

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 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)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 Redeemable Term Preferred Stock, \$0.001 par value per share	LANDM	The Nasdaq Stock Market, LLC

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
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's Common Stock, \$0.001 par value per share, outstanding as of August 9, 2021, was 31,327,349.

GLADSTONE LAND CORPORATION
FORM 10-Q FOR THE QUARTER ENDED
JUNE 30, 2021

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PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2021	December 31, 2020
ASSETS		
Real estate, at cost	\$ 1,165,366	\$ 1,095,439
Less: accumulated depreciation	(60,402)	(49,236)
Total real estate, net	1,104,964	1,046,203
Lease intangibles, net	5,038	3,732
Cash and cash equivalents	66,789	9,218
Other assets, net	24,843	8,136
TOTAL ASSETS	\$ 1,201,634	\$ 1,067,289
LIABILITIES AND EQUITY		
LIABILITIES:		
Borrowings under lines of credit	\$ 100	\$ 100
Notes and bonds payable, net	627,408	623,961
Series A cumulative term preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 0 shares authorized, 0 shares issued or outstanding as of June 30, 2021; 2,000,000 shares authorized, 1,150,000 shares issued and outstanding as of December 31, 2020, net	—	28,594
Series D cumulative term 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 June 30, 2021; 0 shares authorized, issued, or outstanding as of December 31, 2020, net	58,482	—
Accounts payable and accrued expenses	10,806	9,081
Due to related parties, net	1,994	2,484
Other liabilities, net	21,530	19,279
Total liabilities	720,320	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 June 30, 2021, and December 31, 2020	6	6
Series C cumulative redeemable preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 25,999,862 shares authorized, 2,029,455 shares issued and outstanding as of June 30, 2021; 25,999,862 shares authorized, 1,088,435 shares issued and outstanding as of December 31, 2020	2	1
Common stock, \$0.001 par value; 63,944,073 shares authorized, 30,478,064 shares issued and outstanding as of June 30, 2021; 65,544,073 shares authorized, 26,219,019 shares issued and outstanding as of December 31, 2020	30	26
Additional paid-in capital	549,123	440,470
Distributions in excess of accumulated earnings	(68,533)	(55,213)
Accumulated other comprehensive loss	(1,344)	(1,500)
Total stockholders' equity	479,284	383,790
Non-controlling interests in Operating Partnership	2,030	—
Total equity	481,314	383,790
TOTAL LIABILITIES AND EQUITY	\$ 1,201,634	\$ 1,067,289

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
OPERATING REVENUES:				
Lease revenue, net	\$ 16,893	\$ 12,638	\$ 32,927	\$ 27,918
Total operating revenues	<u>16,893</u>	<u>12,638</u>	<u>32,927</u>	<u>27,918</u>
OPERATING EXPENSES:				
Depreciation and amortization	6,285	3,843	12,336	8,100
Property operating expenses	906	717	1,336	1,238
Base management fee	1,376	1,047	2,746	2,081
Incentive fee	—	—	1,162	1,334
Administration fee	347	357	703	740
General and administrative expenses	581	490	1,119	1,044
Total operating expenses	<u>9,495</u>	<u>6,454</u>	<u>19,402</u>	<u>14,537</u>
OTHER INCOME (EXPENSE):				
Other income	20	21	2,255	1,345
Interest expense	(6,141)	(4,990)	(12,334)	(9,953)
Dividends declared on Series A and Series D cumulative term preferred stock	(755)	(458)	(1,559)	(916)
Loss on dispositions of real estate assets, net	(1,042)	(567)	(1,840)	(666)
Property and casualty recovery, net	—	—	—	66
(Loss) income from investments in unconsolidated entities	(11)	(8)	(24)	26
Total other expense, net	<u>(7,929)</u>	<u>(6,002)</u>	<u>(13,502)</u>	<u>(10,098)</u>
NET (LOSS) INCOME	(531)	182	23	3,283
Net loss (income) attributable to non-controlling interests	1	2	—	(39)
NET (LOSS) INCOME ATTRIBUTABLE TO THE COMPANY	(530)	184	23	3,244
Dividends declared on Series B and Series C cumulative redeemable preferred stock	(2,939)	(2,262)	(5,702)	(4,388)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (3,469)	\$ (2,078)	\$ (5,679)	\$ (1,144)
LOSS PER COMMON SHARE:				
Basic and diluted	\$ (0.12)	\$ (0.10)	\$ (0.20)	\$ (0.05)
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic and diluted	<u>29,360,515</u>	<u>21,418,455</u>	<u>28,124,440</u>	<u>21,340,268</u>
COMPREHENSIVE INCOME:				
Net (loss) income attributable to the Company	\$ (530)	\$ 184	\$ 23	\$ 3,244
Change in fair value related to interest rate hedging instruments	(1,211)	(169)	156	(1,426)
COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO THE COMPANY	\$ (1,741)	\$ 15	\$ 179	\$ 1,818

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

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

	Three Months Ended June 30, 2021											
	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 Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value						
Balance at March 31, 2021	5,956,065	\$ 6	1,624,113	\$ 2	27,531,951	\$ 27	\$ 476,996	\$ (61,066)	\$ (133)	\$ 415,832	\$ 1,835	\$ 417,667
Issuance of Series C Preferred Stock, net	—	—	405,342	—	—	—	9,194	—	—	9,194	—	9,194
Issuance of common stock, net	—	—	—	—	2,946,113	3	63,157	—	—	63,160	—	63,160
Net loss	—	—	—	—	—	—	—	(530)	—	(530)	(1)	(531)
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(2,939)	—	(2,939)	—	(2,939)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(3,998)	—	(3,998)	(28)	(4,026)
Comprehensive loss attributable to the Company	—	—	—	—	—	—	—	—	(1,211)	(1,211)	—	(1,211)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	(224)	—	—	(224)	224	—
Balance at June 30, 2021	5,956,065	\$ 6	2,029,455	\$ 2	30,478,064	\$ 30	\$ 549,123	\$ (68,533)	\$ (1,344)	\$ 479,284	\$ 2,030	\$ 481,314

	Six Months Ended June 30, 2021											
	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 Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value						
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	—	—	941,020	1	—	—	21,364	—	—	21,365	—	21,365
Issuance of OP Units as consideration in real estate acquisitions, net	—	—	—	—	—	—	—	—	—	—	3,970	3,970
Issuance of common stock, net	—	—	—	—	4,259,045	4	85,386	—	—	85,390	—	85,390
Net income	—	—	—	—	—	—	—	23	—	23	—	23
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(5,702)	—	(5,702)	—	(5,702)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(7,641)	—	(7,641)	(37)	(7,678)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	156	156	—	156
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	1,903	—	—	1,903	(1,903)	—
Balance at June 30, 2021	5,956,065	\$ 6	2,029,455	\$ 2	30,478,064	\$ 30	\$ 549,123	\$ (68,533)	\$ (1,344)	\$ 479,284	\$ 2,030	\$ 481,314

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

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

	Three Months Ended June 30, 2020											
	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 Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value						
Balance at March 31, 2020	5,977,647	\$ 6	—	\$ —	21,346,458	\$ 21	\$ 348,020	\$ (40,701)	\$ (1,647)	\$ 305,699	\$ 2,356	\$ 308,055
Issuance of Series B Preferred Stock, net	—	—	—	—	—	—	(66)	—	—	(66)	—	(66)
Redemption of Series B Preferred Stock	(5,165)	—	—	—	—	—	(124)	—	—	(124)	—	(124)
Issuance of Series C Preferred Stock, net	—	—	130,702	—	—	—	2,963	—	—	2,963	—	2,963
Redemption of OP Units	—	—	—	—	144,152	—	2,092	—	—	2,092	(2,092)	—
Issuance of common stock, net	—	—	—	—	44,129	1	707	—	—	708	—	708
Net income (loss)	—	—	—	—	—	—	—	184	—	184	(2)	182
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(2,262)	—	(2,262)	—	(2,262)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(2,874)	—	(2,874)	(30)	(2,904)
Comprehensive loss attributable to the Company	—	—	—	—	—	—	—	—	(169)	(169)	—	(169)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	(915)	—	—	(915)	915	—
Balance at June 30, 2020	<u>5,972,482</u>	<u>\$ 6</u>	<u>130,702</u>	<u>\$ —</u>	<u>21,534,739</u>	<u>\$ 22</u>	<u>\$ 352,677</u>	<u>\$ (45,653)</u>	<u>\$ (1,816)</u>	<u>\$ 305,236</u>	<u>\$ 1,147</u>	<u>\$ 306,383</u>

	Six Months Ended June 30, 2020											
	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 Interests	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
Redemption of Series B Preferred Stock	(12,918)	—	—	—	—	—	(309)	—	—	(309)	—	(309)
Issuance of Series C Preferred Stock, net	—	—	130,702	—	—	—	2,963	—	—	2,963	—	2,963
Redemption of OP Units	—	—	—	—	144,152	—	2,092	—	—	2,092	(2,092)	—
Issuance of common stock, net	—	—	—	—	453,929	1	6,031	—	—	6,032	—	6,032
Net income	—	—	—	—	—	—	—	3,244	—	3,244	39	3,283
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(4,388)	—	(4,388)	—	(4,388)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(5,724)	—	(5,724)	(68)	(5,792)
Comprehensive loss attributable to the Company	—	—	—	—	—	—	—	—	(1,426)	(1,426)	—	(1,426)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	(919)	—	—	(919)	919	—
Balance at June 30, 2020	<u>5,972,482</u>	<u>\$ 6</u>	<u>130,702</u>	<u>\$ —</u>	<u>21,534,739</u>	<u>\$ 22</u>	<u>\$ 352,677</u>	<u>\$ (45,653)</u>	<u>\$ (1,816)</u>	<u>\$ 305,236</u>	<u>\$ 1,147</u>	<u>\$ 306,383</u>

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

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

	For the Six Months Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 23	\$ 3,283
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,336	8,100
Amortization of debt issuance costs	641	365
Amortization of deferred rent assets and liabilities, net	(294)	(139)
Amortization of right-of-use assets from operating leases and operating lease liabilities, net	(11)	(24)
Loss (income) from investments in unconsolidated entities	24	(26)
Bad debt expense	6	12
Loss on dispositions of real estate assets, net	1,840	666
Changes in operating assets and liabilities:		
Other assets, net	(2,413)	(1,426)
Accounts payable and accrued expenses and Due to related parties, net	2,630	(501)
Other liabilities, net	2,183	(373)
Net cash provided by operating activities	16,965	9,937
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of new real estate assets	(81,752)	(25,134)
Capital expenditures on existing real estate assets	(2,423)	(9,427)
Proceeds from dispositions of real estate assets	—	166
Deposits on prospective real estate acquisitions and investments	(775)	(705)
Net cash used in investing activities	(84,950)	(35,100)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred and common equity	109,720	39,563
Offering costs	(2,903)	(2,917)
Redemptions of cumulative redeemable preferred stock (Series B and Series C)	—	(309)
Proceeds from issuance of mandatorily-redeemable preferred stock (Series D)	60,375	—
Redemption of mandatorily-redeemable preferred stock (Series A)	(28,750)	—
Borrowings from notes and bonds payable	9,903	16,300
Repayments of notes and bonds payable	(6,607)	(6,588)
Payments of financing fees	(2,221)	(378)
Dividends paid on cumulative redeemable preferred stock (Series B and Series C)	(6,283)	(3,625)
Distributions paid on non-controlling common interests in Operating Partnership	(37)	(68)
Distributions paid on common stock	(7,641)	(5,724)
Net cash provided by financing activities	125,556	36,254
NET INCREASE IN CASH AND CASH EQUIVALENTS	57,571	11,091
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,218	13,688
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 66,789	\$ 24,779

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

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

	For the Six Months Ended June 30,	
	2021	2020
NON-CASH INVESTING AND FINANCING INFORMATION:		
Issuance of non-controlling interests in Operating Partnership in conjunction with acquisitions, net	\$ 3,970	\$ —
Real estate additions included in Accounts payable and accrued expenses and Due to related parties, net	997	3,785
Stock offering and OP Unit issuance costs included in Accounts payable and accrued expenses and Due to related parties, net	19	—
Financing fees included in Accounts payable and accrued expenses and Due to related parties, net	118	95
Unrealized loss related to interest rate hedging instrument	(1,344)	(1,816)
Dividends paid on Series C Preferred Stock via additional share issuances	46	—

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

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. BUSINESS AND ORGANIZATION

Business and Organization

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, and 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 June 30, 2021 and December 31, 2020, the Company owned approximately 99.3% and 100.0%, respectively, of the outstanding OP Units (see Note 8, “Equity,” for additional discussion regarding OP Units).

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 six months ended June 30, 2021, and for the tax year ended December 31, 2020, there was no taxable income or loss from Land Advisers, nor did we have any undistributed REIT taxable income.

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).

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

Interim Financial Information

Our interim financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q in accordance with Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of our management, all adjustments (consisting solely of normal recurring accruals) necessary for the fair statement of financial statements for the interim period have been included. The interim financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2020, as filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 24, 2021 (the “Form 10-K”). The results of operations for the three and six months ended June 30, 2021, are not necessarily indicative of the results that may be expected for other interim periods or for the full fiscal year.

Use of Estimates

The preparation of financial statements in accordance with 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.

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. We have not needed to make use of this election to date.

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 153 farms we owned as of June 30, 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⁾	58	28,126	26,048	\$ 683,313	\$ 382,921
Florida	23	20,770	16,256	209,156	129,107
Arizona ⁽⁶⁾	6	6,280	5,228	56,280	19,575
Colorado	12	32,773	25,577	47,777	29,998
Washington	3	1,384	1,001	38,519	25,375
Nebraska	9	7,782	7,050	30,528	19,281
Michigan	23	1,892	1,245	24,990	7,012
Texas	1	3,667	2,219	8,287	5,059
Maryland	6	987	863	7,982	4,644
Oregon	3	418	363	6,054	3,839
South Carolina	3	597	447	3,767	2,259
North Carolina	2	310	295	2,225	1,172
New Jersey	3	116	101	2,203	—
Delaware	1	180	140	1,280	744
	153	105,282	86,833	\$ 1,122,361	\$ 630,986

⁽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), Lease intangibles, net, and Long-term water assets; plus net above-market lease values, lease incentives, and 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 Condensed Consolidated Balance Sheets.

⁽²⁾ Excludes approximately \$3.5 million of debt issuance costs related to notes and bonds payable, included in Notes and bonds payable, net on the accompanying Condensed Consolidated Balance Sheet.

⁽³⁾ Includes ownership in a special-purpose LLC that owns a pipeline conveying water to certain of our properties. As of June 30, 2021, this investment had a net carrying value of approximately \$1.1 million and is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheet.

⁽⁴⁾ Includes one farm in which we own a leasehold interest via a ground sublease with a California municipality that expires in December 2041. The ground sublease consists of approximately five acres and had an aggregate net cost basis of approximately \$782,000 as of June 30, 2021 (included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheet).

⁽⁵⁾ Includes 20,330 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 and February 2025, respectively. In total, these two ground leases consist of 1,368 total acres and 1,221 farm acres and had an aggregate net cost basis of approximately \$1.3 million as of June 30, 2021 (included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheet).

Real Estate

The following table sets forth the components of our investments in tangible real estate assets as of June 30, 2021, and December 31, 2020 (dollars in thousands):

	June 30, 2021	December 31, 2020
Real estate:		
Land and land improvements	\$ 752,798	\$ 713,333
Permanent Plantings	220,633	202,420
Irrigation and drainage systems	143,685	141,408
Farm-related facilities	37,910	28,146
Other site improvements	10,340	10,132
Real estate, at cost	1,165,366	1,095,439
Accumulated depreciation	(60,402)	(49,236)
Total real estate, net	\$ 1,104,964	\$ 1,046,203

Real estate depreciation expense on these tangible assets was approximately \$6.0 million and \$11.6 million for the three and six months ended June 30, 2021, respectively, and approximately \$3.5 million and \$7.0 million for the three and six months ended June 30, 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 June 30, 2021, and December 31, 2020, we recorded tenant improvements, net of accumulated depreciation, of approximately \$1.9 million and \$2.0 million, respectively. We recorded both depreciation expense and additional lease revenue related to these tenant improvements of approximately \$97,000 and \$194,000 for the three and six months ended June 30, 2021, respectively, and approximately \$76,000 and \$152,000 for the three and six months ended June 30, 2020, respectively.

Intangible Assets and Liabilities

The following table summarizes the carrying values of certain lease intangible assets and the related accumulated amortization as of June 30, 2021, and December 31, 2020 (dollars in thousands):

	June 30, 2021	December 31, 2020
Lease intangibles:		
Leasehold interest – land	\$ 4,292	\$ 3,498
In-place leases	2,189	1,968
Leasing costs	1,826	1,640
Tenant relationships	127	127
Lease intangibles, at cost	8,434	7,233
Accumulated amortization	(3,396)	(3,501)
Lease intangibles, net	\$ 5,038	\$ 3,732

Total amortization expense related to these lease intangible assets was approximately \$304,000 and \$687,000 for the three and six months ended June 30, 2021, respectively, and approximately \$321,000 and \$1.1 million for the three and six months ended June 30, 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 Condensed Consolidated Balance Sheets and the related accumulated amortization or accretion, respectively, as of June 30, 2021, and December 31, 2020 (dollars in thousands):

Intangible Asset or Liability	June 30, 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⁾	\$ 255	\$ (154)	\$ 308	\$ (154)
Below-market lease values and other deferred revenue ⁽²⁾	(2,220)	426	(908)	336
	\$ (1,965)	\$ 272	\$ (600)	\$ 182

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

Total amortization related to above-market lease values and lease incentives was approximately \$44,000 and \$0 for the three and six months ended June 30, 2021, respectively, and approximately \$31,000 and \$62,000 for the three and six months ended June 30, 2020, respectively. Total accretion related to below-market lease values and other deferred revenue was approximately \$63,000 and \$99,000 for the three and six months ended June 30, 2021, respectively, and approximately \$25,000 and \$50,000 for the three and six months ended June 30, 2020, respectively.

Acquisitions

2021 Acquisitions

During the six months ended June 30, 2021, we acquired 16 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	1	Cooling Facility & 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	57	129
Lerdo Highway ⁽³⁾⁽⁴⁾	Kern, CA	6/4/2021	639	1	Conventional & organic almonds and banked water	10.4 years	3 (10 years)	26,492	104	974
Almena Drive	Van Buren & Eaton, MI	6/9/2021	930	8	Blueberries	14.7 years	2 (5 years)	13,300	49	785
			4,203	16				\$ 85,319	\$ 465	\$ 4,721

⁽¹⁾ Includes approximately \$31,000 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. Rent is not currently being earned on the value attributable to the water. See “—Investments in Water Assets” below for additional information on this water.

During the three and six months ended June 30, 2021, in the aggregate, we recognized operating revenues of approximately \$845,000 and \$874,000, respectively, and net income of approximately \$402,000 and \$398,000, respectively, related to the above acquisitions.

2020 Acquisitions

During the six months ended June 30, 2020, we acquired four 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)	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	\$ 417
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
			2,593	4				\$ 25,169	\$ 134	\$ 1,405

⁽¹⁾ Includes approximately \$18,000 of aggregate 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 applicable 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.

During the three and six months ended June 30, 2020, we recognized operating revenues of approximately \$191,000 and \$280,000, respectively, and net income of approximately \$125,000 and \$196,000, respectively, related to the above acquisitions.

Purchase Price Allocations

The allocation of the aggregate purchase price for the farms acquired during each of the six months ended June 30, 2021 and 2020 is as follows (dollars in thousands):

Assets (Liabilities) Acquired	2021 Acquisitions	2020 Acquisitions
Land and Land Improvements	\$ 39,092	\$ 22,630
Permanent Plantings	18,075	369
Irrigation & Drainage Systems	3,411	2,119
Farm-related Facilities	9,134	51
Other Site Improvements	136	—
Leasehold Interest—Land	787	—
In-place Lease Values	687	—
Leasing Costs	509	—
Below-market Lease Values ⁽¹⁾	(1,321)	—
Water Purchase Contract ⁽²⁾	13,563	—
Total Purchase Price	\$ 84,073	\$ 25,169

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

⁽²⁾ Included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets. Represents only the value attributable to the water purchase contract acquired as part of the acquisition of Lerdo Highway and excludes approximately \$1.2 million paid to execute the contract subsequent to acquisition.

