INCH IRON PIPE WITH BRASS CAP MARKED CA 3361 FROM WHICH THE SOUTHWEST CORNER OF SAID SECTION 6, BEARS SOUTH 04° 29' 32" WEST, 1,301.57 FEET, SAID POINT OF BEGINNING HAVING COORDINATES Y=738,257.43 AND X=1,508,087.22; THENCE FROM SAID POINT OF BEGINNING SOUTH 28° 42' 27" EAST, 1,500.81 FEET TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 6; THENCE ALONG SAID SOUTH LINE NORTH 88° 41' 38" WEST, 662.32 FEET TO A POINT FROM WHICH THE SOUTHWEST CORNER OF SAID SECTION 6 BEARS NORTH 88° 41' 38" 220.74 FEET; THENCE LEAVING SAID SOUTH LINE FROM A TANGENT WHICH BEARS NORTH 28° 21' 26" WEST ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 2,140.00 FEET, A CENTRAL ANGLE OF 02° 16' 57" AN ARC DISTANCE OF 85.25 FEET (THE LONG CHORD OF WHICH BEARS NORTH 29° 29' 54" WEST 85.25 FEET); THENCE NORTH 30° 07' 01" WEST, 345.81 FEET TO A POINT HEREIN DESIGNATED "F" ON THE WEST LINE OF SAID SECTION 6; THENCE ALONG SAID WEST LINE NORTH 00° 48' 26" EAST, 1077.49 FEET; THENCE LEAVING SAID WEST LINE FROM A TANGENT WHICH BEARS SOUTH 27° 03' 04" EAST ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 2,700.00 FEET, A CENTRAL ANGLE OF 03° 35' 19" AN ARC DISTANCE OF 169.11 FEET (THE LONG CHORD OF WHICH BEARS SOUTH 28° 50' 43" EAST, 169.08 FEET) TO THE POINT OF BEGINNING.

PARCEL B:

BEGINNING AT THE SOUTHWEST CORNER OF SECTION 6, SAID POINT OF BEGINNING HAVING COORDINATES Y=736,959.85 AND X=1,507,985.27; THENCE FROM SAID POINT OF BEGINNING ALONG THE WEST LINE OF SAID SECTION 6, NORTH 00° 48' 26" EAST, 368.33 FEET; THENCE LEAVING SAID WEST LINE SOUTH 30° 07' 01" EAST, 345.81 FEET; THENCE FROM A TANGENT WHICH BEARS SOUTH 30° 38' 23" EAST, ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 2,140.00 FEET, A CENTRAL ANGLE OF 02° 16' 57" AN ARC DISTANCE OF 85.25 FEET (THE LONG CHORD OF WHICH BEARS SOUTH 29° 29' 54" EAST, 85.25 FEET) TO A POINT ON THE SOUTH LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 6; THENCE ALONG SAID SOUTH LINE NORTH 88° 41' 38" WEST, 220.74 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT ALL THE OIL AND GAS IN SAID LAND TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE SUCH DEPOSITS FROM THE SAME UPON COMPLIANCE WITH THE CONDITIONS AND SUBJECT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF JULY 17, 1914 (38 STAT. 509), AS EXCEPTED AND RESERVED IN THE PATENT FROM THE UNITED STATES OF AMERICA, RECORDED IN BOOK 19 PAGE 107 OF PATENTS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-040-09)

APN: 086-040-15-00 (PORTION)

PARCEL 2:

THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPT ALL OIL AND GAS AS RESERVED BY THE UNITED STATES OF AMERICA IN PATENT RECORDED DECEMBER 26, 1916 IN BOOK 19 PAGE 107, OF PATENTS.

EXCEPT ALL REMAINING OIL, GAS, HYDROCARBON SUBSTANCES AND MINERALS WITHIN OR UNDERLYING SAID LAND AS RESERVED IN DEED RECORDED JUNE 23, 1999, AS INSTRUMENT NO. 0199089098, OF OFFICIAL RECORDS. (AP 086-040-02)

APN: 086-040-15-00 (PORTION)

PARCEL K:

THE WEST HALF OF SECTION 5, TOWNSHIP 28 SOUTH, RANGE 22 EAST, MOUNT DIABLO BASE AND MERIDIAN, ACCORDING TO THE OFFICIAL PLAT THEREOF.

EXCEPTING THEREFROM, ALL MINERAL RIGHTS CONVEYED TO CALIFORNIA MINERALS, L.P., PURSUANT TO THAT CERTAIN MINERAL DEED DATED DECEMBER 29, 1998, RECORDED DECEMBER 30, 1998 AS DOCUMENT NO. 0198184684, OFFICIAL RECORDS OF KERN COUNTY, STATE OF CALIFORNIA.