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 June 30, 2021, our aggregate ownership interest in the 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.

We recorded (loss) income of approximately \$(11,000) and \$(24,000) during the three and six months ended June 30, 2021, respectively, and approximately \$(8,000) and \$26,000 during the three and six months ended June 30, 2020, respectively (included on our Condensed Consolidated Statements of Operations and Comprehensive Income as (Loss) income from investments in unconsolidated entities), which represents our pro-rata share of the (loss) income recognized by the Fresno LLC. Our combined ownership interest in the Fresno LLC, which had an aggregate carrying value of approximately \$1.1 million and \$1.2 million, as of June 30, 2021, and December 31, 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, on June 4, 2021, we also acquired a contract to purchase 20,330 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 contract to purchase the banked water could not readily be net settled by means outside of the contract, and all rights and obligations associated with the purchase contract were transferred to us at acquisition of the related farmland. We were not required to purchase a specific amount, or any, of the 20,330 acre-feet of water. Upon acquisition, we recognized the contract at its relative fair value in accordance with Accounting Standards Codification (“ASC”) 805, “Business Combinations.”

On June 25, 2021, we executed the contract to purchase all 20,330 acre-feet of banked water for an additional cost of approximately \$1.2 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 June 30, 2021, the investment in banked water had a carrying value of approximately \$14.8 million, which includes the subsequent cost to execute the contract, and is included within Other assets, net on our Condensed Consolidated Balance Sheet.

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 June 30, 2021, we concluded that there were no such indicators and that the water was not impaired.

Portfolio Concentrations

Credit Risk

As of June 30, 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 six months ended June 30, 2021.

Geographic Risk

Farms located in California and Florida accounted for approximately \$20.6 million (62.6%) and \$6.7 million (20.5%), respectively, of the total lease revenue recorded during the six months ended June 30, 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 climate 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 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 our total lease revenue recorded during the six months ended June 30, 2021.

Impairment

We evaluate our entire portfolio each quarter for any impairment indicators and perform an impairment analysis on those select properties that have an indication of impairment. As of June 30, 2021, and December 31, 2020, we concluded that none of our properties were impaired. There have been no impairments recognized on our real estate assets since our inception.

NOTE 4. BORROWINGS

Our borrowings as of June 30, 2021, and December 31, 2020, are summarized below (dollars in thousands):

	Carrying Value as of		As of June 30, 2021	
	June 30, 2021	December 31, 2020	Stated Interest Rates ⁽¹⁾ (Range; Wtd. Avg)	Maturity Dates (Range; Wtd. Avg)
Notes and bonds payable:				
Fixed-rate notes payable	\$ 538,792	\$ 492,182	2.44%–5.70%; 3.72%	2/14/2022–11/1/2045; November 2031
Variable-rate notes payable	—	45,525	N/A	N/A
Fixed-rate bonds payable	92,094	89,883	2.13%–4.57%; 3.49%	8/17/2021–10/31/2028; July 2024
Total notes and bonds payable	630,886	627,590		
Debt issuance costs – notes and bonds payable	(3,478)	(3,629)	N/A	N/A
Notes and bonds payable, net	\$ 627,408	\$ 623,961		
Variable-rate revolving lines of credit	\$ 100	\$ 100	2.50%	4/5/2024
Total borrowings, net	\$ 627,508	\$ 624,061		

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

As of June 30, 2021, the above borrowings were collateralized by certain of our farms with an aggregate net book value of approximately \$1.0 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 3.73% and 3.71% for the three and six months ended June 30, 2021, respectively, as compared to 3.98% for each of the three and six months ended June 30, 2020. 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 Payable—Interest Patronage” for further discussion on interest patronage. As of June 30, 2021, we were in compliance with all covenants applicable to the above borrowings.

New 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 “New MetLife Term Note”) and the MetLife Lines of Credit (collectively, the “New MetLife Facility”).

The following table summarizes the pertinent terms of the New MetLife Facility as of June 30, 2021 (dollars in thousands, except for footnotes):

Issuance	Aggregate Commitment	Maturity Dates	Principal Outstanding	Interest Rate Terms	Undrawn Commitment
New 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 New MetLife Term Note is not fully utilized by December 31, 2022, MetLife has the option to be relieved of its obligation to disburse the additional funds thereunder.

⁽²⁾ Interest rates on any future disbursements under the New MetLife Term Note will be based on prevailing market rates at the time of such disbursements. In addition, through December 31, 2022, the New 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 New MetLife Term Note).

⁽³⁾ Based on the properties that were pledged as collateral under the New MetLife Facility, as of June 30, 2021, the maximum additional amount we could draw under the facility was approximately \$24.2 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).

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 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 “New Farmer Mac Facility”). In addition, the Amended and Restated Bond Purchase Agreement extended the date through which we may issue new bonds to May 31, 2023, and the final maturity date for bonds issued under the Farmer Mac Facility to December 31, 2030.

During the six months ended June 30, 2021, we issued one new bond under the Farmer Mac Facility, the pertinent terms of which are summarized in the following table (dollars

Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate	Interest Rate Terms
2/4/2021	\$ 2,460	10/31/2028	25.0 years	3.13%	Fixed throughout term

in thousands):

As of June 30, 2021, we have approximately \$92.1 million of bonds issued and outstanding under the Farmer Mac Facility.

Farm Credit Notes Payable

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 six months ended June 30, 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	24.8 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)

⁽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%.

In addition, on June 30, 2021, we entered into two loan agreements with Golden State Farm Credit to provide for total future loan proceeds of \$22.8 million on a delayed funding basis. Disbursement of these loans must occur by October 1, 2021, and once disbursed, the loans will bear interest at a fixed rate (before patronage) of 3.75%, which will be fixed for ten years.

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 Condensed 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 six months ended June 30, 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

⁽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 June 30, 2021, for the succeeding years are as follows (dollars in thousands):

Period	Scheduled Principal Payments
For the remaining six months ending December 31: 2021	\$ 14,703
For the fiscal years ending December 31: 2022	51,932
2023	44,006
2024	40,127
2025	37,137
2026	16,260
Thereafter	426,721
	\$ 630,886

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 June 30, 2021, the aggregate fair value of our long-term notes and bonds payable was approximately \$628.6 million, as compared to an aggregate carrying value (excluding unamortized related debt issuance costs) of approximately \$630.9 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 calculated based on 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 June 30, 2021, is deemed to approximate their aggregate carrying value of \$0.1 million.

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 equal 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 Condensed Consolidated Balance Sheets. Generally, in the absence of observable market data, we will estimate the fair value 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 June 30, 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 Condensed 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 swap agreements as of June 30, 2021, and December 31, 2020 (dollars in thousands):

Period	Aggregate Notional Amount	Aggregate Fair Value Asset	Aggregate Fair Value Liability
As of June 30, 2021	\$ 61,632	\$ —	\$ (1,344)
As of December 31, 2020	14,077	—	(1,500)

The following table summarizes certain balance sheet information regarding our derivative instruments as of June 30, 2021, and December 31, 2020 (dollars in thousands):

Derivative Type	Balance Sheet Location	Derivative Asset (Liability) Fair Value	
		June 30, 2021	December 31, 2020
Derivatives Designated as Hedging Instruments:			
Interest rate swaps	Other assets, net	\$ —	\$ —
Interest rate swaps	Other liabilities, net	(1,344)	(1,500)
Total, net		\$ (1,344)	\$ (1,500)

The following table presents the amount of income (loss) recognized in comprehensive income within our condensed consolidated financial statements for the three and six months ended June 30, 2021 and 2020 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Derivative in cash flow hedging relationship:				
Interest rate swaps	\$ (1,211)	\$ (169)	\$ 156	\$ (1,426)
Total	\$ (1,211)	\$ (169)	\$ 156	\$ (1,426)

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 Condensed Consolidated Balance Sheets and are being amortized over the mandatory redemption period as a component of interest expense on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income. The Series D Term Preferred Stock is recorded as a liability on our accompanying Condensed 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 Condensed Consolidated Statements of Operations and Comprehensive Income.

As of June 30, 2021, the fair value of our Series D Term Preferred Stock was approximately \$62.9 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 June 30, 2021, of \$26.03.

For information on the dividends declared by our Board of Directors and paid by us on the Series D Term Preferred Stock during the three and six months ended June 30, 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 (as amended from time to time, the "Advisory Agreement") and an administration agreement with our Administrator (the "Administration Agreement"). The Advisory Agreement and the Administration Agreement were both approved unanimously by our board of directors, including our independent directors. A summary of the compensation terms for the Advisory Agreement and a summary of the Administration Agreement is below.

Advisory Agreement

Pursuant to the Advisory Agreement, 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. Each of the base management, incentive, capital gains, and termination fees is described below.

Base Management Fee

Pursuant to the Advisory Agreement, a base management fee is paid quarterly and, from January 1, 2020, through June 30, 2021, 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.

See Note 11, "*Subsequent Events—Amended Advisory Agreement*," for a discussion of an amendment to the Advisory Agreement, which revised the base management fee to 0.60% (0.15% per quarter) of the prior calendar quarter's Gross Tangible Real Estate, beginning with the three months ending September 30, 2021.

Incentive Fee

Pursuant to the Advisory Agreement, 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 the Advisory Agreement as FFO (also as defined in the Advisory Agreement) 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 would receive: (i) no Incentive Fee in any calendar quarter in which the Pre-Incentive Fee FFO did 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 exceeded 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 exceeded 2.1875% in any calendar quarter (8.75% annualized).

Capital Gains Fee

Pursuant to the Advisory Agreement, a capital gains-based incentive fee will be calculated and payable in arrears at the end of each fiscal year (or upon termination of the Advisory Agreement). 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 the Advisory Agreement, 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.

We paid total financing fees to Gladstone Securities of approximately \$35,000 and \$52,000, during the three and six months ended June 30, 2021, respectively, and approximately \$28,000 during each of the three and six months ended June 30, 2020. Through June 30, 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 Agreement

On February 20, 2020, we entered into a dealer-manager agreement (the "Dealer-Manager Agreement"), 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 Agreement, Gladstone Securities provides certain sales, promotional, and marketing services to us in connection with the offering of the Series C Preferred Stock, and we generally pay Gladstone Securities the following:

- i selling commissions of up to 6.0% of the gross proceeds from sales in the offering (the "Selling Commissions"), and
- ii a dealer-manager fee of 3.0% of the gross proceeds from sales in the offering (the "Dealer-Manager Fees").

No Selling Commissions or 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 the Dealer-Manager Agreement were approved by our board of directors, including its independent directors.

In connection with sales of the Series C Preferred Stock, we paid total Selling Commissions and Dealer-Manager Fees to Gladstone Securities of approximately \$808,000 and \$2.0 million during the three and six months ended June 30, 2021, respectively, and approximately \$286,000 during each of the three and six months ended June 30, 2020. The majority of these amounts were then remitted by Gladstone Securities to unrelated third parties involved in the respective offerings, including participating broker-dealers and wholesalers. 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 Condensed Consolidated Balance Sheets.

Related-Party Fees

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Base management fee ⁽¹⁾⁽²⁾	\$ 1,376	\$ 1,047	\$ 2,746	\$ 2,081
Incentive fee ⁽¹⁾⁽²⁾	—	—	1,162	1,334
Total fees to our Adviser, net	\$ 1,376	\$ 1,047	\$ 3,908	\$ 3,415
Administration fee⁽¹⁾⁽²⁾	\$ 347	\$ 357	\$ 703	\$ 740
Selling Commissions and Dealer-Manager Fees ⁽¹⁾⁽³⁾⁽⁴⁾	\$ 808	\$ 286	\$ 1,952	\$ 2,770
Financing fees ⁽¹⁾⁽⁵⁾	35	28	52	28
Total fees to Gladstone Securities	\$ 843	\$ 314	\$ 2,004	\$ 2,798

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

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

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

(4) During the three months ended March 31, 2020, in connection with sales of our 6.00% Series B Cumulative Redeemable Preferred Stock, par value \$0.001 per share (the "Series B Preferred Stock"), we paid total selling commissions and dealer-manager fees to Gladstone Securities of approximately \$2.5 million. 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.

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

Related-Party Fees Due

Amounts due to related parties on our accompanying Condensed Consolidated Balance Sheets as of June 30, 2021, and December 31, 2020, were as follows (dollars in thousands):

	June 30, 2021	December 31, 2020
Base management fee	\$ 1,376	\$ 1,130
Incentive fee	—	883
Other ⁽¹⁾	39	18
Total due to Adviser	1,415	2,031
Administration fee	347	363
Cumulative accrued but unpaid portion of prior Administration Fees ⁽²⁾	232	75
Total due to Administrator	579	438
Due to Gladstone Securities⁽³⁾	—	15
Total due to related parties⁽⁴⁾	\$ 1,994	\$ 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 recent sales of our Series C Preferred Stock.

(4) Reflected as a line item on our accompanying Condensed 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 June 30, 2021
Hillsborough, FL	55	\$ 2,250 ⁽²⁾	Q3 2021	\$ 1,201
Tulare, CA	160	700 ⁽²⁾	Q3 2021	—
Wicomico & Caroline, MD, and Sussex, DE	833	115	Q3 2021	36
Napa, CA	270	1,548 ⁽²⁾	Q3 2023	—
Santa Barbara, CA	271	4,000 ⁽²⁾	Q3 2024	2,427
Columbia, OR	157	1,800 ⁽²⁾	Q3 2024	1,146
Collier & Hendry, FL	3,612	2,000 ⁽²⁾	Q2 2025	—

⁽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

We are obligated as lessee under three ground leases. Future minimum lease payments due under the remaining non-cancelable terms of these leases as of June 30, 2021, is as follows (dollars in thousands):

Period	Future Lease Payments ⁽¹⁾
For the remaining six months ending December 31: 2021	\$ 33
For the fiscal years ending December 31: 2022	70
2023	70
2024	70
2025	40
2026	40
Thereafter	600
Total undiscounted lease payments	923
Less: imputed interest	(273)
Present value of lease payments	\$ 650

⁽¹⁾ Certain annual lease payments are set at the beginning of each year to then-current market rates (as determined by the State of Arizona, as 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 \$22,000 and \$36,000 during the three and six months ended June 30, 2021, respectively, and approximately \$12,000 and \$24,000 during the three and six months ended June 30, 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

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 June 30, 2021, we have issued a total of 2,029,593 shares of Series C Preferred Stock for gross proceeds of approximately \$50.4 million, 2,415,000 shares of Series D Term Preferred Stock for gross proceeds of approximately \$60.4 million, and 8,843,303 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 \$154.2 million under the Registration Statement.

Equity Issuances

Series C Preferred Stock

On April 3, 2020, we filed a new 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 newly-designated 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 equity sales that have occurred during the six months ended June 30, 2021 (dollars in thousands, except per-share amounts):

Number of Shares Sold ⁽¹⁾	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds ⁽²⁾
939,020	\$ 24.83	\$ 23,315	\$ 21,363

⁽¹⁾ Excludes shares issued pursuant to the DRIP. During the six months ended June 30, 2021, we issued approximately 2,001 shares of the Series C Preferred Stock pursuant to the DRIP.

⁽²⁾ Net of Selling Commissions and Dealer-Manager Fees.

As of June 30, 2021, excluding Selling Commissions and Dealer-Manager Fees, we have incurred approximately \$408,000 of costs related to the Series C Offering, which are initially recorded as deferred offering costs (included within Other assets, net on the accompanying Condensed 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 Agreement*,” 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*,” for sales of Series C Preferred Stock completed subsequent to June 30, 2021.

Common Stock

At-the-Market Program

On May 12, 2020, we entered into equity distribution agreements with Virtu Americas, LLC, and Ladenburg & 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 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 provides information on shares of common stock sold by the Sales Agents under the ATM Program during the six months ended June 30, 2021 (dollars in thousands, except per-share amounts):

Number of Shares Sold	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds ⁽¹⁾
4,259,045	\$ 20.29	\$ 86,405	\$ 85,541

⁽¹⁾ Net of underwriting commissions and discounts.

See Note 11, “*Subsequent Events—Equity Activity—Equity Issuances*,” for sales of sales of common stock completed under the ATM Program subsequent to June 30, 2021.

Non-Controlling Interests in Operating Partnership

We consolidate our Operating Partnership, which is a majority-owned partnership. As of June 30, 2021, and December 31, 2020, we owned approximately 99.3% and 100.0%, respectively, of the outstanding OP Units. As of June 30, 2021, and December 31, 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 limited partner, other than the Company, 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.

Information regarding OP Units issued to noncontrolling OP Unitholders during the six months ended June 30, 2021, is provided in the following table (dollars in thousands, except per-unit amounts):

Number of OP Units Issued	Weighted Average Issuance Price per OP Unit	Aggregate Value ⁽¹⁾
204,778	\$19.42	\$ 3,977

⁽¹⁾ Based on the closing stock price of the Company's common stock on the date of issuance.

No OP Units were tendered for redemption during the six months ended June 30, 2021.

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.

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 three and six months ended June 30, 2021 and 2020 are reflected in the table below.

Issuance	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Series A Term Preferred Stock ⁽¹⁾⁽²⁾	\$ —	\$ 0.39844	\$ 0.1815104	\$ 0.7968750
Series B Preferred Stock	0.375	0.375	0.750	0.750
Series C Preferred Stock	0.375	0.375	0.750	0.375
Series D Term Preferred Stock ⁽¹⁾⁽³⁾	0.312501	—	0.559029	—
Common Stock ⁽⁴⁾	0.135	0.1341	0.26985	0.26805

⁽¹⁾ Dividends are treated similar to interest expense on the accompanying Condensed 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.

NOTE 9. LEASE REVENUES

The following table sets forth the components of our lease revenues for the three and six months ended June 30, 2021 and 2020 (dollars in thousands, except for footnotes):

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Fixed lease payments ⁽¹⁾	\$ 16,836	\$ 12,350	\$ 32,816	\$ 24,612
Variable lease payments ⁽²⁾	57	288	111	3,306
Lease revenues, net⁽³⁾	\$ 16,893	\$ 12,638	\$ 32,927	\$ 27,918

- (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 three and six months ended June 30, 2021, we recorded participation rents of approximately \$19,000 and \$45,000, respectively, and reimbursements of certain property operating expenses by tenants of approximately \$38,000 and \$66,000, respectively. During the three and six months ended June 30, 2020, we recorded participation rents of approximately \$44,000 and \$74,000, respectively, and reimbursements of certain property operating expenses by tenants of approximately \$244,000 and \$422,000, respectively. In addition, during the six months ended June 30, 2020, we received a lease termination payment of approximately \$3.0 million.
- (3) Reflected as a line item on our accompanying Condensed 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 three and six months ended June 30, 2021 and 2020, computed using the weighted average number of 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
<i>(Dollars in thousands, except per-share amounts):</i>				
Net loss attributable to common stockholders	\$ (3,469)	\$ (2,078)	\$ (5,679)	\$ (1,144)
Weighted average shares of common stock outstanding – basic and diluted	29,360,515	21,418,455	28,124,440	21,340,268
Loss per common share – basic and diluted	\$ (0.12)	\$ (0.10)	\$ (0.20)	\$ (0.05)

The weighted-average number of OP Units held by non-controlling OP Unitholders was 204,778 and 126,713 for the three and six months ended June 30, 2021, respectively, and 224,940 and 256,621 for the three and six months ended June 30, 2020, respectively.

NOTE 11. SUBSEQUENT EVENTS

Equity Activity

The following table provides information on equity sales that have occurred subsequent to June 30, 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⁾	169,425	\$ 24.89	\$ 4,217	\$ 3,854
Common Stock – ATM Program	849,285	23.70	20,132	19,931

⁽¹⁾ Net of Selling Commissions and Dealer-Manager Fees or underwriting commissions and discounts (in each case, as applicable).

⁽²⁾ Excludes approximately 1405 shares issued pursuant to the DRIP.

Amended Advisory Agreement

On July 13, 2021, we amended the Advisory Agreement (the “Amended Advisory Agreement”), which was approved unanimously by our board of directors, including, specifically, our independent directors. The Amended Advisory Agreement revised the base management fee from an annual rate of 0.50% (0.125% per quarter) of the prior calendar quarter's Gross Tangible Real Estate to 0.60% (0.15% per quarter). The revised base management fee is effective beginning with the fee calculations for the quarter ending September 30, 2021. All other terms of the Amended Advisory Agreement remained the same.