ALSO EXCEPTING FROM THE ABOVE LAND (EXCEPT THE WEST HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER), ALL MINERAL RIGHTS CONVEYED TO CALIFORNIA MINERALS, L.P., PURSUANT TO THAT CERTAIN MINERAL DEED DATED DECEMBER 29, 1998, RECORDED DECEMBER 30, 1998 AS DOCUMENT NO. 0198184684, OFFICIAL RECORDS OF KERN COUNTY, STATE OF CALIFORNIA.

ALSO EXCEPTING AND RESERVING UNTO CHEVRON U.S.A., INC., A CORPORATION, ITS SUCCESSORS AND ASSIGNS: ALL OIL, GAS AND OTHER HYDROCARBONS, NON-HYDROCARBON GASES OR GASEOUS SUBSTANCES; ALL OTHER MINERALS OF WHATSOEVER NATURE, WITHOUT REGARD TO SIMILARITY TO THE ABOVE-MENTIONED SUBSTANCES; AND ALL

SUBSTANCES THAT MAY BE PRODUCED THEREWITH FROM THE PROPERTY, BY DEED RECORDED 3/29/00 AS DOCUMENT NO. 0200036809 OF OFFICIAL RECORDS;

ALSO EXCEPTING AND RESERVING UNTO CHEVRON U.S.A., INC., A CORPORATION, ITS SUCCESSORS AND ASSIGNS: ALL GEOTHERMAL RESOURCES, EMBRACING INDIGENOUS STEAM, HOT WATER AND HOT BRINES, STEAM AND OTHER GASES, HOT WATER AND HOT BRINES RESULTING FROM WATER, GAS OR OTHER FLUIDS ARTIFICIALLY INTRODUCED INTO SUBSURFACE FORMATIONS; HEAT OR THE ASSOCIATED ENERGY FOUND BENEATH THE SURFACE OF THE EARTH; AND BY-PRODUCTS OF ANY OF THE FOREGOING SUCH AS MINERALS (EXCLUSIVE OF OIL OR HYDROCARBON GAS THAT CAN BE SEPARATELY PRODUCED) WHICH ARE FOUND IN SOLUTION OR ASSOCIATION WITH OR DERIVED FROM ANY OF THE FOREGOING FOUND ON OR UNDER THE PROPERTY, A DEED RECORDED 3/29/00 AS DOCUMENT NO. 0200036809 OF OFFICIAL RECORDS;

ALSO EXCEPTING AND RESERVING UNTO CHEVRON U.S.A., INC., A CORPORATION, ITS SUCCESSORS AND ASSIGNS: THE SOLE AND EXCLUSIVE RIGHT FROM TIME TO TIME TO BORE OR DRILL AND MAINTAIN WELLS AND OTHER WORKS INTO AND THROUGH THE PROPERTY AND ADJOINING STREETS, ROADS AND HIGHWAYS FOR THE PURPOSE OF EXPLORING FOR AND PRODUCING ENERGY RESOURCES, THE RIGHT TO PRODUCE, INJECT, STORE AND REMOVE FROM AND THROUGH SAID BORES, WELLS OR WORKS, OIL, GAS, WATER, AND OTHER SUBSTANCES OF WHATEVER NATURE; AND THE RIGHT TO PERFORM ANY AND ALL OPERATIONS DEEMED BY SELLER NECESSARY OR CONVENIENT FOR THE EXERCISE OF SUCH RIGHTS, INCLUDING BUT NOT LIMITED TO THE RIGHT TO CONDUCT SEISMIC TESTING AND CONSTRUCT, MAINTAIN AND OPERATE PIPELINES, VALVES, CATHODIC PROTECTION FACILITIES AND APPURTENANCES, BY DEED RECORDED 3/29/000 AS DOCUMENT NO. 0200036809 OF OFFICIAL RECORDS.

APN: 086-040-04-00

EXHIBIT D-1
LIENS AND LEASES

<u>Lessor</u>	<u>Lessee</u>	<u>Date(s)</u>
Dalton Lane Watsonville, LLC, a California limited liability company	Westside Strawberry Farms, Inc., a California corporation	7/17/2018 (effective 11/1/2018; expires 10/31/2028)
20th Avenue South Haven, LLC, a Delaware limited liability company	Blue Star Farms, Inc., a Michigan corporation	8/1/2021 (expires 12/31/2026)
Broadway Road Moorpark, LLC, a Delaware limited liability company, as successor to original Lessor, Gladstone Land Corporation, a Maryland corporation, per amendment	Waters Ranches, LLC, and James Andrew Waters, III	12/1/2013 (effective 12/16/2013; expires 11/30/2023)
East Shelton Road, LLC, a Delaware limited liability company	Riverview, LLP, a Minnesota limited liability partnership	11/27/2019 (Commencement Date 3/1/2020) – expires 2/28/2020); Amended 01/01/2021 effective date – expires 02/28/2035
Spring Valley Road Watsonville, LP, a Delaware limited partnership	Golden State Bulb Growers, Inc., a California corporation (as assignee of Gem-Pack Berries, LLC a Delaware limited liability company	2/23/2015 (effective 10/1/2016; expires 9/30/2022); assigned 11/1/17
Sycamore Road Arvin, LP, a Delaware limited partnership	Underwood Ranches, LP, a California limited partnership	7/24/2014 (effective 11/1/2015; expires 10/31/2024); amended 2/1/2016 & 9/28/2018

Naumann Road Oxnard, LP, a Delaware limited partnership	Reiter Brothers, Inc., a California corporation	7/8/2014 (effective 7/23/2014; expires 7/31/2017). Extension signed on 5/15/2017 and expires 7/31/2020; Amended 03/27/2020 – expires July 31, 2023
West Sierra Avenue Earlimart CA, LP, a Delaware limited partnership	Etchegaray Farms LLC, a California limited liability company	October 2, 2020 (Commencement Date 12/17/2020; expires 10/31/2030; subject to 1 option to renew for 10 years)
Lerdo Highway Shafter CA, LP, a Delaware limited partnership	Lerdo Farming, LLC, a California limited liability company	June 3, 2021 (Commencement Date 6/4/21; expires later of (i) 10/31/2031 and (ii) completion of 2031 crop harvest (but no later than 12/15/2031); subject to 3 options to extend for 10 years each)
West Lerdo Highway Lost Hills CA, LP, a Delaware limited partnership	Stiefvater Farming Corporation, a California corporation	November 10, 2021, Effective Date; expires later of (i) 10/31/2031 and (ii) completion of 2031 crop harvest (but no later than 12/15/2031);

EXHIBIT E

Property Owners

DALTON LANE WATSONVILLE, LLC, a California limited liability company
BROADWAY ROAD MOORPARK, LLC, a Delaware limited liability company
20TH AVENUE SOUTH HAVEN, LLC, a Delaware limited liability company
EAST SHELTON ROAD, LLC, a Delaware limited liability company
SYCAMORE ROAD ARVIN, LP, a Delaware limited partnership
SPRING VALLEY ROAD WATSONVILLE, LP, a Delaware limited partnership
NAUMANN ROAD OXNARD, LP, a Delaware limited partnership
WEST SIERRA AVENUE EARLIMART CA, LP, a Delaware limited partnership
LERDO HIGHWAY SHAFTER CA, LP, a Delaware limited partnership
WEST LERDO HIGHWAY LOST HILLS CA, LP, a Delaware limited partnership

32085996.2

SUBSIDIARIES OF GLADSTONE LAND CORPORATION

Arizona

East Shelton Road, LLC
Reagan Road Willcox, LLC
Spot Road Dateland, LLC

California

American Avenue Kerman CA, LP
Bear Mountain Arvin, LP
Broadway Road Moorpark, LLC
Calaveras Avenue Coalinga, LP
Cat Canyon Road Los Alamos, LP
Central Avenue Kerman, LP
Dalton Lane Watsonville, LLC
Diego Ranch Stanislaus, LP
Driver Road McFarland CA, LP
Dufau Road Oxnard, LP
Eight Mile Road Stockton CA, LP
Espinosa Road Salinas, LP
Firestone Avenue Coalinga CA, LP
Flint Avenue Hanford, LP
Fountain Springs Avenue Ducor CA, LP
Greenhills Boulevard Chowchilla CA, LP
Jayne Avenue Huron, LP
Las Posas Camarillo CA, LP
Natividad Road Salinas, LLC
Naumann Road Oxnard, LP
Nevada Ranch Merced, LP
Olsen Road Snelling CA, LP
Round Mountain Road Camarillo CA, LP
San Andreas Road Watsonville, LLC
Santa Clara Avenue Oxnard, LP
San Juan Grade Road Salinas CA, LP
Spring Valley Road Watsonville, LP
Sunnyside Avenue Madera, LP
Sutter Avenue Coalinga, LP
Sycamore Road Arvin, LP
Taft Highway Bakersfield, LP
West Beach Street Watsonville, LLC
West Gonzales Road Oxnard, LLC
West Lost Hills Road Coalinga CA, LP
West Sierra Avenue Earlimart CA, LP
Withers Road Napa CA, LP
Yolo County Line Road Arbuckle CA, LP
South Avenue Corning CA, LP
Lerdo Highway Shafter CA, LP
Maricopa Highway Bakersfield CA, LP