Distributions

On July 13, 2021, 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:	July 23, 2021	July 30, 2021	\$ 0.125
	August 23, 2021	August 31, 2021	0.125
	September 22, 2021	September 30, 2021	0.125
	Total Series B Preferred Stock Distributions:		\$ 0.375
Series C Preferred Stock:	July 28, 2021	August 6, 2021	\$ 0.125
	August 25, 2021	September 3, 2021	0.125
	September 29, 2021	October 6, 2021	0.125
	Total Series C Preferred Stock Distributions:		\$ 0.375
Series D Term Preferred Stock:	July 23, 2021	July 30, 2021	\$ 0.104167
	August 23, 2021	August 31, 2021	0.104167
	September 22, 2021	September 30, 2021	0.104167
	Total Series D Term Preferred Stock Distributions:		\$ 0.312501
Common Stock⁽¹⁾:	July 23, 2021	July 30, 2021	\$ 0.0451
	August 23, 2021	August 31, 2021	0.0451
	September 22, 2021	September 30, 2021	0.0451
	Total Common Stock Distributions:		\$ 0.1353

⁽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.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All statements contained herein, other than historical facts, may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements may relate to, among other things, future events or our future performance or financial condition. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “believe,” “will,” “provided,” “anticipate,” “future,” “could,” “growth,” “plan,” “intend,” “expect,” “should,” “would,” “if,” “seek,” “possible,” “potential,” “likely,” or the negative of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our business, financial condition, liquidity, results of operations, funds from operations or prospects to be materially different from any future business, financial condition, liquidity, results of operations, funds from operations or prospects expressed or implied by such forward-looking statements. For further information about these and other factors that could affect our future results, please see the captions titled “Forward-Looking Statements” and “Risk Factors” in this report and our Annual Report on Form 10-K for the year ended December 31, 2020 (the “Form 10-K”). We caution readers not to place undue reliance on any such forward-looking statements, which are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q (the “Quarterly Report”), except as required by law.

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

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 153 farms comprised of 105,282 acres located across 14 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, approximately 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 directly pay their salaries, benefits, and general expenses.

Portfolio Diversity

Since our initial public offering in January 2013 (the “IPO”), we have expanded our portfolio from 12 farms leased to 7 different, unrelated tenants to a current portfolio of 153 farms leased to 79 different, unrelated third-party tenants who grow over 55 different types of crops on our farms. While our focus remains in farmland suitable for growing fresh produce annual row crops, we have also diversified our portfolio into farmland suitable for other crop types, including permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes) and, to a lesser extent, 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 different geographic locations (by state) of our farms owned and with leases in place as of and for the six months ended June 30, 2021 and 2020 (dollars in thousands):

State	As of and For the six months ended June 30, 2021					As of and For the six months ended June 30, 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⁾	58	28,126	26.7%	\$ 20,616	62.6%	43	15,420	17.3%	\$ 13,815	49.5%
Florida	23	20,770	19.7%	6,748	20.5%	23	20,770	23.3%	6,669	23.9%
Colorado	12	32,773	31.1%	1,370	4.2%	12	32,773	36.8%	1,662	6.0%
Washington	3	1,384	1.3%	1,187	3.6%	1	746	0.8%	245	0.9%
Arizona	6	6,280	6.0%	968	2.9%	6	6,280	7.1%	3,805	13.6%
Nebraska	9	7,782	7.4%	794	2.4%	9	7,782	8.7%	762	2.7%
Oregon	3	418	0.4%	268	0.8%	3	418	0.5%	263	0.9%
Michigan	23	1,892	1.8%	262	0.8%	15	962	1.1%	384	1.4%
Maryland	6	987	0.9%	231	0.7%	—	—	—%	—	—%
Texas	1	3,667	3.5%	225	0.7%	1	3,667	4.1%	225	0.8%
South Carolina	3	597	0.6%	122	0.4%	—	—	—%	—	—%
North Carolina	2	310	0.3%	85	0.3%	2	310	0.3%	88	0.3%
Delaware	1	180	0.2%	41	0.1%	—	—	—%	—	—%
New Jersey	3	116	0.1%	10	—%	—	—	—%	—	—%
TOTALS	153	105,282	100.0%	\$ 32,927	100.0%	115	89,128	100.0%	\$ 27,918	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, 115 of our farms are leased on a pure, triple-net basis, 35 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, 38 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 June 30, 2021 (dollars in thousands):

Year	Number of Expiring Leases ⁽¹⁾	Expiring Leased Acreage	% of Total Acreage	Lease Revenues for the Six Months Ended June 30, 2021	% of Total Lease Revenues
2021	6 ⁽²⁾	11,074	10.5%	\$ 2,409	7.3%
2022	9 ⁽³⁾	25,061	23.8%	1,819	5.5%
2023	12	6,442	6.1%	2,971	9.0%
2024	5	6,243	6.0%	1,112	3.4%
2025	10	14,552	13.8%	3,501	10.6%
Thereafter	47	41,910	39.8%	21,062	64.0%
Other ⁽⁴⁾	4	—	—%	53	0.2%
Totals	93	105,282	100.0%	\$ 32,927	100.0%

⁽¹⁾ Certain lease agreements encompass multiple farms.

⁽²⁾ Includes one lease that was extended subsequent to June 30, 2021 (see “Recent Developments—Portfolio Activity—Existing Properties—Leasing Activity” below for a summary of this and other recent leasing activity).

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⁽³⁾ Includes two leases that were extended subsequent to June 30, 2021 (see “Recent Developments—Portfolio Activity—Existing Properties—Leasing Activity” below for a summary of this and other recent leasing activity).

⁽⁴⁾ 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 five agricultural leases scheduled to expire within the next six months (in California, Colorado, and Michigan). Two of these potential lease expirations are the result of tenant termination options that we currently do not expect the tenants to exercise. Regarding the remaining three lease expirations, we are currently in negotiations with the existing tenants on each of these farms, as well as other potential tenants, and we anticipate being able to renew each of the leases at their respective current market rental rates without incurring any downtime on any of the farms. Overall, we currently anticipate the rental rates on these lease renewals to be relatively flat compared to that of the existing leases. 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 April 1, 2021, through the date of this filing, we have acquired 13 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⁾
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	57	129
Lerdo Highway ⁽³⁾⁽⁴⁾	Kern, CA	6/4/2021	639	1	Conventional & organic almonds and banked water	10.4 years	3 (10 years)	26,492	104	974
Almena Drive	Van Buren & Eaton, MI	6/9/2021	930	8	Blueberries	14.7 years	2 (5 years)	13,300	49	785
			3,970	13				\$ 79,742	\$ 359	\$ 4,443

⁽¹⁾ Includes approximately \$27,000 of aggregate 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. Rent 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 condensed consolidated financial statements for additional information on this water.

Existing Properties

Leasing Activity

The following table summarizes certain leasing activity that has occurred on our existing properties since April 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			
			Total Annualized Straight-line Rent ⁽²⁾	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N) ⁽³⁾	Total Annualized Straight-line Rent ⁽²⁾	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N) ⁽³⁾
CA, FL, & MI	5	983	\$ 1,845	1	3 / 2 / 0	\$ 2,041	4.3	0	3 / 2 / 0

⁽¹⁾ Prior leases includes one lease that was terminated early in July 2021. We recorded lease revenues of approximately \$0 and \$6,000 related to this lease during the three and six months ended June 30, 2021, respectively. In addition, in connection with this early termination, during the three months ended June 30, 2021, we wrote off aggregate deferred rent and rent receivable balances of approximately \$43,000 against lease revenue. Upon termination of this lease, we entered into a new lease with a new tenant, effective immediately, which is included in the above table.

⁽²⁾ 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.

⁽³⁾ “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.”

Financing Activity

Debt Activity

On June 30, 2021, we entered into two loan agreements with Golden State Farm Credit to provide for total future loan proceeds of \$22.8 million on a delayed funding basis. Disbursement of these loans must occur by October 1, 2021, and once disbursed, the loans will bear interest at a fixed rate (before patronage) of 3.75%, which will be fixed for ten years. Gladstone Securities, an affiliate of ours, earned total financing fees of approximately \$35,000 in connection with securing these financings.

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 newly-designated 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 Agreement,*” within the accompanying notes to our condensed 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 April 1, 2021, through the date of this filing (dollars in thousands, except per-share amounts and footnotes):

Number of Shares Sold⁽¹⁾	Weighted-average Sales Price per Share	Gross Proceeds	Net Proceeds⁽²⁾
573,474	\$ 24.79	\$ 14,217	\$ 13,047

⁽¹⁾ Excludes share redemptions and shares issued pursuant to the DRIP. From April 1, 2021, through the date of this filing, we issued approximately 2,699 shares of the Series C Preferred Stock pursuant to the DRIP.

⁽²⁾ Net of 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 \$1.2 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 & Co., Inc. (each a “Sales Agent”), under which we may issue and sell, from time to time and through new 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 Program from April 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⁾
3,795,398	\$ 22.13	\$ 84,000	\$ 83,160

⁽¹⁾ Net of underwriter commissions and discounts.

COVID-19

While we have not been materially adversely impacted by the novel coronavirus (“COVID-19”) to date, the extent to which the ongoing COVID-19 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 and actions taken in response; 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 anticipated to be partially phased out by the end of 2021 and 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. 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 a standard rate for variable-rate debt. Our lines of credit with Metropolitan Life Insurance Company ("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 through June 30, 2021 (the "Prior Advisory Agreement"), and the current administration agreement with our Administrator (the "Administration Agreement") were approved unanimously by our board of directors, including our independent directors.

On July 13, 2021, we amended the Prior Advisory Agreement (as amended, the "Amended Advisory Agreement," and together with the Prior Advisory Agreement, the "Advisory Agreement"), which was approved unanimously by our board of directors, including, specifically, our independent directors. The Amended Advisory Agreement revised the calculation of the base management fee beginning with the three months ending September 30, 2021, while all other terms of the Prior Advisory Agreement remained the same.

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

Advisory Agreement

Pursuant to the Advisory Agreement, 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 Agreement*," within the accompanying notes to our condensed 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 Amended Advisory Agreement, beginning with the three months ending September 30, 2021, a base management fee will be paid quarterly and will be 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 the Advisory Agreement, 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 the Advisory Agreement as FFO (also as defined in the Advisory Agreement) 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 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.

Our Adviser would receive: (i) no Incentive Fee in any calendar quarter in which the Pre-Incentive Fee FFO did 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 exceeded 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).

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 June 30, 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 have reduced disclosure requirements for our public filings, including the reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements.

Critical Accounting Policies

The preparation of our financial statements in accordance with U.S. generally accepted accounting principles ("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 our significant accounting policies is provided in Note 2 to our consolidated financial statements in our Form 10-K. There were no material changes to our critical accounting policies during the six months ended June 30, 2021.

RESULTS OF OPERATIONS

For the purposes of the following discussions on certain operating revenues and expenses:

- With regard to the comparison between the three months ended June 30, 2021 versus 2020:
 - Same-property basis represents farms owned as of March 31, 2020, 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 March 31, 2020. From April 1, 2020, through June 30, 2021, we acquired 40 new farms and did not have any farm dispositions.
- With regard to the comparison between the six months ended June 30, 2021 versus 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 June 30, 2021, we acquired 42 new farms and did not have any farm dispositions.

We did not have any vacant or self-operated farms during either of the three and six months ended June 30, 2021 or 2020.

A comparison of results of components comprising our operating income for the three and six months ended June 30, 2021 and 2020 is below (dollars in thousands):

	For the Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 16,836	\$ 12,350	\$ 4,486	36.3%
Variable lease payments – participation rents	19	44	(25)	(56.8)%
Variable lease payments – tenant reimbursements	38	244	(206)	(84.4)%
Total operating revenues	16,893	12,638	4,255	33.7%
Operating expenses:				
Depreciation and amortization	6,285	3,843	2,442	63.5%
Property operating expenses	906	717	189	26.4%
Base management and incentive fees	1,376	1,047	329	31.4%
Administration fee	347	357	(10)	(2.8)%
General and administrative expenses	581	490	91	18.6%
Total operating expenses	9,495	6,454	3,041	47.1%
Operating income	\$ 7,398	\$ 6,184	\$ 1,214	19.6%

	For the Six Months Ended June 30,		\$ Change	% Change
	2021	2020		
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 32,816	\$ 24,612	\$ 8,204	33.3%
Variable lease payments – participation rents	45	74	(29)	(39.2)%
Variable lease payments – tenant reimbursements	66	422	(356)	(84.4)%
Lease termination income, net	—	2,810	(2,810)	NM
Total operating revenues	32,927	27,918	5,009	17.9%
Operating expenses:				
Depreciation and amortization	12,336	8,100	4,236	52.3%
Property operating expenses	1,336	1,238	98	7.9%
Base management and incentive fees	3,908	3,415	493	14.4%
Administration fee	703	740	(37)	(5.0)%
General and administrative expenses	1,119	1,044	75	7.2%
Total operating expenses	19,402	14,537	4,865	33.5%
Operating income	\$ 13,525	\$ 13,381	\$ 144	1.1%

NM = Not Meaningful

Operating Revenues

Lease Revenues

The following table provides a summary of our lease revenues during the three and six months ended June 30, 2021 and 2020 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Same-property basis:								
Fixed lease payments	\$ 12,329	\$ 12,263	\$ 66	0.5%	\$ 24,409	\$ 24,332	\$ 77	0.3%
Participation rents	19	44	(25)	(56.8)%	45	74	(29)	(39.2)%
Lease termination income, net	—	—	—	—%	—	2,810	(2,810)	(100.0)%
Total – Same-property basis	12,348	12,307	41	0.3%	24,454	27,216	(2,762)	(10.1)%
Properties acquired or disposed of	4,507	87	4,420	5,080.5%	8,407	280	8,127	2,902.5%
Vacant or self-operated properties	—	—	—	—%	—	—	—	—%
Tenant reimbursements ⁽¹⁾	38	244	(206)	(84.4)%	66	422	(356)	(84.4)%
Total Lease revenues	\$ 16,893	\$ 12,638	\$ 4,255	33.7%	\$ 32,927	\$ 27,918	\$ 5,009	17.9%

⁽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 slightly for each of the three and six months ended June 30, 2021, primarily attributable to lease renewals and amendments executed at net higher rental rates and additional rents earned on capital improvements completed on certain of our farms, partially offset by the renewals of certain other leases, in which we decreased the fixed base rent component in exchange for adding in a participation rent component to the lease structure. Participation rents related to these leases, if any, are expected to be recorded during the second half of the year ending December 31, 2021.

Lease revenues from participation rents decreased for each of the three and six months ended June 30, 2021, primarily due to fewer farms having scheduled participation rent payments due during the first half 2021 versus that of 2020.

During the three months ended March 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 each of the three and six months ended June 30, 2021, primarily due to additional revenues earned on new farms acquired subsequent to December 31, 2019.

Tenant reimbursements decreased for each of the three and six months ended June 30, 2021, primarily due to additional payments made during the prior-year periods 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 three and six months ended June 30, 2021 and 2020 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Same-property basis	\$ 3,726	\$ 3,840	\$ (114)	(3.0)%	\$ 7,577	\$ 8,067	\$ (490)	(6.1)%
Properties acquired or disposed of	2,559	3	2,556	85,200.0%	4,759	33	4,726	14,321.2%
Total depreciation and amortization	\$ 6,285	\$ 3,843	\$ 2,442	63.5%	\$ 12,336	\$ 8,100	\$ 4,236	52.3%

Depreciation and amortization expense on a same-property basis decreased for each of the three and six months ended June 30, 2021, as compared to the respective prior-year periods, primarily due to the expiration of certain lease intangible amortization periods subsequent to December 31, 2019. Depreciation and amortization expense on properties acquired or disposed of increased for each of the three and six months ended June 30, 2021, as compared to the same respective prior-year periods, 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 three and six months ended June 30, 2021 and 2020 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2021	2020	\$ Change	% Change	2021	2020	\$ Change	% Change
Same-property basis	\$ 771	\$ 459	\$ 312	68.0%	\$ 1,144	\$ 796	\$ 348	43.7%
Properties acquired or disposed of	97	14	83	592.9%	126	20	106	530.0%
Tenant-reimbursed property operating expenses ⁽¹⁾	38	244	(206)	(84.4)%	66	422	(356)	(84.4)%
Total Property operating expenses	\$ 906	\$ 717	\$ 189	26.4%	\$ 1,336	\$ 1,238	\$ 98	7.9%

⁽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 each of the three and six months ended June 30, 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 anticipate incurring similar costs for water usage on this particular farm throughout the remainder of 2021 but do not currently expect such elevated costs to continue beyond 2021.

Other – 2021 compared to 2020

Property operating expenses on properties acquired or disposed of increased for each of the three and six months ended June 30, 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 each of the three and six months ended June 30, 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 tables provide the calculations of the base management and incentive fees due to our Adviser pursuant to the Advisory Agreement for each of the three and six months ended June 30, 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	
FY 2021 Fee Calculations:			
Base Management Fee:			
Gross Tangible Real Estate ⁽¹⁾⁽²⁾	\$ 1,095,439	\$ 1,101,071	
Quarterly rate	0.125 %	0.125 %	
Base management fee⁽³⁾	\$ 1,370	\$ 1,376	\$ 2,746
Incentive Fee:			
Total Adjusted Common Equity ⁽¹⁾⁽²⁾	\$ 228,161	\$ 248,501	
First hurdle quarterly rate	1.750 %	1.750 %	
First hurdle threshold	\$ 3,993	\$ 4,349	
Second hurdle quarterly rate	2.1875 %	2.1875 %	
Second hurdle threshold	\$ 4,991	\$ 5,436	
Pre-Incentive Fee FFO ⁽¹⁾	\$ 5,810	\$ 3,867	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	\$ 998	\$ —	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	164	—	
Total Incentive fee⁽³⁾	\$ 1,162	\$ —	\$ 1,162
Total fees due to Adviser, net	\$ 2,532	\$ 1,376	\$ 3,908
FY 2020 Fee Calculations:			
Base Management Fee:			
Gross Tangible Real Estate ⁽¹⁾⁽²⁾	\$ 827,256	\$ 837,603	
Quarterly rate	0.125 %	0.125 %	
Base management fee⁽³⁾	\$ 1,034	\$ 1,047	\$ 2,081
Incentive Fee:			
Total Adjusted Common Equity ⁽¹⁾⁽²⁾	\$ 173,358	\$ 176,768	
First hurdle quarterly rate	1.750 %	1.750 %	
First hurdle threshold	\$ 3,034	\$ 3,093	
Second hurdle quarterly rate	2.1875 %	2.1875 %	
Second hurdle threshold	\$ 3,792	\$ 3,867	
Pre-Incentive Fee FFO ⁽¹⁾	\$ 6,670	\$ 2,334	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	\$ 758	\$ —	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	576	—	
Total Incentive fee⁽³⁾	\$ 1,334	\$ —	\$ 1,334
Total fees due to Adviser, net	\$ 2,368	\$ 1,047	\$ 3,415

⁽¹⁾ As defined in the Advisory Agreement.

⁽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 each of the three and six months ended June 30, 2021, as compared to each of the respective prior-year periods, primarily due to additional assets acquired since December 31, 2019. Our Adviser earned incentive fees during each of the three months ended March 31, 2021 and 2020 due to our Pre-Incentive Fee FFO (as defined in

the Advisory Agreement) exceeding the required hurdle rate of the applicable equity base. No incentive fees were earned by our Advisor during either of the three months ended June 30, 2021 or 2020.

The administration fee paid to our Administrator decreased for each of the three and six months ended June 30, 2021, as compared to the respective prior-year periods, primarily due to us using a lower 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 for each of the three and six months ended June 30, 2021, as compared to the respective prior-year periods, primarily due to increased stockholder-related expenses related to the annual stockholders' meeting and higher professional fees related to additional appraisal costs.

A comparison of results of other components contributing to net loss attributable to common stockholders expense) for the three and six months ended June 30, 2021 and 2020 is below (dollars in thousands):

	For the Three Months Ended June 30,		\$ Change	% Change
	2021	2020		
Operating income	\$ 7,398	\$ 6,184	\$ 1,214	19.6%
Other income (expense):				
Other income	20	21	(1)	(4.8)%
Interest expense	(6,141)	(4,990)	(1,151)	23.1%
Aggregate dividends declared on Series A and Series D Term Preferred Stock	(755)	(458)	(297)	64.8%
Loss on dispositions of real estate assets, net	(1,042)	(567)	(475)	83.8%
Loss from investments in unconsolidated entities	(11)	(8)	(3)	37.5%
Total other expense, net	(7,929)	(6,002)	(1,927)	32.1%
Net (loss) income	(531)	182	(713)	(391.8)%
Net income attributable to non-controlling interests	1	2	(1)	(50.0)%
Net (loss) income attributable to the Company	(530)	184	(714)	(388.0)%
Aggregate dividends declared on Series B and Series C Preferred Stock	(2,939)	(2,262)	(677)	29.9%
Net loss attributable to common stockholders	\$ (3,469)	\$ (2,078)	\$ (1,391)	66.9%

	For the Six Months Ended June 30,		\$ Change	% Change
	2021	2020		
Operating income	\$ 13,525	\$ 13,381	\$ 144	1.1%
Other income (expense):				
Other income	2,255	1,345	910	67.7%
Interest expense	(12,334)	(9,953)	(2,381)	23.9%
Aggregate dividends declared on Series A and Series D Term Preferred Stock	(1,559)	(916)	(643)	70.2%
Loss on dispositions of real estate assets, net	(1,840)	(666)	(1,174)	176.3%
Property and casualty recovery, net	—	66	(66)	(100.0)%
(Loss) income from investments in unconsolidated entities	(24)	26	(50)	NM
Total other expense, net	(13,502)	(10,098)	(3,404)	33.7%
Net income	23	3,283	(3,260)	(99.3)%
Net income attributable to non-controlling interests	—	(39)	39	(100.0)%
Net income attributable to the Company	23	3,244	(3,221)	(99.3)%
Aggregate dividends declared on Series B and Series C Preferred Stock	(5,702)	(4,388)	(1,314)	29.9%
Net loss attributable to common stockholders	\$ (5,679)	\$ (1,144)	\$ (4,535)	396.4%

NM = Not Meaningful

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 condensed consolidated financial statements) and interest earned on short-term investments, remained relatively flat for the three months ended June 30, 2021, as compared to the prior-year period, and increased for the six months ended June 30, 2021, as compared to the prior-year period, primarily driven by additional interest patronage received from Farm Credit (partially due to increased borrowings from Farm Credit).

During the three months ended March 31, 2021, we recorded approximately \$2.2 million of interest patronage from Farm Credit related to interest accrued during 2020, compared to approximately \$1.3 million of interest patronage recorded during the prior-year period. Coupled with approximately \$306,000 of 2020 interest patronage that was received during the three months ended September 30, 2020, we recorded a total of approximately \$2.5 million of 2020 interest patronage from Farm Credit, which resulted in a 28.7% reduction (approximately 135 basis points) to the interest rates on such borrowings.

Interest expense increased for each of the three and six months ended June 30, 2021, as compared to the respective prior-year periods, 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 three and six months ended June 30, 2021, was approximately \$631.5 million and \$629.8 million, respectively, as compared to approximately \$483.1 million and \$482.2 million for the respective prior-year periods. 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 for the three and six months ended June 30, 2021, was 3.73% and 3.71%, respectively, as compared to 3.98% for each of the respective prior-year periods.

During the three and six months ended June 30, 2021, we paid aggregate distributions on our Series A Term Preferred Stock and Series D Term Preferred Stock of approximately \$755,000 and \$1.6 million, respectively. 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 three and six months ended June 30, 2020, we paid distributions on our Series A Term Preferred Stock of approximately \$458,000 and \$916,000, respectively.

During each of the three and six months ended June 30, 2021 and 2020, we recorded net losses on dispositions of real estate assets primarily due to the disposal of certain irrigation improvements on certain of our farms, partially offset during the six months ended June 30, 2021, by net gains recognized on the sale of irrigation pivots on two of our farms that were replaced.

The net property and casualty recovery recorded during the six months ended June 30, 2020, related to insurance recoveries received for certain irrigation improvements that were damaged due to natural disasters.

During the three and six months ended June 30, 2021, we recognized a loss from investments in an unconsolidated entity of approximately \$11,000 and \$24,000, respectively, as compared to a (loss) income of approximately \$(8,000) and \$26,000 for the respective prior-year periods.

During the three and six months ended June 30, 2021, the aggregate dividends paid on our Series B Preferred Stock and Series C Preferred Stock increased over that of the respective prior-year periods due to additional shares issued and outstanding during the current-year periods.

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 our facility with MetLife), and issuances of additional equity securities. Our current available liquidity is approximately \$131.3 million, consisting of approximately \$84.3 million in cash on hand and, based on the current level of collateral pledged, approximately \$47.0 million of availability under our facility with MetLife (subject to compliance with covenants) and other undrawn notes. In addition, we currently have four properties valued at approximately \$43.6 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 to non-controlling OP Unitholders) 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 the recent surge in certain variants, 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.

Cash Flow Resources

The following table summarizes total net cash flows from operating, investing, and financing activities for the six months ended June 30, 2021 and 2020 (dollars in thousands):

	For the Six Months Ended June 30,		\$ Change	% Change
	2021	2020		
Net change in cash from:				
Operating activities	\$ 16,965	\$ 9,937	\$ 7,028	70.7%
Investing activities	(84,950)	(35,100)	(49,850)	142.0%
Financing activities	125,556	36,254	89,302	246.3%
Net change in Cash and cash equivalents	\$ 57,571	\$ 11,091	\$ 46,480	419.1%

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 six months ended June 30, 2021, as compared to the prior-year period, 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 during the six months ended June 30, 2021, as compared to the prior-year period, was primarily due to an increase in 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 six months ended June 30, 2021.

Financing Activities

The increase in cash provided by financing activities during the six months ended June 30, 2021, as compared to the prior-year period, was primarily due to an increase in aggregate net cash proceeds from equity issuances (including our common stock and the Series C Preferred Stock) of approximately \$70.2 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 a decrease in net borrowings and an increase in total distributions.

Debt Capital

MetLife Facility

As amended, our facility with MetLife currently consists of a \$75.0 million long-term note payable (the “MetLife Term Note”) and \$75.0 million of revolving equity lines of credit (the “MetLife Lines of Credit,” and together with the MetLife Term Note, the “MetLife Facility”). We currently have \$36.9 million outstanding on the MetLife Term Note and \$100,000 outstanding under the MetLife Lines of Credit. While \$113.0 million of the full commitment amount under the MetLife Facility remains undrawn, based on the current level of collateral pledged, we currently have approximately \$24.2 million of availability under the MetLife Facility. The draw period for the MetLife Term Note expires on December 31, 2022, after which time MetLife has the option to be relieved of its obligation to disburse any additional undrawn funds under the MetLife Term Note.

Farmer Mac Facility

As amended on December 10, 2020, our agreement with Farmer Mac provides for bond issuances up to an aggregate amount of \$225.0 million (the “Farmer Mac Facility”) by May 31, 2023, after which Farmer Mac had the option to be relieved of its obligation to purchase additional bonds under this facility. To date, we have issued aggregate bonds of approximately \$95.2 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 condensed consolidated financial statements). We also currently have borrowing relationships with several other agricultural lenders and are continuously reaching out to other lenders to establish prospective new relationships. Based on the properties currently pledged as collateral, we currently have \$22.8 million of undrawn funds available to us from a Farm Credit association. 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⁾	1,108,445	\$ 24.84	\$ 27,532	\$ 25,217
Common Stock – ATM Program	5,108,330	20.86	106,537	105,472

⁽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 3,406 shares issued pursuant to the DRIP.

Our Registration Statement (as defined in Note 8, “*Equity—Registration Statement*,” within the accompanying notes to our condensed 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 \$54.6 million of Series C Preferred Stock, approximately \$60.4 million of Series D Term Preferred Stock, and approximately \$174.3 million of common stock (excluding 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 June 30, 2021, we did not have any material 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. Certain information in the table below for the three and six months ended June 30, 2020, has been reclassified to conform to the current period's presentation. The reclassifications had no impact on previously-reported Net (loss) income, FFO, or AFFO.

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 three and six months ended June 30, 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 Three Months Ended June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
Net (loss) income	\$ (531)	\$ 182	\$ 23	\$ 3,283
Less: Aggregate dividends declared on Series B Preferred Stock and Series C Preferred Stock ⁽¹⁾	(2,939)	(2,262)	(5,702)	(4,388)
Net loss available to common stockholders and non-controlling OP Unitholders	(3,470)	(2,080)	(5,679)	(1,105)
Plus: Real estate and intangible depreciation and amortization	6,285	3,843	12,336	8,100
Plus: Losses on dispositions of real estate assets, net	1,042	567	1,840	666
Adjustments for unconsolidated entities ⁽²⁾	10	4	18	9
FFO available to common stockholders and non-controlling OP Unitholders	3,867	2,334	8,515	7,670
Plus: Acquisition- and disposition-related expenses	71	57	140	67
Plus (less): Other nonrecurring charges (receipts), net ⁽³⁾	13	8	56	(37)
CFFO available to common stockholders and non-controlling OP Unitholders	3,951	2,399	8,711	7,700
Net rent adjustment	(515)	(411)	(1,005)	(414)
Plus: Amortization of debt issuance costs	252	186	641	365
Less: Other non-cash charges (receipts) ⁽⁴⁾	38	15	63	(19)
AFFO available to common stockholders and non-controlling OP Unitholders	3,726	2,189	8,410	7,632
Weighted-average common stock outstanding—basic and diluted	29,360,515	21,418,455	28,124,440	21,340,268
Weighted-average common non-controlling OP Units outstanding	204,778	224,940	126,713	256,621
Weighted-average total common shares outstanding	29,565,293	21,643,395	28,251,153	21,596,889
Diluted FFO per weighted-average total common share	\$ 0.13	\$ 0.11	\$ 0.30	\$ 0.36
Diluted CFFO per weighted-average total common share	\$ 0.13	\$ 0.11	\$ 0.31	\$ 0.36
Diluted AFFO per weighted-average total common share	\$ 0.13	\$ 0.10	\$ 0.30	\$ 0.35

⁽¹⁾ Includes (i) cash dividends paid on our Series B Preferred Stock and Series C Preferred Stock and (ii) the value of additional shares of Series C Preferred Stock issued pursuant to the DRIP.

⁽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 irrigation improvements by natural disasters on certain of our properties, (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 (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) and (ii) our remaining pro-rata share of income (loss) recorded from investments in unconsolidated entities during the period.

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 June 30, 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	38	16,154	14,543	\$ 312,137	\$ 316,141	25.3%
Third-party Appraisal ⁽²⁾	115	89,128	72,290	810,224	934,230	74.7%
Total	153	105,282	86,833	\$ 1,122,361	\$ 1,250,371	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 September 2020 and June 2021.

Some of the significant assumptions used by appraisers and the Valuation Team in valuing our portfolio as of June 30, 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:

	Range (Low - High)	Weighted Average
Land Value (per farmable acre)	\$678 – \$127,436	\$ 35,344
Market NOI (per farmable acre)	\$190 – \$3,546	\$ 1,616
Market Capitalization Rate	3.00% – 10.06%	5.03%

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 June 30, 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 June 30, 2021, from the prior value basis as of March 31, 2021, is provided in the table below (dollars in thousands):

Total portfolio fair value as of March 31, 2021	\$ 1,170,292
Plus: Acquisition of 13 new farms during the three months ended June 30, 2021	79,742 ⁽¹⁾
Plus net value appreciation during the three months ended June 30, 2021:	
46 farms valued via third-party appraisals	\$ 337
Total net appreciation for the three months ended June 30, 2021	337
Total portfolio fair value as of June 30, 2021	\$ 1,250,371

⁽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 June 30, 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 June 30, 2021, was approximately \$628.6 million, as compared to a carrying value (excluding unamortized related debt issuance costs) of approximately \$630.9 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 June 30, 2021, of \$25.98 per share and \$26.03 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 June 30, 2021 (see Exhibit 99.1 to this Form 10-Q).

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 June 30, 2021, we estimate the NAV per common share to be \$13.16. 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	\$ 481,314
<i>Fair value adjustment for long-term assets:</i>	
Less: net cost basis of tangible and intangible real estate holdings ⁽¹⁾	\$ (1,122,361)
Plus: estimated fair value of real estate holdings ⁽²⁾	1,250,371
Net fair value adjustment for real estate holdings	128,010
<i>Fair value adjustment for long-term liabilities:</i>	
Plus: book value of aggregate long-term indebtedness ⁽³⁾	691,261
Less: fair value of aggregate long-term indebtedness ⁽³⁾⁽⁴⁾	(691,477)
Net fair value adjustment for long-term indebtedness	(216)
Estimated NAV	609,108
Less: aggregate fair value of Series B Preferred Stock and Series C Preferred Stock ⁽⁵⁾	(205,475)
Estimated NAV available to common stockholders and non-controlling OP Unitholders	\$ 403,633
Total common shares and non-controlling OP Units outstanding ⁽⁶⁾	30,682,842
Estimated NAV per common share and OP Unit	\$ 13.16

⁽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 June 30, 2021.

⁽⁵⁾ The Series B Preferred Stock was valued based on its closing stock price as of June 30, 2021, while the Series C Preferred Stock was valued at its liquidation value, as discussed above.

⁽⁶⁾ Includes 30,478,064 shares of common stock and 204,778 OP Units held by non-controlling OP Unitholders.

A quarterly roll-forward in the estimated NAV per common share for the three months ended June 30, 2021, is provided below:

Estimated NAV per common share and non-controlling OP Unit as of March 31, 2021	\$ 12.69
Less net loss attributable to common stockholders and non-controlling OP Unitholders	(0.12)
<i>Adjustments for net change in valuations:</i>	
Net change in unrealized fair value of farmland portfolio ⁽¹⁾	\$ 0.20
Net change in unrealized fair value of long-term indebtedness	(0.18)
Net change in valuations	0.02
Less distributions on common stock and non-controlling OP Units	(0.13)
Plus net accretive effect of equity issuances	0.70
Estimated NAV per common share and non-controlling OP Unit as of June 30, 2021	\$ 13.16

⁽¹⁾ The net change in unrealized fair value of our farmland portfolio consists of three components: (i) an increase of \$0.01 per share due to the net appreciation in value of the farms that were valued during the three months ended June 30, 2021, (ii) an increase of \$0.21 per share due to the aggregate depreciation and amortization expense recorded during the three months ended June 30, 2021, and (iii) a decrease of \$0.02 per share due to net asset dispositions or 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 \$13.16 as of June 30, 2021, based on the calculation above, the closing price of our common stock on June 30, 2021, was \$24.06 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This Item is not applicable to smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of June 30, 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, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of June 30, 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.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings, nor, to our knowledge, are any such material legal proceedings threatened against us.

Item 1A. Risk Factors

Our business is subject to certain risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. For a discussion of these risks, please refer to the section captioned, “Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2020. There have been no material changes to risks associated with our business or investment in our securities from those previously set forth in the report described above. The risks in our Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially and adversely affect our business, financial condition, and/or operating results in the future.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

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 to 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 establishing the 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.
10.1	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.
10.2	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.
10.3	Agreement of Purchase and Sale (Lerdo Highway Shafter CA - Phase I) between King and Gardiner Farms, LLC, Gardiner Family, LLC and Gladstone Land Corporation dated as of January 27, 2021 (filed herewith).
10.4	Agreement of Purchase and Sale (Lerdo Highway Shafter CA - Phase II) between King and Gardiner Farms, LLC, Gardiner Family, LLC and Gladstone Land Corporation dated as of January 27, 2021 (filed herewith).
10.5	Agreement of Purchase and Sale (Lerdo Highway Shafter CA - Phase III) between King and Gardiner Farms, LLC, Gardiner Family, LLC and Gladstone Land Corporation dated as of January 27, 2021 (filed herewith).
10.6	Second Amendment to Agreement of Purchase and Sale (Lerdo Highway Shafter CA - Phase I) between V Lions Farming, LLC, Gardiner Family LLC and Gladstone Land Corporation dated as of May 21, 2021 (filed herewith).
10.7	Second Amendment to Agreement of Purchase and Sale (Lerdo Highway Shafter CA - Phase II) between V Lions Farming, LLC, Gardiner Family LLC and Gladstone Land Corporation dated as of May 21, 2021 (filed herewith).
10.8	Second Amendment to Agreement of Purchase and Sale (Lerdo Highway Shafter CA - Phase III) between V Lions Farming, LLC, Gardiner Family LLC and Gladstone Land Corporation dated as of May 21, 2021 (filed herewith).
10.9	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.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).

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- 32.1 [Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)
- 32.2 [Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(furnished herewith\).](#)
- 99.1 [Estimated Value Methodology for Series C Cumulative Redeemable Preferred Stock as of June 30, 2021 \(filed herewith\).](#)

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 Quarterly Report on Form 10-Q are the following materials, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Condensed Consolidated Balance Sheets as of June 30, 2021, and December 31, 2020, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2021 and 2020, (iii) the Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2021 and 2020, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and 2020, and (v) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Gladstone Land Corporation

Date: August 10, 2021

By: /s/ Lewis Parrish
Lewis Parrish
Chief Financial Officer and
Assistant Treasurer

Date: August 10, 2021

By: /s/ David Gladstone
David Gladstone
Chief Executive Officer and
Chairman of the Board of Directors

**AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 1)**

THIS AGREEMENT (the “Agreement”) is made as of the 27th day of January 2021 (the “Effective Date”), between **King and Gardiner Farms, LLC**, a California limited liability company (“K and G”), **Gardiner Family, LLC**, a California limited liability company (“GF LLC”) and **V Lions Operations, L.P.**, a Nevada limited partnership (“V Lions and with K and G, and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). Notwithstanding its inclusion as a “Seller”, GF LLC is a party only for the purpose of conveying the Banked Water as herein defined and provided. Its involvement including in the representations of Seller is strictly limited to the conveyance of the Banked Water.

WHEREAS, Seller has agreed to sell and Purchaser has agreed to purchase the Property (as hereinafter defined);

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

“Banked Water” shall mean 19,791 acre feet of water banked in the ground with the Semi Tropic Water Storage District and owned by GF LLC.

“Banked Water Documents” shall mean the Semi Tropic Water District letter of February 19, 2019 and the Gardiner Family Water Banking Agreement dated March 3, 2019.

“Broker” shall mean Strong Holdings, Inc. doing business as Keller Williams Fresno, its agents and officers.

“Broker’s Address” shall mean

Strong Holdings, Inc. doing business as Keller Williams Fresno, a California corporation (DRE 1864461)

Cameron Kay, Broker Associate (DRE #01932246)

(559) 577-2062 (Cameron Kay)

Email: ckay@caagproperties.com (Cameron Kay)

740 W. Alluvial Ave. #102

Fresno, CA 93711

“Broker Disclosures” means the statutory disclosures attached hereto as Exhibit F.

“Closing Date” shall mean the date that is ten (10) days following the expiration of the Inspection Period, or such earlier date as the parties may agree.

“Contracts” shall mean, collectively, any and all leases, service, maintenance, management or other contracts or agreements with third parties relating to or affecting the Property.

“Due Diligence Materials” shall mean those materials and information more particularly described on Exhibit C attached hereto and incorporated by reference herein.

“Earnest Money” shall mean the sum of Two Hundred Fifty Thousand and NO/100 Dollars (\$250,000.00), together with all interest accrued thereon.

“Escrow Phase 1” shall mean the escrow established at the Title Company to close this transaction.

“Escrow Phase 2” shall mean the escrow established at the Title Company to close Seller’s sale of APN 088-140-03-00 by K and G and GF LLC (with respect to Banked Water) to Purchaser.

“Escrow Phase 3” shall mean the escrow established at the Title Company to close Seller’s sale of APNs 088-160-01-00, 088-170-03-01, 088-170-06-00 and 088-190-01-01 by K and G and GF LLC (with respect to Banked Water) to Purchaser.

“GAP” shall mean good agricultural practices.

“Government Payments” shall mean all federal, state and local government payments, benefits and entitlements associated with or applicable to the Property or any crops grown thereon, including without limitation any applicable direct payments or counter-cyclical payments under the Farm Security and Rural Investment Act of 2002, as amended.