Raymond Road Madera CA, LP
West Lerdo Highway Lost Hills CA, LP

Colorado

Baca County Edler, LLC
County Road 18 Holyoke CO, LLC
Gunbarrel Road Alamosa, LLC
Horse Creek Baca, LLC
JJ Road Pritchett, LLC

Delaware

Gladstone California Farmland GP, LLC
Gladstone Land Advisers, Inc.
Gladstone Land Limited Partnership
Gladstone Land Partners, LLC
Gladstone Lending Company, LLC

Florida

Citrus Boulevard Stuart, LLC
Colding Loop Road Wimauma, LLC
Corbitt Road Immokalee, LLC
Immokalee Exchange, LLC
Keysville Road Plant City, LLC
Lithia Road Plant City, LLC
McIntosh Road Dover, LLC
Orange Avenue Fort Pierce, LLC
Owl Hammock Immokalee, LLC
Parrish Road Duette, LLC
Parrot Avenue Okeechobee, LLC
Plantation Road Marianna, LLC
Trapnell Road Plant City, LLC
Wauchula Road Duette, LLC
West Citrus Boulevard Stuart FL, LLC
West Orange Avenue Fort Pierce FL, LLC
Farm Road Port Charlotte FL, LLC

Georgia

Cogdell Highway Pearson GA, LLC

Maryland

Mt. Hermon Road Salisbury MD, LLC
Palmer Mill Road Hurlock MD, LLC

Michigan

20th Avenue South Haven, LLC
38th Avenue Covert, LLC
Blue Star Highway Fennville MI, LLC
Cemetery Road Bangor, LLC
Van Buren Trail Covert MI, LLC

Nebraska

Highway 17 Wauneta NE, LLC
Holt County Stuart, LLC
Indian Highway Palisade NE, LLC
Lamar Valley Champion NE, LLC
Rock County Bassett, LLC
Somerset Road Grant NE, LLC

New Jersey

Richards Avenue Hammonton NJ, LLC
Almena Drive Paw Paw MI, LLC

North Carolina

Poplar Street Bladenboro, LLC

Oregon

Collins Road Clatskanie, LLC
Oregon Trail Highway, LLC
Sequoia Street Brooks, LLC
Wallace Road Salem OR, LLC
Chuckhole Lane Milton-Freewater OR, LLC

South Carolina

Tractor Road Bamberg SC, LLC

Texas

Bunker Hill Road Dalhart TX, LP

Washington

Oasis Road Walla Walla, LLC
Rock Road Sumas WA, LLC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-236943) of Gladstone Land Corporation of our report dated February 22, 2022 relating to the financial statements and financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Washington, DC
February 22, 2022

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Gladstone, certify that:

1. I have reviewed this annual report on Form 10-K of Gladstone Land Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

/s/ David Gladstone

David Gladstone
Chief Executive Officer, President, and
Chairman of the Board of Directors

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Lewis Parrish, certify that:

1. I have reviewed this annual report on Form 10-K of Gladstone Land Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2022

/s/ Lewis Parrish
Lewis Parrish
Chief Financial Officer and
Assistant Treasurer

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of Gladstone Land Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K for the period ended December 31, 2021 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: February 22, 2022

/s/ David Gladstone

David Gladstone
Chief Executive Officer, President and
Chairman of the Board of Directors

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer and Assistant Treasurer of Gladstone Land Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K for the period ended December 31, 2021 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: February 22, 2022

/s/ Lewis Parrish

Lewis Parrish
Chief Financial Officer

Exhibit 99.1

Pursuant to FINRA Rule 2310(b)(5) and 2231(c), Gladstone Land Corporation (the “Company”) determined the estimated value as of December 31, 2021, of its 6.00% Series C Cumulative Redeemable Preferred Stock (the “Series C Preferred Stock”), \$25.00 stated value per share, with the assistance of a third-party valuation service. In particular, the third-party valuation service reviewed the amount resulting from the consolidated total equity of the Company (as reflected on the Company’s Consolidated Balance Sheet within its Annual Report on Form 10-K for the period ended December 31, 2021 (the “Form 10-K”), which was prepared in accordance with U.S. generally accepted accounting principles), adjusted for the fair value of its long-term assets (i.e., its real estate holdings) and long-term liabilities (each as disclosed within the Form 10-K (to which this exhibit is attached) under “Non-GAAP Financial Information—Net Asset Value”), divided by the number of shares of the Company’s Series C Preferred Stock outstanding. Based on this methodology and because the result from the calculation above is greater than the \$25.00 per share stated value of the Company’s Series C Preferred Stock, the Company has determined that the estimated value of its Series C Preferred Stock as of December 31, 2021, is \$25.00 per share.