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on the date that is one hundred (100) days after the Effective Date. Notwithstanding the foregoing, Purchaser may extend the Inspection Period by fifteen (15) additional days by written notice to Seller prior to expiration of the initial Inspection Period.

“Improvements” shall mean all buildings, structures, gates, fences, roads, levees, ditches, grain bins, silos, other storage bins, together with all other appurtenances or other facilities currently existing on the Property, including without limitation all Irrigation Equipment.

“Irrigation Equipment” shall mean all below ground, surface and above ground irrigation equipment at the Property, including without limitation water wells, structures, pumps, motors, casings, risers, above and below ground pipes and pipelines, culverts, overhead or drip irrigation equipment, and pivot irrigation equipment, and all related power and control units and systems, as applicable. All the Irrigation Equipment shall be deemed to be part of the Improvements to be conveyed to Purchaser.

“Land” shall mean shall mean that certain real property located in Kern County, State of California, comprising approximately 625.45 gross acres with such acreage derived from Kern County Assessor’s records (including, without limitation, approximately 616.8 acres planted to almonds), all as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together with trees located thereon and all other rights (including without limitation timber rights and development rights, but excluding mineral rights which shall be retained by Seller, provided that Seller will exercise its rights to explore, develop and extract such minerals in a manner that has as little negative impact on the Land and its operation as reasonably possible and provided further that Seller will reimburse Purchaser on an acre by acre basis for any damage to or loss of the use of the Land or Improvements resulting from the exercise of such rights.

“Lease” shall mean an agricultural lease to be entered into by Purchaser, or its assignee, and Tenant, in a mutually acceptable form, on substantially the terms set forth in the term sheet attached hereto as Exhibit E.

“Necessary Easements” shall mean easements for ingress and egress over the Land appurtenant to the Escrow Phase 2 and/or Phase 3 as described in Section 5 below.

“Personal Property” shall mean any personal property used by Seller in conducting farming operations at the Property that will be conveyed to Purchaser as part of this transaction, if any, that is described on Exhibit B attached hereto and incorporated by reference herein.

“Property” shall mean the Land, Improvements, and any Personal Property, specifically including without limitation the Banked Water and all other Water Rights. Notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the crop currently growing on the Land is not a part of the Property to be conveyed at Closing, and the owner thereof, K and G, shall be entitled to retain such current crop of almonds and all revenue generated from the sale of the same.

“Purchase Price” shall mean the total amount of Twenty Three Million Seven Hundred Forty Nine Thousand and NO/100 dollars (\$23,749,000.00), subject to adjustment as set forth in this Agreement.

“Purchaser’s Address” shall mean:

Gladstone Land Corporation
Attention: Bill Reiman
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(805) 377-7701 (T)

Email: bill.r@gladstoneland.com

With copy to:

Gladstone Land Corporation
Attn: Joseph Van Wingerden
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(703) 287-5914 (T)
(703) 287-5915 (F)
Email: joe.v@gladstoneland.com

With additional copy to:

Bass Berry & Sims PLC
Attention: Robert P. McDaniel, Jr.
100 Peabody Place, Suite 900
Memphis, TN 38103
(901) 543-5946 (T)
(888) 765-6437 (F)
Email: rmcdaniel@bassberry.com

“Seller’s Address” shall mean:

Pacific Ag Management
Attention: Keith Gardiner
29341 Kimberlina Road
Wasco, CA 93280
Phone: 681-587-2250
Email: kgardner@pacificag.net

With a copy to:

Hal H. Bolen II
Bolen Fransen Cutts LLP
5088 N. Fruit Street, #101
Fresno, CA 93711
Phone: 559-226-8177
Fax: 559-227-4971
Email: hbb@bolenfransen.com

“Tenant” shall mean an entity to be formed that is owned and controlled by Keith Gardiner, and a co-tenant of sufficient net worth to be acceptable to Purchaser as tenant under the Lease. In lieu of a co-tenant, Keith Gardiner may substitute a full and complete guaranty of all of the Tenant’s duties and obligations under the Lease acceptable to the Purchaser.

“Title Company” shall mean:

Chicago Title Insurance Company
Attn: Melodie T. Rochelle
2701 Emerywood Parkway, Suite 200
Richmond, Virginia 23294
(804) 521-5713 (T)
(804) 521-5756 (F)
Email: melodie.rochelle@fnf.com

“Water Rights” shall mean the Banked Water and, to the extent they are owned by Seller and appurtenant to the Property, all groundwater rights (whether overlying, appropriative, prescriptive or equitable), all rights or entitlements afforded to the Property under the Sustainable Groundwater Management Act, and the right to any water made available by the Semi Tropic Water Storage District as a district-wide water supply to any portion of the Property located within such district. Other than the Banked Water, “Water Rights” shall not include any separate contractor rights to use or acquire water supplies held by Seller which are not tied to the Land.

2. Property. Seller hereby agrees to sell and Purchaser, or its designee, hereby agrees to purchase from Seller the Property.

3. Earnest Money. Within three (3) business days after Effective Date, Purchaser shall deposit the Earnest Money with the Title Company by wire transfer or certified or cashier’s check. The Earnest Money shall be refundable to Purchaser in accordance with the terms, provisions and conditions of this Agreement or released to Seller as Liquidated Damages in the event of Purchaser’s default as provided in Section 19 below.

4. Purchase Price. At the Closing, defined below, all Earnest Money shall be applied to the Purchase Price, and the balance of the Purchase Price, subject to adjustments for credits and debits as set forth in this Agreement, shall be deposited by Purchaser in good funds by wire transfer to the Title Company.

5. Inspection Period; Refund of Earnest Money; Due Diligence Materials.

(a) Purchaser shall have until the expiration of the Inspection Period to make such determinations with respect to the Property as Purchaser deems appropriate and to elect to either continue or terminate this Agreement, in Purchaser’s sole and absolute discretion, for any reason or no reason. Purchaser may terminate this Agreement, and receive a full refund of the Earnest Money, less \$10.00 to be retained by Seller as consideration for entering into this Agreement, by delivering written termination notice to Seller at any time prior to expiration of the Inspection Period. If Purchaser terminates this Agreement, it shall be deemed to also have terminated Escrow Phase 2 and Escrow Phase 3. If Purchaser does not so terminate this Agreement, the Earnest Money shall thereafter be refundable to Purchaser only as expressly otherwise set forth in this Agreement, and this Agreement shall remain in effect. If Purchaser terminates either the Escrow Phase 2 and/or Escrow Phase 3 and Closes Escrow under this Agreement, then within sixty (60) days of Closing, Purchaser shall grant and record against the

Land, easements for the benefit of and appurtenant to the Escrow Phase 1, 2 and/or Escrow Phase 3 properties as appropriate and sufficient to provide ingress and egress to such properties and reasonably acceptable to Purchaser and to Seller, and sufficient to enable Seller to continue to operate the Escrow Phase 1 as a Tenant under the Lease and Phase 2 and Phase 3 properties as the owner, in the manner in which they are currently operated. Purchaser shall also grant any necessary easements to the irrigation system on the Land, in form and substance reasonably acceptable to Purchaser and Seller, to enable Seller to continue to operate the Escrow Phase 1 properties as a Tenant under the Lease and Phase 2 and Phase 3 properties as the owner, in the manner in which they are currently operated. The irrigation system is currently tied together on the three properties. Purchaser will at its expense, pay for the necessary separation of the irrigation system as directed by Seller and/or Tenant. Such easements are referred to herein as the “Necessary Easements.” Notwithstanding anything herein to the contrary (including without limitation the sixty (60) day window above), the granting of the Necessary Easements shall be subject to the consent of Purchaser’s lender, if any and if required by the loan documents with such lender, as determined by Purchaser in its reasonable discretion, and Purchaser shall use reasonable efforts to obtain that consent. If the consent is not obtainable or required as determined by Purchaser in its reasonable discretion, then the Necessary Easements will be recorded subordinate to the lien of the lender, in such a manner that will not materially and negatively impact the lien of such lender, unless such recordation will be an event of default under the terms of the loan, in which case as determined by Purchaser in its reasonable discretion, Purchaser will be relieved of the obligation to grant the Necessary Easements. The terms and provisions of this Paragraph 5 (a) shall survive and be enforceable notwithstanding the Close of Escrow, recordation of the Grant Deed or termination of this Agreement for any reason.

(b) Within five (5) days after the Effective Date, Seller shall deliver to Purchaser at Seller’s sole expense the Due Diligence Materials. If Purchaser fails to purchase the Property for any reason, it will return all of the Due Diligence Materials and all copies thereof. Purchaser will keep the Due Diligence Materials confidential and disclose them only to such attorneys, accountants, lenders and advisors as shall be necessary, in Purchaser’s reasonable discretion, to properly evaluate them. Seller shall also promptly provide any other documents or information in Seller’s possession or control relating to the Property or any Contract, that is reasonably requested by Purchaser.

6. Costs and Prorations.

(a) Purchaser shall pay the costs of any Survey obtained by Purchaser pursuant to Section 9 hereof, and the costs of any Phase I environmental report and all other inspections and work performed or obtained by or for Purchaser in connection with its inspection of the Property. Seller shall pay for preparation of the grant deed, all documentary or transfer taxes, and recording costs applicable to the grant deed, the premium for Purchaser’s CLTA Title Policy, defined below, and any costs of production of the title search or abstract for the Property. Purchaser shall pay all expenses incident to any financing obtained for the purchase of the Property, including but not limited to any endorsement to the Title Policy or a separate lender’s policy of title insurance required by Purchaser’s lender, the premium for all endorsements to the Title Policy that Purchaser desires to obtain, and, notwithstanding the foregoing or anything herein to the contrary, the increase in the premium for the Title Policy resulting from Purchaser’s

election to obtain a 2006 ALTA form policy rather than a CLTA form policy. All other closing costs shall be borne in accordance with the custom in Kern County, California.

(b) The following shall be prorated between the parties as of the Closing Date: (i) ad valorem property taxes constituting a lien against the Property for the year in which the Closing occurs and all other unpaid assessments with respect thereto, and (ii) utilities, and operating expenses for the Property for the calendar month (or other applicable period if such rents or other tenant charges are not paid monthly) in which Closing occurs. In the event such proration is based upon a previous year's taxes or assessment, after Closing, at such time as any of the taxes or assessments are capable of exact determination, the party having the information permitting the exact determination shall send to the other party a detailed report of the exact determination so made. Within thirty (30) days after both Seller and Purchaser shall have received such report, Seller and Purchaser shall adjust the amounts apportioned pursuant to the estimates made at Closing to reflect the exact determinations contained in the report, and Seller or Purchaser, as the case may be, shall pay to the other whatever amount shall be necessary to compensate for the difference. Notwithstanding the foregoing, the Lease is intended to "pass through" all of the foregoing costs and expenses to Tenant under the Lease, after Closing.

7. Conditions Precedent to Purchaser's Obligations. Seller acknowledges that as a condition precedent to Purchaser's obligations hereunder, the following shall occur on or before the Closing Date (or any earlier date indicated below), any of which conditions may be waived by Purchaser in its sole discretion:

(a) Purchaser shall have received a current Phase I environmental assessment satisfactory to Purchaser prepared by a competent licensed environmental engineer satisfactory to Purchaser.

(b) There shall have been no material adverse change to the condition of the Property or the financial condition of Tenant from the Effective Date to Closing.

(c) At or prior to Closing, the Tenant shall have executed and delivered the Lease to Purchaser, such Lease shall be in full force and effect in accordance with its terms and conditions, and there shall have been no default, event of default or act or omission which, with the giving of notice or passing of time would constitute an event of default, thereunder.

(d) The Title Company shall be irrevocably committed to issue upon Closing a 2006 ALTA form Owner's Policy of Title Insurance (the "Title Policy"), as evidenced by a "marked up" Title Commitment, defined below, insuring Purchaser as owner of fee simple title to the Property subject only to Permitted Exceptions, in the amount of the Purchase Price, and containing such endorsements as Purchaser shall have requested.

(e) Subject to Sections 14 and 15 below, there shall have been no material adverse change in the condition of any of the Property (including without limitation any Improvements) after expiration of the Inspection Period and prior to the Closing Date.

(f) Each and every representation and warranty of Seller set forth in Section 11 shall be true and correct in all material respects, and Seller shall not be in default under any of its other obligations under this Agreement, as of Closing.

7.1 Conditions Precedent to Seller's Obligations. Purchaser acknowledges that as a condition precedent to Seller's obligations hereunder, the following shall occur on or before the Closing Date (or any earlier date indicated below), any of which conditions may be waived by Seller in its sole discretion:

(a) Purchaser has performed all of its obligations under this Agreement, including delivering the Earnest Money Deposit and the balance of the Purchase Price and Purchaser's share of Closing Costs into Escrow as herein provided.

(b) Purchaser is not in default under the material terms of this Agreement.

(c) At or prior to Closing, the Purchaser as Landlord shall have executed and delivered the Lease to Seller and Tenant, and such Lease shall be in full force and effect in accordance with its terms and conditions.

(e) Each and every representation and warranty of Purchaser set forth in Section 11.1 shall be true and correct in all material respects, and

(f) Purchase and Sale Agreements similar to this one with respect to Escrow Phases 2 and 3 shall have been executed by K and G and Purchaser (the "Escrow Phase 2 Purchase Agreement" and the "Escrow Phase 3 Purchase Agreement").

7.2 Failure or Waiver of Conditions Precedent. In the event that any of the conditions precedent set forth in Sections 7 or 7.1 herein are not satisfied or waived on or before the Closing Date, the party that benefited by such condition(s) may, by written notice to the other party, terminate this Agreement, whereupon the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement; provided, however, that if such conditions have not been satisfied due to a default by either party, the other party may instead pursue its remedies under Section 19, subject to any applicable notice and cure provisions. Either party may, at its election, at any time or times on or before the Closing Date, waive in writing the benefit of any of the conditions set forth in Sections 7 and 7.1 herein. In the event this Agreement is terminated by either party pursuant to this Section 7.2 for any reason other than a default by Purchaser hereunder, (i) the Escrow Phase 2, the Escrow Phase 3, the Escrow Phase 2 Purchase Agreement and the Escrow Phase 3 Purchase Agreement shall automatically terminate, (ii) all Earnest Money (as such term is defined in the Escrow Phase 2 Purchase Agreement and the Escrow Phase 3 Purchase Agreement) shall be returned to the Purchaser (as such term is defined in the Escrow Phase 2 Purchase Agreement and the Escrow Phase 3 Purchase Agreement) and (iii) no party shall have any further rights, obligations or liabilities under the Escrow Phase 2 Purchase Agreement or the Escrow Phase 3 Purchase Agreement except for those provisions that survive the termination of those respective agreements.

8. Closing; Deed.

(a) Subject to all preconditions set forth herein, the closing or settlement ("Closing") of the transaction contemplated hereby, unless terminated in accordance with this Agreement or as otherwise agreed upon by Purchaser and Seller, shall be held via the mails, through the Title Company at 10:00 a.m. on the Closing Date or such other place and time as the parties may agree in writing.

(b) At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by grant deed acceptable to Purchaser and the Title Company (the "Deed"), subject to (i) standard exceptions for real property taxes not yet due and payable, and (ii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 10 below (the "Permitted Exceptions"). Permitted Exceptions shall include the Necessary Easements if they become recorded as herein provided. The Land description in the Deed shall be the property description from Seller's vesting deed(s); and further provided, that if Purchaser obtains a Survey of the Property, Seller also agrees to execute and deliver a recordable Quit Claim Deed to Purchaser at Closing using the Survey description.

9. Survey. During the Inspection Period, Purchaser, at Purchaser's expense, may cause a survey of the Property to be prepared by a surveyor selected by Purchaser ("Survey").

10. Title. During the Inspection Period, Purchaser shall procure a title insurance commitment in the amount of the Purchase Price covering the Property issued by the Title Company (the "Title Commitment") and furnish a copy thereof to Seller. Purchaser shall have until the expiration of the Inspection Period to object to any matters shown on the Title Commitment or Survey by written notice to Seller ("Title Objection Notice"). Purchaser may also object to any new matters thereafter revealed by a title or survey update by subsequent Title Objection Notice(s) to Seller. Within five (5) business days after receipt of a Purchaser's Title Objection Notice, Seller shall either (i) deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure, or (ii) cure or satisfy such objections (or commence to cure or satisfy such objections as long as Seller reasonably believes such objections may be cured or satisfied at least two (2) business days prior to Closing). In the event that Seller does not deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure within such five (5) day period, Seller shall be deemed to have elected to not cure all such objections. Within five (5) business days after receipt of Seller's written notification that Seller elects not to cure a title or Survey objection, Purchaser may terminate this Agreement and receive a full refund of the Earnest Money by delivering written notice thereof to Seller. If Purchaser does not so terminate this Agreement, then any such title or Survey objection which Seller elects not to cure shall be deemed waived by Purchaser and shall be an additional Permitted Exception. If any objection which Seller elects to cure is not satisfied by Seller at least two (2) business days before the scheduled date of Closing, Purchaser shall have the right to terminate this Agreement, in which case the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or duties under this Agreement. If Seller does cure or satisfy the objections at least two (2) business days prior to Closing, then this Agreement shall continue in effect. Any exception to or defect in title which Purchaser shall elect to waive, or which is otherwise acceptable to Purchaser, shall be deemed an additional

Permitted Exception to title at Closing. Seller covenants and agrees not to alter or encumber in any way Seller's title to the Property after the date hereof. Notwithstanding anything in this Agreement to the contrary, Seller shall cause any deed of trust, mortgage, deed to secure debt, judgment or other lien for a liquidated sum encumbering the Property to be released at or before Closing provided that, any such obligations actually satisfied and released by application of Purchaser's funds at the Closing will be deemed to have been cured by Seller at least two (2) business days prior to Closing and shall not be a justification for Purchaser to terminate this Agreement.

11. Seller's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Seller's date down certificate to be provided at Closing), Seller represents, warrants and covenants to Purchaser that:

(a) Other than the Lease, there will be no parties in possession of any portion of the Property as lessees, sub-lessees or otherwise, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. A true, complete and correct copy of any Contracts affecting the Property and any amendments thereto have been or will be furnished to Purchaser within five (5) days after the Effective Date as part of the Due Diligence Materials, and except as set forth on Schedule 11 (a), there are no Contracts which encumber or bind the Property or Seller which will be binding on Purchaser, or which Purchaser will be required to assume at Closing, or which will encumber or bind the Property at or after Closing. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts (except for the Seller's obligation to pay a commission to Broker), and no commissions due, for leasing activities with respect to the Property.

(b) Seller shall cause Tenant to execute and deliver the Lease at or prior to Closing.

(c) The Seller has not received notice of any default (and Seller has no knowledge of any default) under any note, mortgage or deed of trust or other security interest or loan document or indebtedness related to or secured by the Property. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated and the compliance with the terms and provisions hereof will not conflict with or (with or without notice or the passage of time or both) result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, loan agreement or instrument to which the Seller is a party or by which the Seller or the Property is bound, any applicable regulation or any judgment, order or decree of any court having jurisdiction over the Seller or the Property.

(d) The Seller has not received any notice, nor does Seller have knowledge of any material violation of any ordinance, regulation, law, statute, rule or restriction relating to the Property.

(e) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any applicable debtor relief laws or any other litigation contemplated by or pending or to Seller's knowledge, threatened against the Seller or the Property.

(f) K and G has been duly organized and is validly existing under the laws of the State of California. V Lions has been duly organized and is validly existing under the laws of the State of Nevada and is qualified to transact business in the State of California. Seller has the full right and authority to enter into this Agreement and to transfer all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. The person signing this Agreement on behalf of Seller is authorized to do so. No other signatures or approvals are required to make this Agreement fully enforceable by the Purchaser with respect to the Seller or the Property. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Seller, enforceable in accordance with their respective terms.

(g) The Seller has and will convey to the Purchaser good, marketable and indefeasible title in fee simple to the Property and right to purchase the Banked Water, subject only to the Permitted Exceptions.

(h) Seller has no knowledge of any pending condemnation or similar proceeding or assessment affecting the Property or any part thereof, nor to the knowledge of the Seller is any such proceeding or assessment contemplated or threatened by any governmental authority. There will be no claim against the Property or Purchaser for or on account of work done, materials furnished, and utilities supplied to the Property prior to the Closing Date by or at the request of Seller. To the best of Seller's knowledge, there are no public plans or proposals for changes in road grade, access, or other municipal improvements which would adversely affect the Property or result in any assessment; and no ordinance authorizing improvements, the cost of which might be assessed against Purchaser or the Property, is pending.

(i) Except as disclosed in the Due Diligence Materials or the Natural Hazards Disclosures, no Improvements on the Land are located within the area determined to be within any flood hazard areas, including the 100-year flood plain on the Flood Insurance Rate Map published by the Federal Emergency Management Agency and/or by the United States Army Corps of Engineers and/or Kern County and/or the State of California.

(j) Seller has not entered into any agreement to dispose of its interest in the Property or any part thereof, except for this Agreement.

(k) Seller is not a party to any litigation which is still pending, and Seller has no knowledge of any threatened litigation, affecting or relating to the Property.

(l) Neither the Seller, nor to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, et seq., as amended) or any other "super fund" or "super lien" law or any other Federal,

State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. To Seller's knowledge, any storage tanks previously located on the Property (whether above ground or below ground), have been removed in accordance with the requirements of all applicable laws. Without limiting the other provisions of this Section 11(k), Seller has no knowledge of any release or spill of oil, fuel or any other substance stored in storage tanks of any kind on the Property that required reporting or formal cleanup under applicable law.

Seller hereby indemnifies and holds harmless Purchaser from and against any and all loss, expense (including without limitation reasonable attorney fees), liability, cost, claim, demand, action, cause of action and suit arising out of or in any way related to any breach of any representation, warranty, covenant or agreement of Seller in this Agreement.

For purposes of this Agreement, "Seller's knowledge" or "knowledge of the Seller" means the current actual knowledge without duty of investigation of Keith B. Gardiner.

11.1 Purchaser's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Purchaser's date down certificate to be provided at Closing), Purchaser represents, warrants and covenants to Seller that:

(a) Purchaser has been duly organized and is validly existing under the laws of the State of Maryland. Purchaser has the full right and authority to enter into this Agreement and, at or prior to Closing shall have obtained all other approvals necessary to acquire all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Purchaser. The person signing this Agreement on behalf of Purchaser is authorized to do so. No other signatures or approvals are required to make this Agreement fully enforceable against the Seller with respect to the Purchaser or the Property. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Purchaser, enforceable in accordance with their respective terms.

12. Broker, Broker's Commission and Broker's Agency Election. Purchaser and Seller each represent and warrant to the other that, with the exception of the Broker set forth in this Section 12 engaged by Seller, such party has not incurred an obligation to any other broker or agent in connection with the transaction contemplated hereby. Seller shall pay Broker pursuant to a separate agreement by and between Seller and Broker and covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any real estate broker or agent in connection Seller's agreement with Broker. In addition, each party hereby covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any other real estate broker or agent in connection with this transaction. The provisions of this Section 12 shall survive the Closing of this transaction.

Purchaser and Seller hereby acknowledge that Broker has provided Purchaser and Seller each a Disclosure Regarding Real Estate Agency Relationship form (CAR form A.D.) and a Confirmation of Real Estate Agency Relationships as required by California Civil Code. These forms include the provisions of Civil Code sections 2079.13 to 2079.24. Purchaser and Seller each hereby acknowledge and confirm that Broker has elected to represent the Seller exclusively in this transaction. Purchaser and Seller are hereby advised that A REAL ESTATE BROKER IS NOT QUALIFIED TO ADVISE ON REAL ESTATE. IF BUYER OR SELLER DESIRE LEGAL ADVICE, CONSULT AN ATTORNEY. Purchaser in this transaction is and has been and will continue to be represented by independent legal counsel who has prepared and approved this Agreement.

Seller's Initials

Purchaser's Initials

13. Survey and Inspection; Condition of the Property; Release. (a) Provided that it shall have given reasonable prior notice to Seller, Purchaser and Purchaser's agents, employees and independent contractors shall have the right and privilege to enter upon the Property during the Inspection Period to survey and inspect the Property and to conduct soil borings, environmental assessment and toxic waste studies and other geological, engineering, water or landscaping tests or studies or building inspections, all at Purchaser's sole cost and expense. Purchaser hereby covenants and agrees to indemnify and hold harmless Seller from any and all loss, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner related to the exercise by Purchaser of Purchaser's rights under this section including personal injury or loss of life (but not the existence of any condition discovered in the course of Purchaser's inspections and testing).

Purchaser shall: (a) keep the Land free and clear of all liens arising out of the activities of Purchaser and/or Purchaser's Agents at or on the Land; (b) repair any and all damage to the Land caused by Purchaser or any Purchaser's Agent or by any tests or investigations conducted by, on behalf of, or at the direction of Purchaser; and (c) protect, defend with counsel reasonably acceptable to Seller, indemnify and hold Seller, its affiliates and their partners, managers, members, employees, shareholders, agents, officers, directors and representatives, harmless from and against any and all actions, liabilities, claims, damages, losses, costs, and expenses including personal injury or loss of life arising out of or in any way related to: (A) entry onto the Land or any activity thereon or with respect thereto by Purchaser or Purchaser's Agents; and (B) any breach by Purchaser or Purchaser's Agents of the provisions of this Section 13.

Purchaser shall, at all times during its activities on the Land, both during the Inspection Period and until the Closing, obtain and keep in full force and effect the insurance described below. In accordance with the following paragraph, prior to any entry onto the Land under this Agreement, and as evidence of specified insurance coverage, Purchaser shall deliver to Seller certificates of such insurance or, at the request of Seller, copies of such insurance policies.

Purchaser shall, at its sole cost and expense, maintain in full force and effect during the term of this Agreement, with companies acceptable to Seller, which acceptance shall not be unreasonably withheld, the following insurance: (i) Workers Compensation Insurance (at the minimum limit required by law) for all persons Purchaser hires as employees of Purchaser in carrying out its activities on the Land; and (ii) Commercial General Liability Insurance on an "occurrence" basis, covering the activities of Purchaser and its agents, employees, contractors and Purchaser's Agents on the Land and any and all resulting injury to persons and damage to the Land, with a combined single limit for bodily injury and property damage of not less than One Million Dollars (\$1,000,000) per occurrence. Such Commercial General Liability Insurance policy shall include contractual indemnity coverage for the indemnities of Purchaser given to Seller under this Section 13. Seller shall be included as an additional insured under the coverage specified above.

Each insurance policy required under this Agreement shall: (i) be issued by insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than "A-" and financial rating of not less than "VII" in the most current Best's Insurance Report; (ii) contain a provision that the policy shall not be subject to material alteration to the detriment of Seller or Purchaser or cancellation without at least thirty (30) days' prior written notice being given to Seller by registered mail; (iii) provide that such policy or policies and the coverage evidenced thereby are primary and any insurance maintained by the additional insureds is noncontributing with such primary coverage; and (iv) contain severability of interest and cross liability clauses.

In the event that before the end of the Inspection Period, Purchaser elects not to pursue this transaction, (i) at Seller's request all due diligence materials provided to Purchaser by Seller shall be returned to Seller or destroyed by Purchaser, and (ii) Purchaser shall provide Seller with copies of all third party reports (excluding appraisals ordered by a prospective lender) or surveys prepared in connection with the Property, provided that Seller reimburses Purchaser for the actual cost of the same. In the event any Inspection discloses any actual or potential finding which may require reporting under any regulations or statute, then, to fullest extent permitted by law, and unless Purchaser believes, in its sole discretion, that Purchaser has an obligation to report, the Parties agree that Seller alone shall determine the necessity and manner of such reporting, if any, and Seller will defend, indemnify and hold Purchaser harmless from any liability, damage or penalty resulting from Seller's reporting activities or failure to timely, fully or accurately report as required.

Purchaser's indemnification obligations under this Section 13 (a) shall survive the Closing and any termination of this Agreement.

In addition to the foregoing, Seller will deliver to Purchaser within ten (10) business days of the Effective Date, a Natural Hazards Disclosure Statement (the "**Natural Hazards Disclosure**") with respect to the Property. Prior to the Close of Escrow, Purchaser shall acknowledge receipt of the Natural Hazards Disclosure.

(b) PURCHASER ACKNOWLEDGES THAT THE PROPERTY HAS BEEN AN ACTIVE WORKING FARM FOR MANY YEARS. PURCHASER SPECIFICALLY

ACKNOWLEDGES THAT VARIOUS PETROLEUM PRODUCTS, FUEL, GASOLINE AND CHEMICALS, INCLUDING FERTILIZERS, HERBICIDES AND PESTICIDES, CUSTOMARILY USED IN FARMING, SOME OF WHICH MAY, AS OF THE DATE HEREOF, BE CONSIDERED TO BE HAZARDOUS OR TOXIC, MAY HAVE BEEN USED, STORED, MIXED AND APPLIED TO THE PROPERTY IN THE COURSE OF THE FARMING OR RANCHING ACTIVITIES CONDUCTED THEREON OR ON ADJACENT PROPERTY. PURCHASER FURTHER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN ANY OTHER DOCUMENT PROVIDED FOR OR CONTEMPLATED HEREUNDER, SELLER, ITS AGENTS, OFFICERS, DIRECTORS, EMPLOYEES AND OTHER PERSONS ACTING ON BEHALF OF SELLER HAVE MADE NO REPRESENTATION OR WARRANTY OF ANY KIND AS TO THE PRECISE NUMBER OF ACRES OF THE LAND, THE DEVELOPMENT POTENTIAL OF THE PROPERTY, THE CONDITION OF THE PROPERTY OR THE SOIL, DRAINAGE CAPACITY, THE QUALITY, QUANTITY, VARIETY, VALUE OR MARKETABILITY OF ANY PERMANENT PLANTINGS OR GROWING CROPS, OR THE CONDITION OF ANY IMPROVEMENTS, FIXTURES OR EQUIPMENT LOCATED ON THE LAND ON WHICH PURCHASER HAS RELIED OR WILL RELY, DIRECTLY OR INDIRECTLY FOR ANY PURPOSE.

PURCHASER FURTHER ACKNOWLEDGES THAT PURCHASER IS PURCHASING THE PROPERTY SOLELY IN RELIANCE ON PURCHASER'S OWN INVESTIGATION, AND THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, HAVE BEEN MADE BY SELLER, OR SELLER'S AGENTS. PURCHASER WILL ACQUIRE THE PROPERTY INCLUDING ANY IMPROVEMENTS, EQUIPMENT, FIXTURES, AND PERSONAL PROPERTY CONVEYED BY SELLER "AS IS" AND WITHOUT EXPRESS OR IMPLIED WARRANTY OF CONDITION, MERCHANTABILITY OR FITNESS.

EXCEPT FOR SELLER'S REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS AND GUARANTEES EXPRESSLY STATED IN THE AGREEMENT AND IN ANY OTHER DOCUMENT PROVIDED FOR OR CONTEMPLATED HEREUNDER: (A) SELLER HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING, OR WITH RESPECT TO THE PROPERTY, INCLUDING WITHOUT LIMITATION WITH RESPECT TO THE CONDITION AND SUITABILITY OF PERMANENT PLANTINGS, SOILS AND DRAINAGE FOR THE GROWING OF AGRICULTURAL CROPS OR OTHER USES, OR THE QUANTITY OR QUALITY OF WATER AVAILABLE TO THE PROPERTY, IF ANY; (B) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY (INCLUDING THE PERSONAL PROPERTY), AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS, WHERE IS" CONDITION AND BASIS WITH ALL FAULTS, AND SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS, ALTERATIONS OR IMPROVEMENTS TO THE PROPERTY; (C) EXCEPT AS MAY OTHERWISE BE

EXPRESSLY STATED IN THIS AGREEMENT, SUCH "AS-IS" CONDITION INCLUDES, WITHOUT LIMITATION, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS, TOXIC SUBSTANCES, WASTE MATERIALS OR OTHER SIMILARLY DESIGNATED SUBSTANCES OR MATERIALS (INCLUDING, WITHOUT LIMITATION, OIL AND OTHER PETROLEUM PRODUCTS), AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (D) PURCHASER ASSUMES THE RISK OF ADVERSE PHYSICAL CONDITIONS AFFECTING THE PROPERTY AND/OR ITS DEVELOPMENT, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL CONDITIONS, WHICH PURCHASER DISCOVERED OR FAILED TO DISCOVER AS A RESULT OF ITS INVESTIGATIONS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SUCH "AS-IS" CONDITION EXTENDS TO LATENT AND PATENT DEFECTS AND CONDITIONS; AND (V) TO THE MAXIMUM EXTENT PERMITTED BY LAW, PURCHASER WAIVES ANY AND ALL STATUTORY RIGHTS FOR THE BENEFIT OF PURCHASER WITH RESPECT TO LATENT AND PATENT DEFECTS AND CONDITIONS AFFECTING THE LAND.

Seller and Purchaser have each initialed this Section 13(b) to further indicate their awareness and acceptance of each and every provision hereof.

_____ Purchaser Initials

_____ Seller Initials

(c) Except as to claims for breach or default by Seller of its obligations, representations, warranties, promises, covenants, agreements and guaranties under this Agreement, Purchaser, on its own behalf, and on behalf of anyone claiming by, through, or under Purchaser, hereby waives its right to recover from and fully and irrevocably releases Seller and each of its constituent members, and its and their managers and affiliates and all of their respective members, managers, partners, officers, agents, representatives, employees and all of their respective successors and assigns ("**Released Parties**") from any and all claims that it may now have or thereafter acquire against any of the Released Parties for any claims, costs, losses, liabilities, damages, expenses, demands, actions or causes of action arising from or in any way related to any property defects, errors, omissions or other conditions, latent or otherwise (including, without limitation, environmental contamination, risks, conditions and matters), related to or affecting the Property (or any portion thereof) and/or any improvements located on or serving the Property (or any portion thereof). This release includes claims of which Purchaser is presently unaware or which Purchaser does not presently suspect to exist which, if known by Purchaser, would materially affect Purchaser's release to Seller. Purchaser specifically waives the provision of California Civil Code section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above. In the event less than One Hundred Thousand and No/100 Dollars (\$100,000.00) of damage to the improvements situated on the Property exists, this Agreement shall remain in full force and effect, but, at Closing, Seller shall transfer and assign to Purchaser all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss.

16. Condition of Property. Subsequent to the Effective Date and prior to Closing, Seller shall maintain the Property in accordance with its past practices and ordinary maintenance, but shall not be required to provide any extraordinary maintenance.

17. Operations. After the Effective Date and prior to the Closing Date, Seller shall neither enter into any new, nor terminate, modify, extend, amend or renew any existing, lease or service, management, maintenance, repair, employment, union, construction, leasing or other contract or agreement affecting the Property unless Purchaser has approved the same in writing. Seller shall cause any Contracts which Purchaser elects in its discretion not to assume to be cancelled at or before Closing.

18. Notice. Notices provided for in this Agreement must be (i) delivered personally, (ii) sent by registered or certified mail, postage prepaid, return receipt requested, (iii) sent via a reputable express courier, or (iv) sent by electronic mail during normal business hours with a confirmation copy delivered by another method permitted by this Section 18 other than facsimile, addressed as set forth below. Notice sent by U.S. mail is deemed delivered three days after deposit with the U.S. Postal Service. Notice sent by a reputable express carrier is deemed received on the day receipted for by the express carrier or its agent. Notice sent via electronic mail is deemed delivered upon the entrance of such electronic mail into the information processing system designated by the recipient's electronic mail address set forth below. The addresses of the parties to which notices are to be sent shall be Purchaser's Address or Seller's Address, as applicable, as set forth in Section 1 above. Any party shall have the right from time to time to change the address to which notices to it shall be sent to another address, and to specify two additional addresses to which copies of notices to it shall be mailed, by giving to the other party at least ten (10) days prior notice of the changed address or additional addresses.

19. Remedies. **IF THIS TRANSACTION FAILS TO CLOSE BY REASON OF PURCHASER'S WRONGFUL FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, THE EARNEST MONEY SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES, THE PARTIES HEREBY ACKNOWLEDGING THAT SELLER'S ACTUAL DAMAGES IN SUCH CIRCUMSTANCES WOULD BE DIFFICULT, IF NOT IMPOSSIBLE, TO DETERMINE, AND THAT THIS LIQUIDATED DAMAGES PROVISION IS NOT UNREASONABLE UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE. SELLER**

EXPRESSLY ACKNOWLEDGES AND AGREES THAT RETENTION OF THE EARNEST MONEY AS PROVIDED FOR HEREIN SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER. BY THEIR INITIALS HERETO, SELLER AND PURCHASER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

Seller

Purchaser

IF THIS TRANSACTION FAILS TO CLOSE FOR ANY REASON OTHER THAN PURCHASER'S WRONGFUL FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER, THE EARNEST MONEY SHALL PROMPTLY BE REFUNDED TO PURCHASER. IN THE EVENT SELLER FAILS OR REFUSES TO CONVEY THE PROPERTY IN ACCORDANCE WITH THE TERMS HEREOF OR OTHERWISE FAILS TO PERFORM ITS OBLIGATIONS HEREUNDER, PURCHASER SHALL HAVE THE RIGHT TO A REFUND OF ALL EARNEST MONEY, SPECIFIC PERFORMANCE AND ALL OTHER RIGHTS AND REMEDIES AVAILABLE AT LAW OR IN EQUITY FOR SELLER'S BREACH, ALL OF WHICH ARE RESERVED, CUMULATIVE, AND NONEXCLUSIVE. SELLER WAIVES THE RIGHT TO ASSERT THE DEFENSE OF THE LACK OF MUTUALITY IN ANY SUIT FOR SPECIFIC PERFORMANCE INSTITUTED BY PURCHASER. NOTWITHSTANDING THE FOREGOING, PURCHASER SHALL ALSO BE ENTITLED TO OBTAIN ITS ATTORNEYS' FEES AND COSTS IN CONNECTION WITH ENFORCING ITS RIGHTS AND REMEDIES UNDER THIS AGREEMENT.

20. Time of Essence. Time is of the essence of this Agreement.

21. Closing Documents. At or prior to Closing, each party shall deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction contemplated hereby.

Seller also shall execute and deliver to the Title Company at Closing, for it to hold in escrow pending Purchaser's payment of the Purchase Price and other required deliveries to escrow as described below in this Section 21: (i) the Deed; (ii) a certificate with respect to Section 1445 of the Internal Revenue Code stating, among other things, that Seller is not a foreign corporation as defined in the Internal Revenue Code and I.R.S. Regulations; (iii) the General Assignment substantially in the form attached hereto as Exhibit D; (iv) Seller's representation and warranty date down certificate under Section 11; (v) the Lease; (vi) Banked Water Documents, and (vii) such other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, as reasonably requested by the Purchaser or Title Company, including without limitation a standard title company owner's affidavit.

22. Entire Agreement. This Agreement constitutes the entire agreement of the parties and may not be amended except by written instrument executed by Purchaser and Seller. All prior understandings and agreements between the parties are deemed merged herein.

23. Headings. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.

24. Possession. Seller shall deliver actual possession of the Property at Closing.

25. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

26. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns as the case may be, and Purchaser shall have the right to assign its rights hereunder and thereafter be released from any further liability hereunder.

27. Surviving Clauses. The provisions of this Agreement relating to Purchaser's indemnification with respect to its entering upon the Property as set forth in Section 13 prior to Closing, Seller's representations, covenants, warranties in Section 11, Purchaser's representations, covenants, and warranties in Section 11.1, Seller's agreement to cooperate with a Rule 3-14 audit, and Seller's covenant not to encumber the Property subsequent to the date hereof, and the mutual covenants of Seller and Purchaser to indemnify each other, as the case may be, as set forth in Sections 12 and 13, shall not merge into the Deed but instead shall survive any Closing pursuant to this Agreement. Except as set forth in the preceding sentence or as otherwise expressly set forth herein, no other provision of this Agreement shall survive the Closing of this transaction provided, however, that any action, suit or proceeding with respect to the truth, accuracy or completeness of any such representations and warranties shall be commenced, if at all, on or before the date which is eighteen (18) months after the date of the Closing and, if not commenced on or before such date, thereafter will be void and of no force or effect.

28. Tax Deferred Exchange. Either party may structure the purchase or sale of the Property as a like kind exchange under Internal Revenue Code Section 1031, at the exchanging party's sole cost and expense. The non-exchanging party shall reasonably cooperate therein, provided that the non-exchanging party shall incur no material costs, expenses or liabilities in connection with the exchanging party's exchange, and the non-exchanging party shall not be required to take title to or contract for purchase of any other property. If the exchanging party uses a qualified intermediary to effectuate the exchange, any assignment of the rights or obligations of the exchanging party hereunder shall not relieve, release or absolve the exchanging party of its obligations to the non-exchanging party hereunder. The exchanging party shall reimburse the non-exchanging party for all reasonable out-of-pocket expenses, if any, incurred by the non-exchanging party in effectuating the exchanging party's exchange. The Parties agree that if ability of Seller to engage in a tax-deferred like kind exchange is going to be denied or limited as a result of a change in or repeal of Section 1031 of the Internal Revenue

Code, they will accelerate the Closing if they can agree on a mutually acceptable date determined by Buyer in its sole and absolute discretion, prior to the effective date of such change in the law.

29. Non-Solicitation. From and after the Effective Date, Seller shall not market the Property for sale, or solicit or accept any back-up offers with respect to the sale of the Property.

30. Rule 3-14 Audit. Seller agrees to reasonably cooperate, at no liability, cost or expense to Seller, with Purchaser in connection with any Rule 3-14 audit that Purchaser may conduct with respect to the Property within one year after the Closing Date.

31. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. Unless otherwise specified, the last day of any period of time described herein shall be deemed to end at 5:00 p.m. local time in the state in which the Property is located.

32. Counterparts. This Agreement may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

33. Attorney's Fees; Pre-litigation Dispute Resolution. Each Party shall pay the fees and expenses of its own attorneys in connection with the preparation, negotiation and execution of this Agreement.

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure.

If the Parties are unsuccessful in resolving the dispute by mediation and either Party institutes an arbitration, state court action, federal court action or other proceeding arising out of or relating to this Agreement, the prevailing Party, as designated by the arbitration panel, court or tribunal, shall be entitled to recover from the other Party all costs and expenses (expressly including, but not limited to, reasonable attorneys' fees and expert witness fees), incurred by the prevailing Party in connection with such arbitration, action or proceeding.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/ David Gladstone

Name: Daivd Gladstone

Title: President & CEO

SELLER:

KING AND GARDINER FARMS, LLC, a California limited liability
company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: Manager

By: /s/ Keith Gardiner
Keith Gardiner, Co-Manager

V LIONS OPERATIONS, LP, a Nevada
limited partnership (authorized to do
business in the State of California)

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: General Partner

By: /s/ Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/ Keith Gardiner
Keith Gardiner, Manager

1,2

¹ **NTD:** Seller to confirm these signature blocks.

² **NTD:** Seller to confirm no additional co-manager signature required.

EXHIBIT A

LAND

Phase 1

The following parcels located in Kern County, California:

- APN 088-130-01-01
- APN 088-130-02-00
- APN 088-130-03-00
- APN 088-130-04-00

EXHIBIT B

PERSONAL PROPERTY

250 HP electric motor on ag well with a 16 inch casing

125 HP electric motor on ag well with a 14 inch casing, 3 sand media filters and 1 Sulphur system

290' x 285' reservoir, 4 sets of 8 sand media filters, 4 boosters, a gypsum silo, fertilizer and Sulphur

400 HP electric motor on ag well with a 18 inch casing

125 HP electric motor on ag well with a 16 inch casing

A well casing, currently not in use with an electric motor

A well casing, currently not in use

EXHIBIT C

DUE DILIGENCE MATERIALS

Seller to provide the following information in their possession with respect to the property on or before the deadlines set forth below based on the number of days after the Effective Date (PSA signing date). Digital Copies are preferred.

	<u>Item</u>	<u>Description</u>	<u>Date Due</u>
(A)	Title Policy	Any prior title commitments or title policies	1 Day
(B)	Financial Statements	Copies of financial statements for the Tenant for the past four (4) years	5 Days
(C)	Survey	Any past surveys or similar engineering reports	5 Days
(D)	Appraisal	Any past appraisals	5 Days
(E)	Environmental Assessment	Any environmental assessment reports, such as a Phase I, or similar studies	5 Days
(F)	Irrigation	Inventory and description of all the irrigation equipment	5 Days
(G)	Buildings & Equipment	Inventory and description of all the buildings and other equipment included in the sale	5 Days
(H)	Water & Wells	A list of all wells, pumps, reservoirs, etc., including their size and output, located on or utilized by Property. Any well, pump, and water quality tests done over the past three (3) years	5 Days
(I)	Water Rights	Copies of all certificates, applications, permits or other documents related to or evidencing Water Rights	5 Days
(J)	Property Maps	All irrigation maps, soil maps, and planting maps with varieties (if applicable)	5 Days
(K)	Production Records	Crop production records for up to the past 4 years and any available budgets or income and expenses statements	10 Days
(L)	Improvement Summary	Buyer shall work with Seller to complete an Excel that summarizes all the Property's improvements including the location and age of all pumps, wells and buildings	50 Days
(M)	Insurance	Copies of insurance policies and certificates, including liability and property damage coverage	10 Days
(N)	Crop Insurance	Any crop insurance records available for the past four (4) years	10 Days
(O)	Taxes	Real estate tax bills, assessments, and statements for the current year and the previous two (2) years	10 Days
(P)	Utility Bills	Utility bills for the current year and previous two (2) years	10 Days
(Q)	Contracts & Leases	Copies of any Contracts or Leases, including any amendments or proposed amendments	10 Days
(R)	Interest Claims	Copies of all notices and correspondence received from third-parties claiming an interest or right in and to the Property	10 Days
(S)	Government Payments	Any records of government, crop insurance, or other similar payouts	10 Days
(T)	Government Notices	Any information in Seller's possession from any governmental agency or authority, including all notices and correspondence, regarding the Property or adjacent properties	10 Days
(U)	Warranties	Copies of any warranties relating to any Improvements or Equipment included in the sale	10 Days

EXHIBIT D

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is entered into as of the ____ of _____, 2020, between _____ ("Assignor"), and _____, a Delaware limited partnership ("Assignee").

1. Purchase Agreement; Defined Terms. This Assignment is being executed and delivered pursuant to that certain Agreement of Purchase and Sale between Gladstone Land Corporation, a Maryland corporation, as assigned to Assignee as Purchaser, and Assignor, as Seller, dated as of _____, 2019 (as modified and amended from time to time, the "Purchase Agreement"). Any capitalized term used but not otherwise defined herein shall have the meaning set forth in the Purchase Agreement.

2. Assignment and Conveyance. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby bargains, sells, conveys, grants, transfers and assigns to Assignee the entire right, title and interest of Assignor in and to the following in accordance with the terms and conditions of the Purchase Agreement:

- i. All Personal Property;
- ii. All warranties, guarantees, bonds, licenses, building permits, certificates of occupancy, zoning certificates, and other governmental permits and licenses to and in connection with the construction, development, ownership, use, operation or maintenance of the Property or any part thereof, to the extent the same are assignable; and
- iii. All Water Rights.

3. Indemnity. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all claims, damages, demands, causes of action, liabilities, judgments, losses, costs and expenses (including but not limited to reasonable attorneys' fees) asserted against or incurred by Assignee caused by the failure of Assignor to perform any obligation under any of the Contracts.

4. Power and Authority. Assignor represents and warrants to Assignee that it is fully empowered and authorized to execute and deliver this Assignment, and the individual signing this Assignment on behalf of Assignor represents and warrants to Assignee that he or she is fully empowered and authorized to do so.

5. Attorneys' Fees. If either Assignee or Assignor or their respective successors or assigns file suit to enforce the obligations of the other party under this Assignment, the prevailing party shall be entitled to recover the reasonable fees and expenses of its attorneys.

6. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

7. Counterparts. This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument.

8. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment the day and year first above written.

ASSIGNOR

By: _____
Title: _____

ASSIGNEE

EXHIBIT E
LEASE TERM SHEET

Attached.

EXHIBIT F
DISCLOSURE OF BROKER RELATIONSHIPS

Attached.

29277133.v14

**FIRST AMENDMENT
TO
AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 1)**

THIS FIRST AMENDMENT (the “Amendment”) is made as of the 2nd day of March 2021 (the “Effective Date”), between **V Lions Farming, LLC**, a California limited liability company (“V Lions Farming”) formerly called King and Gardiner Farms, LLC, a California limited liability company, **Gardiner Family, LLC**, a California limited liability company (“GF LLC”) and **V Lions Operations, L.P.**, a Nevada limited partnership (“V Lions” and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). This Amendment is made with respect to the following facts and circumstances:

A. Seller and Purchaser are the parties named as such in that certain Agreement of Purchase and Sale dated as of January 27, 2021 (the “Agreement”).

B. Since executing the Agreement, King and Gardiner Farms, LLC has changed its name to V Lions Farming, LLC.

C. The parties desire to amend the Agreement to reflect the change of name.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Change of Name. The parties acknowledge and agree to the change of name of King and Gardiner Farms, LLC to V Lions Farming, LLC, and the Agreement is hereby amended to reflect the change of name.

2. No Other Change. V Lions Farms hereby represents and warrants that (a) King and Gardiner Farms, LLC has undergone no further changes from the date of the Agreement, (b) its members, managers, assets and liabilities remain unchanged (except as such assets and liabilities may have changed in the ordinary course of business) and (c) V Lions Farming, LLC is the same company as King and Gardiner Farms, LLC except for the change of its name.

3. Counterparts. This Amendment may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

4. Reaffirmation. Except as expressly amended by this Amendment, the parties hereby reaffirm the terms and provisions of the Agreement all of which remain in full force and effect.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/ David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

V LIONS FARMING, LLC, a California limited liability company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: Manager

By: /s/ Keith Gardiner
Keith Gardiner, Co-Manager

V LIONS OPERATIONS, LP, a Nevada
limited partnership (authorized to do
business in the State of California)

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: General Partner

By: /s/ Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/Keith Gardiner
Keith Gardiner, Manager

**AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 2)**

THIS AGREEMENT (the “Agreement”) is made as of the 27th day of January 2021 (the “Effective Date”), between **King and Gardiner Farms, LLC**, a California limited liability company (“K and G”) and **Gardiner Family, LLC**, a California limited liability company (“GF LLC” and collectively with K and G collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). Notwithstanding its inclusion as a “Seller”, GF LLC is a party only for the purpose of conveying the Banked Water as herein defined and provided. Its involvement including in the representations of Seller is strictly limited to the conveyance of the Banked Water.

WHEREAS, Seller has agreed to sell and Purchaser has agreed to purchase the Property (as hereinafter defined);

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

“Banked Water” shall mean 14.937 acre feet of water banked in the ground with the Semi Tropic Water Storage District and owned by GF LLC.

“Banked Water Documents” shall mean the Semi Tropic Water District letter of February 19, 2019 and the Gardiner Family Water Banking Agreement dated March 3, 2019.

“Broker” shall mean Strong Holdings, Inc. doing business as Keller Williams Fresno, its agents and officers.

“Broker’s Address” shall mean

Strong Holdings, Inc. doing business as Keller Williams Fresno, a California corporation (DRE 1864461)

Cameron Kay, Broker Associate (DRE #01932246)

(559) 577-2062 (Cameron Kay)

Email: ckay@caagproperties.com (Cameron Kay)

740 W. Alluvial Ave. #102

Fresno, CA 93711

“Broker Disclosures” means the statutory disclosures attached hereto as Exhibit F.

“Closing Date” shall mean the date that is one hundred (100) days following the expiration of the Inspection Period, or such earlier date as the parties may agree.

“Contracts” shall mean, collectively, any and all leases, service, maintenance, management or other contracts or agreements with third parties relating to or affecting the Property.

“Due Diligence Materials” shall mean those materials and information more particularly described on Exhibit C attached hereto and incorporated by reference herein.

“Earnest Money” shall mean the sum of Two Hundred Fifty Thousand and NO/100 Dollars (\$250,000.00), together with all interest accrued thereon.

“Escrow Phase 1” shall mean the escrow established at the Title Company to Seller’s sale of APN 088-130-01-01, 088-130-02-00, 088-130-03-00 and 088-130-04-00 by K and G and GF LLC (with respect to Banked Water), to Purchaser.

“Escrow Phase 2” shall mean the escrow established at the Title Company to close Seller’s sale of APN 088-140-03-00 by K and G and GF LLC (with respect to Banked Water) to Purchaser in this transaction.

“Escrow Phase 3” shall mean the escrow established at the Title Company to close Seller’s sale of APNs 088-160-01-00, 088-170-03-01, 088-170-06-00 and 088-190-01-01 by K and G by K and G and GF LLC (with respect to Banked Water), to Purchaser.

“GAP” shall mean good agricultural practices.

“Government Payments” shall mean all federal, state and local government payments, benefits and entitlements associated with or applicable to the Property or any crops grown thereon, including without limitation any applicable direct payments or counter-cyclical payments under the Farm Security and Rural Investment Act of 2002, as amended.

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on the date that is one hundred (100) days after the Effective Date. Notwithstanding the foregoing, Purchaser may extend the Inspection Period by fifteen (15) additional days by written notice to Seller prior to expiration of the initial Inspection Period.

“Improvements” shall mean all buildings, structures, gates, fences, roads, levees, ditches, grain bins, silos, other storage bins, together with all other appurtenances or other facilities currently existing on the Property, including without limitation all Irrigation Equipment.

“Irrigation Equipment” shall mean all below ground, surface and above ground irrigation equipment at the Property, including without limitation water wells, structures, pumps, motors, casings, risers, above and below ground pipes and pipelines, culverts, overhead or drip irrigation equipment, and pivot irrigation equipment, and all related power and control units and systems,

as applicable. All the Irrigation Equipment shall be deemed to be part of the Improvements to be conveyed to Purchaser.

“Land” shall mean that certain real property located in Kern County, State of California, comprising approximately 472.07 gross acres with such acreage derived from Kern County Assessor’s records (including, without limitation, approximately 459.5 acres planted to almonds), as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together with trees located thereon and all other rights (including without limitation timber rights and development rights but excluding mineral rights which shall be retained by Seller), provided that Seller will exercise its rights to explore, develop and extract such minerals in a manner that has as little negative impact on the Land and its operation as reasonably possible and provided further that Seller will reimburse Purchaser on an acre by acre basis for any damage to or loss of the use of the Land or Improvements resulting from the exercise of such rights.

“Lease” shall mean an agricultural lease to be entered into by Purchaser, or its assignee, and Tenant, in a mutually acceptable form, on substantially the terms set forth in the term sheet attached hereto as Exhibit E.

“Necessary Easements” shall mean easements for ingress and egress over the Land appurtenant to the Escrow Phase 1 and/or Phase 3 as described in Section 5 below.

“Personal Property” shall mean any personal property used by Seller in conducting farming operations at the Property that will be conveyed to Purchaser as part of this transaction, if any, that is described on Exhibit B attached hereto and incorporated by reference herein.

“Property” shall mean the Land, Improvements, and any Personal Property, specifically including without limitation the Banked Water and all other Water Rights. Notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the crop currently growing on the Land is not a part of the Property to be conveyed at Closing, and the owner thereof, shall be entitled to retain such current crop of almonds and pistachios and all revenue generated from the sale of the same.

“Purchase Price” shall mean the total amount of Seventeen Million Nine Hundred Twenty-Five Thousand and NO/100 dollars (\$17,925,000.00), subject to adjustment as set forth in this Agreement.

“Purchaser’s Address” shall mean:

Gladstone Land Corporation
Attention: Bill Reiman
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(805) 377-7701 (T)

Email: billr@gladstoneland.com

With copy to:

Gladstone Land Corporation
Attn: Joseph Van Wingerden
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(703) 287-5914 (T)
(703) 287-5915 (F)
Email: joe.v@gladstoneland.com

With additional copy to:

Bass Berry & Sims PLC
Attention: Robert P. McDaniel, Jr.
100 Peabody Place, Suite 900
Memphis, TN 38103
(901) 543-5946 (T)
(888) 765-6437 (F)
Email: rmcdaniel@bassberry.com

“Seller’s Address” shall mean:

Pacific Ag Management
Attention: Keith Gardiner
29341 Kimberlina Road
Wasco, CA 93280
Phone: 681-587-2250
Email: kgardner@pacificag.net

With a copy to:

Hal H. Bolen II
Bolen Fransen Cutts LLP
5088 N. Fruit Street #101
Fresno, CA 93711
Phone: 559-226-8177
Fax: 559-227-4971
Email: hbb@bolenfransen.com

“Tenant” shall mean an entity to be formed that is owned and controlled by Keith Gardiner, and a co-tenant of sufficient net worth to be acceptable to Purchaser as tenant under the Lease. In lieu of a co-tenant, Keith Gardiner may substitute a full and complete guaranty of all of the Tenant’s duties and obligations under the Lease acceptable to the Purchaser.

“Title Company” shall mean:

Chicago Title Insurance Company
Attn: Melodie T. Rochelle
2701 Emerywood Parkway, Suite 200
Richmond, Virginia 23294
(804) 521-5713 (T)
(804) 521-5756 (F)
Email: melodie.rochelle@fnf.com

“Water Rights” shall mean the Banked Water and, to the extent they are owned by Seller and appurtenant to the Property, all groundwater rights (whether overlying, appropriative, prescriptive or equitable), all rights or entitlements afforded to the Property under the Sustainable Groundwater Management Act, and the right to any water made available by the Semi Tropic Water Storage District as a district-wide water supply to any portion of the Property located within such district. Other than the Banked Water, “Water Rights” shall not include any separate contractor rights to use or acquire water supplies held by Seller which are not tied to the Land.

2. Property. Seller hereby agrees to sell and Purchaser, or its designee, hereby agrees to purchase from Seller the Property.

3. Earnest Money. Within three (3) business days after Effective Date, Purchaser shall deposit the Earnest Money with the Title Company by wire transfer or certified or cashier’s check. The Earnest Money shall be refundable to Purchaser in accordance with the terms, provisions and conditions of this Agreement or released to Seller as Liquidated Damages in the event of Purchaser’s default as provided in Section 19 below.

4. Purchase Price. At the Closing, defined below, all Earnest Money shall be applied to the Purchase Price, and the balance of the Purchase Price, subject to adjustments for credits and debits as set forth in this Agreement, shall be deposited by Purchaser in good funds by wire transfer to the Title Company.

5. Inspection Period; Refund of Earnest Money; Due Diligence Materials.

(a) Purchaser shall have until the expiration of the Inspection Period to make such determinations with respect to the Property as Purchaser deems appropriate and to elect to either continue or terminate this Agreement, in Purchaser’s sole and absolute discretion, for any reason or no reason. Purchaser may terminate this Agreement, and receive a full refund of the Earnest Money, less \$10.00 to be retained by Seller as consideration for entering into this Agreement, by delivering written termination notice to Seller at any time prior to expiration of the Inspection Period. If Purchaser terminates this Agreement, it shall be deemed to also have terminated Escrow Phase 3. If Purchaser does not so terminate this Agreement, the Earnest Money shall thereafter be refundable to Purchaser only as expressly otherwise set forth in this Agreement, and this Agreement shall remain in effect. If Purchaser terminates Escrow Phase 3 and Closes Escrow under this Agreement, then within sixty (60) days of Closing, Purchaser shall grant and record against the Land, easements for the benefit of and appurtenant to the Escrow

Phase 1, 2 and/or Escrow Phase 3 properties as appropriate and sufficient to provide ingress and egress to such properties and reasonably acceptable to Purchaser and to Seller, and sufficient to enable Seller to continue to operate the Escrow Phase 1 and Phase 2 properties as a Tenant under the Lease and Phase 3 properties as the owner, in the manner in which they are currently operated. Purchaser shall also grant any necessary easements to the irrigation system on the Land, in form and substance reasonably acceptable to Purchaser and Seller, to enable Seller to continue to operate the Escrow Phase 1 and Phase 2 properties as a Tenant under the Lease and Phase 3 properties as the owner, in the manner in which they are currently operated. The irrigation system is currently tied together on the three properties. Purchaser will at its expense, pay for the necessary separation of the irrigation system as directed by Seller and/or Tenant. Such easements are referred to herein as the “Necessary Easements.” Notwithstanding anything herein to the contrary (including without limitation the sixty (60) day window above), the granting of the Necessary Easements shall be subject to the consent of Purchaser’s lender, if any and if required by the loan documents with such lender, as determined by Purchaser in its reasonable discretion, and Purchaser shall use reasonable efforts to obtain that consent. If the consent is not obtainable or required as determined by Purchaser in its reasonable discretion, then the Necessary Easements will be recorded subordinate to the lien of the lender, in such a manner that will not materially and negatively impact the lien of such lender, unless such recordation will be an event of default under the terms of the loan, in which case as determined by Purchaser in its reasonable discretion, Purchaser will be relieved of the obligation to grant the Necessary Easements. The terms and provisions of this Paragraph 5 (a) shall survive and be enforceable notwithstanding the Close of Escrow, recordation of the Grant Deed or termination of this Agreement for any reason.

(b) Within five (5) days after the Effective Date, Seller shall deliver to Purchaser at Seller’s sole expense the Due Diligence Materials. If Purchaser fails to purchase the Property for any reason, it will return all of the Due Diligence Materials and all copies thereof. Purchaser will keep the Due Diligence Materials confidential and disclose them only to such attorneys, accountants, lenders and advisors as shall be necessary, in Purchaser’s reasonable discretion, to properly evaluate them. Seller shall also promptly provide any other documents or information in Seller’s possession or control relating to the Property or any Contract, that is reasonably requested by Purchaser.

6. Costs and Prorations.

(a) Purchaser shall pay the costs of any Survey obtained by Purchaser pursuant to Section 9 hereof, and the costs of any Phase I environmental report and all other inspections and work performed or obtained by or for Purchaser in connection with its inspection of the Property. Seller shall pay for preparation of the grant deed, all documentary or transfer taxes, and recording costs applicable to the grant deed, the premium for Purchaser’s CLTA Title Policy, defined below, and any costs of production of the title search or abstract for the Property. Purchaser shall pay all expenses incident to any financing obtained for the purchase of the Property, including but not limited to any endorsement to the Title Policy or a separate lender’s policy of title insurance required by Purchaser’s lender, the premium for all endorsements to the Title Policy that Purchaser desires to obtain, and, notwithstanding the foregoing or anything herein to the contrary, the increase in the premium for the Title Policy resulting from Purchaser’s

election to obtain a 2006 ALTA form policy rather than a CLTA form policy. All other closing costs shall be borne in accordance with the custom in Kern County, California.

(b) The following shall be prorated between the parties as of the Closing Date: (i) ad valorem property taxes constituting a lien against the Property for the year in which the Closing occurs and all other unpaid assessments with respect thereto, and (ii) utilities, and operating expenses for the Property for the calendar month (or other applicable period if such rents or other tenant charges are not paid monthly) in which Closing occurs. In the event such proration is based upon a previous year's taxes or assessment, after Closing, at such time as any of the taxes or assessments are capable of exact determination, the party having the information permitting the exact determination shall send to the other party a detailed report of the exact determination so made. Within thirty (30) days after both Seller and Purchaser shall have received such report, Seller and Purchaser shall adjust the amounts apportioned pursuant to the estimates made at Closing to reflect the exact determinations contained in the report, and Seller or Purchaser, as the case may be, shall pay to the other whatever amount shall be necessary to compensate for the difference. Notwithstanding the foregoing, the Lease is intended to "pass through" all of the foregoing costs and expenses to Tenant under the Lease, after Closing.

7. Conditions Precedent to Purchaser's Obligations. Seller acknowledges that as a condition precedent to Purchaser's obligations hereunder, the following shall occur on or before the Closing Date (or any earlier date indicated below), any of which conditions may be waived by Purchaser in its sole discretion:

(a) Purchaser shall have received a current Phase I environmental assessment satisfactory to Purchaser prepared by a competent licensed environmental engineer satisfactory to Purchaser.

(b) There shall have been no material adverse change to the condition of the Property or the financial condition of Tenant from the Effective Date to Closing.

(c) At or prior to Closing, the Tenant shall have executed and delivered the Lease to Purchaser, such Lease shall be in full force and effect in accordance with its terms and conditions, and there shall have been no default, event of default or act or omission which, with the giving of notice or passing of time would constitute an event of default, thereunder.

(d) The Title Company shall be irrevocably committed to issue upon Closing a 2006 ALTA form Owner's Policy of Title Insurance (the "Title Policy"), as evidenced by a "marked up" Title Commitment, defined below, insuring Purchaser as owner of fee simple title to the Property subject only to Permitted Exceptions, in the amount of the Purchase Price, and containing such endorsements as Purchaser shall have requested.

(e) Subject to Sections 14 and 15 below, there shall have been no material adverse change in the condition of any of the Property (including without limitation any Improvements) after expiration of the Inspection Period and prior to the Closing Date.

(f) Each and every representation and warranty of Seller set forth in Section 11 shall be true and correct in all material respects, and Seller shall not be in default under any of its other obligations under this Agreement, as of Closing.

7.1 Conditions Precedent to Seller's Obligations. Purchaser acknowledges that as a condition precedent to Seller's obligations hereunder, the following shall occur on or before the Closing Date (or any earlier date indicated below), any of which conditions may be waived by Seller in its sole discretion:

(a) Purchaser has performed all of its obligations under this Agreement, including delivering the Earnest Money Deposit and the balance of the Purchase Price and Purchaser's share of Closing Costs into Escrow as herein provided.

(b) Purchaser is not in default under the material terms of this Agreement.

(c) At or prior to Closing, the Purchaser as Landlord shall have executed and delivered the Lease to Seller and Tenant, and such Lease shall be in full force and effect in accordance with its terms and conditions.

(e) Each and every representation and warranty of Purchaser set forth in Section 11.1 shall be true and correct in all material respects, and

(f) Purchase and Sale Agreements similar to this one with respect to Escrow Phases 1 and 3 shall have been executed by Seller and Purchaser and/or Gardiner Family, LLC and/or V Lions Operations L.P. (the "Escrow Phase 1 Purchase Agreement" and the "Escrow Phase 3 Purchase Agreement").

7.2 Failure or Waiver of Conditions Precedent; Termination of the Escrow Phase 1 Purchase Agreement. In the event that any of the conditions precedent set forth in Sections 7 or 7.1 herein are not satisfied or waived on or before the Closing Date, the party that benefited by such condition(s) may, by written notice to the other party, terminate this Agreement, whereupon the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement; provided, however, that if such conditions have not been satisfied due to a default by either party, the other party may instead pursue its remedies under Section 19, subject to any applicable notice and cure provisions. Either party may, at its election, at any time or times on or before the Closing Date, waive in writing the benefit of any of the conditions set forth in Sections 7 and 7.1 herein. In the event this Agreement is terminated by either party pursuant to this Section 7.1 for any reason other than a default by Purchaser hereunder, (i) the Escrow Phase 3 and the Escrow Phase 3 Purchase Agreement shall automatically terminate, (ii) all Earnest Money (as such term is defined in the Escrow Phase 3 Purchase Agreement) shall be returned to the Purchaser (as such term is defined in the Escrow Phase 3 Purchase Agreement) and (iii) no party shall have any further rights, obligations or liabilities under the Escrow Phase 3 Purchase Agreement except for those provisions that survive the termination of that agreement. In the event the Escrow Phase 1 Purchase Agreement is terminated prior to the Closing (as defined in the Escrow Phase 1 Purchase Agreement) for any

reason, other than due to an uncured Purchaser (as defined in the Escrow Phase 1 Purchase Agreement) default to the extent such termination is expressly permitted by the Escrow Phase 1 Purchase Agreement, this Agreement shall automatically terminate whereupon the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement.

8. Closing; Deed.

(a) Subject to all preconditions set forth herein, the closing or settlement ("Closing") of the transaction contemplated hereby, unless terminated in accordance with this Agreement or as otherwise agreed upon by Purchaser and Seller, shall be held via the mails, through the Title Company at 10:00 a.m. on the Closing Date or such other place and time as the parties may agree in writing.

(b) At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by grant deed acceptable to Purchaser and the Title Company (the "Deed"), subject to (i) standard exceptions for real property taxes not yet due and payable, and (ii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 10 below (the "Permitted Exceptions"). Permitted Exceptions shall include the Necessary Easements if they become recorded as herein provided. The Land description in the Deed shall be the property description from Seller's vesting deed(s); and further provided, that if Purchaser obtains a Survey of the Property, Seller also agrees to execute and deliver a recordable Quit Claim Deed to Purchaser at Closing using the Survey description.

9. Survey. During the Inspection Period, Purchaser, at Purchaser's expense, may cause a survey of the Property to be prepared by a surveyor selected by Purchaser ("Survey").

10. Title. During the Inspection Period, Purchaser shall procure a title insurance commitment in the amount of the Purchase Price covering the Property issued by the Title Company (the "Title Commitment") and furnish a copy thereof to Seller. Purchaser shall have until the expiration of the Inspection Period to object to any matters shown on the Title Commitment or Survey by written notice to Seller ("Title Objection Notice"). Purchaser may also object to any new matters thereafter revealed by a title or survey update by subsequent Title Objection Notice(s) to Seller. Within five (5) business days after receipt of a Purchaser's Title Objection Notice, Seller shall either (i) deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure, or (ii) cure or satisfy such objections (or commence to cure or satisfy such objections as long as Seller reasonably believes such objections may be cured or satisfied at least two (2) business days prior to Closing). In the event that Seller does not deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure within such five (5) day period, Seller shall be deemed to have elected to not cure all such objections. Within five (5) business days after receipt of Seller's written notification that Seller elects not to cure a title or Survey objection, Purchaser may terminate this Agreement and receive a full refund of the Earnest Money by delivering written notice thereof to Seller. If Purchaser does not so terminate this Agreement, then any such title or Survey objection which Seller elects not to cure shall be deemed waived by Purchaser and shall be an additional

Permitted Exception. If any objection which Seller elects to cure is not satisfied by Seller at least two (2) business days before the scheduled date of Closing, Purchaser shall have the right to terminate this Agreement, in which case the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or duties under this Agreement. If Seller does cure or satisfy the objections at least two (2) business days prior to Closing, then this Agreement shall continue in effect. Any exception to or defect in title which Purchaser shall elect to waive, or which is otherwise acceptable to Purchaser, shall be deemed an additional Permitted Exception to title at Closing. Seller covenants and agrees not to alter or encumber in any way Seller's title to the Property after the date hereof. Notwithstanding anything in this Agreement to the contrary, Seller shall cause any deed of trust, mortgage, deed to secure debt, judgment or other lien for a liquidated sum encumbering the Property to be released at or before Closing provided that, any such obligations actually satisfied and released by application of Purchaser's funds at the Closing will be deemed to have been cured by Seller at least two (2) business days prior to Closing and shall not be a justification for Purchaser to terminate this Agreement.

11. Seller's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Seller's date down certificate to be provided at Closing), Seller represents, warrants and covenants to Purchaser that:

(a) Other than the Lease, there will be no parties in possession of any portion of the Property as lessees, sub-lessees or otherwise, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. A true, complete and correct copy of any Contracts affecting the Property and any amendments thereto have been or will be furnished to Purchaser within five (5) days after the Effective Date as part of the Due Diligence Materials, and except as set forth on Schedule 11 (a), there are no Contracts which encumber or bind the Property or Seller which will be binding on Purchaser, or which Purchaser will be required to assume at Closing, or which will encumber or bind the Property at or after Closing. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts (except for the Seller's obligation to pay a commission to Broker), and no commissions due, for leasing activities with respect to the Property.

(b) Seller shall cause Tenant to execute and deliver the Lease at or prior to Closing.

(c) The Seller has not received notice of any default (and Seller has no knowledge of any default) under any note, mortgage or deed of trust or other security interest or loan document or indebtedness related to or secured by the Property. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated and the compliance with the terms and provisions hereof will not conflict with or (with or without notice or the passage of time or both) result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, loan agreement or instrument to which the Seller is a party or by which the Seller or the Property is bound, any applicable regulation or any judgment, order or decree of any court having jurisdiction over the Seller or the Property.

(d) The Seller has not received any notice, nor does Seller have knowledge of any material violation of any ordinance, regulation, law, statute, rule or restriction relating to the Property.

(e) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any applicable debtor relief laws or any other litigation contemplated by or pending or to Seller's knowledge, threatened against the Seller or the Property.

(f) Seller has been duly organized and is validly existing under the laws of the State of California. Seller has the full right and authority to enter into this Agreement and to transfer all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. The person signing this Agreement on behalf of Seller is authorized to do so. No other signatures or approvals are required to make this Agreement fully enforceable by the Purchaser with respect to the Seller or the Property. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Seller, enforceable in accordance with their respective terms.

(g) The Seller has and will convey to the Purchaser good, marketable and indefeasible title in fee simple to the Property and right to purchase the Banked Water, subject only to the Permitted Exceptions.

(h) Seller has no knowledge of any pending condemnation or similar proceeding or assessment affecting the Property or any part thereof, nor to the knowledge of the Seller is any such proceeding or assessment contemplated or threatened by any governmental authority. There will be no claim against the Property or Purchaser for or on account of work done, materials furnished, and utilities supplied to the Property prior to the Closing Date by or at the request of Seller. To the best of Seller's knowledge, there are no public plans or proposals for changes in road grade, access, or other municipal improvements which would adversely affect the Property or result in any assessment; and no ordinance authorizing improvements, the cost of which might be assessed against Purchaser or the Property, is pending.

(i) Except as disclosed in the Due Diligence Materials or the Natural Hazards Disclosures, no Improvements on the Land are located within the area determined to be within any flood hazard areas, including the 100-year flood plain on the Flood Insurance Rate Map published by the Federal Emergency Management Agency and/or by the United States Army Corps of Engineers and/or Kern County and/or the State of California.

(j) Seller has not entered into any agreement to dispose of its interest in the Property or any part thereof, except for this Agreement.

(k) Seller is not a party to any litigation which is still pending, and Seller has no knowledge of any threatened litigation, affecting or relating to the Property.

(l) Neither the Seller, nor to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located,

or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, et seq., as amended) or any other "super fund" or "super lien" law or any other Federal, State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. To Seller's knowledge, any storage tanks previously located on the Property (whether above ground or below ground), have been removed in accordance with the requirements of all applicable laws. Without limiting the other provisions of this Section 11(k), Seller has no knowledge of any release or spill of oil, fuel or any other substance stored in storage tanks of any kind on the Property that required reporting or formal cleanup under applicable law.

Seller hereby indemnifies and holds harmless Purchaser from and against any and all loss, expense (including without limitation reasonable attorney fees), liability, cost, claim, demand, action, cause of action and suit arising out of or in any way related to any breach of any representation, warranty, covenant or agreement of Seller in this Agreement.

For purposes of this Agreement, "Seller's knowledge" or "knowledge of the Seller" means the current actual knowledge without duty of investigation of Keith B. Gardiner.

11.1 Purchaser's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Purchaser's date down certificate to be provided at Closing), Purchaser represents, warrants and covenants to Seller that:

(a) Purchaser has been duly organized and is validly existing under the laws of the State of Maryland. Purchaser has the full right and authority to enter into this Agreement and, at or prior to Closing shall have obtained all other approvals necessary to acquire all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Purchaser. The person signing this Agreement on behalf of Purchaser is authorized to do so. No other signatures or approvals are required to make this Agreement fully enforceable against the Seller with respect to the Purchaser or the Property. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Purchaser, enforceable in accordance with their respective terms.

12. Broker, Broker's Commission and Broker's Agency Election. Purchaser and Seller each represent and warrant to the other that, with the exception of the Broker set forth in this Section 12 engaged by Seller, such party has not incurred an obligation to any other broker or agent in connection with the transaction contemplated hereby. Seller shall pay Broker pursuant to a separate agreement by and between Seller and Broker and covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any

manner relating to the alleged employment or use by such party of any real estate broker or agent in connection Seller's agreement with Broker. In addition, each party hereby covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any other real estate broker or agent in connection with this transaction. The provisions of this Section 12 shall survive the Closing of this transaction.

Purchaser and Seller hereby acknowledge that Broker has provided Purchaser and Seller each a Disclosure Regarding Real Estate Agency Relationship form (CAR form A.D.) and a Confirmation of Real Estate Agency Relationships as required by California Civil Code. These forms include the provisions of Civil Code sections 2079.13 to 2079.24. Purchaser and Seller each hereby acknowledge and confirm that Broker has elected to represent the Seller exclusively in this transaction. Purchaser and Seller are hereby advised that A REAL ESTATE BROKER IS NOT QUALIFIED TO ADVISE ON REAL ESTATE. IF BUYER OR SELLER DESIRE LEGAL ADVICE, CONSULT AN ATTORNEY. Purchaser in this transaction is and has been and will continue to be represented by independent legal counsel who has prepared and approved this Agreement.

Seller's Initials

Purchaser's Initials

13. Survey and Inspection; Condition of the Property; Release. (a) Provided that it shall have given reasonable prior notice to Seller, Purchaser and Purchaser's agents, employees and independent contractors shall have the right and privilege to enter upon the Property during the Inspection Period to survey and inspect the Property and to conduct soil borings, environmental assessment and toxic waste studies and other geological, engineering, water or landscaping tests or studies or building inspections, all at Purchaser's sole cost and expense. Purchaser hereby covenants and agrees to indemnify and hold harmless Seller from any and all loss, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner related to the exercise by Purchaser of Purchaser's rights under this section including personal injury or loss of life (but not the existence of any condition discovered in the course of Purchaser's inspections and testing).

Purchaser shall: (a) keep the Land free and clear of all liens arising out of the activities of Purchaser and/or Purchaser's Agents at or on the Land; (b) repair any and all damage to the Land caused by Purchaser or any Purchaser's Agent or by any tests or investigations conducted by, on behalf of, or at the direction of Purchaser; and (c) protect, defend with counsel reasonably acceptable to Seller, indemnify and hold Seller, its affiliates and their partners, managers, members, employees, shareholders, agents, officers, directors and representatives, harmless from and against any and all actions, liabilities, claims, damages, losses, costs, and expenses including personal injury or loss of life arising out of or in any way related to: (A) entry onto the Land or any activity thereon or with respect thereto by Purchaser or Purchaser's Agents; and (B) any breach by Purchaser or Purchaser's Agents of the provisions of this Section 13.

Purchaser shall, at all times during its activities on the Land, both during the Inspection Period and until the Closing, obtain and keep in full force and effect the insurance described below. In accordance with the following paragraph, prior to any entry onto the Land under this Agreement, and as evidence of specified insurance coverage, Purchaser shall deliver to Seller certificates of such insurance or, at the request of Seller, copies of such insurance policies.

Purchaser shall, at its sole cost and expense, maintain in full force and effect during the term of this Agreement, with companies acceptable to Seller, which acceptance shall not be unreasonably withheld, the following insurance: (i) Workers Compensation Insurance (at the minimum limit required by law) for all persons Purchaser hires as employees of Purchaser in carrying out its activities on the Land; and (ii) Commercial General Liability Insurance on an "occurrence" basis, covering the activities of Purchaser and its agents, employees, contractors and Purchaser's Agents on the Land and any and all resulting injury to persons and damage to the Land, with a combined single limit for bodily injury and property damage of not less than One Million Dollars (\$1,000,000) per occurrence. Such Commercial General Liability Insurance policy shall include contractual indemnity coverage for the indemnities of Purchaser given to Seller under this Section 13. Seller shall be included as an additional insured under the coverage specified above.

Each insurance policy required under this Agreement shall: (i) be issued by insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than "A-" and financial rating of not less than "VII" in the most current Best's Insurance Report; (ii) contain a provision that the policy shall not be subject to material alteration to the detriment of Seller or Purchaser or cancellation without at least thirty (30) days' prior written notice being given to Seller by registered mail; (iii) provide that such policy or policies and the coverage evidenced thereby are primary and any insurance maintained by the additional insureds is noncontributing with such primary coverage; and (iv) contain severability of interest and cross liability clauses.

In the event that before the end of the Inspection Period, Purchaser elects not to pursue this transaction, (i) at Seller's request all due diligence materials provided to Purchaser by Seller shall be returned to Seller or destroyed by Purchaser, and (ii) Purchaser shall provide Seller with copies of all third party reports (excluding appraisals ordered by a prospective lender) or surveys prepared in connection with the Property, provided that Seller reimburses Purchaser for the actual cost of the same. In the event any Inspection discloses any actual or potential finding which may require reporting under any regulations or statute, then, to fullest extent permitted by law, and unless Purchaser believes, in its sole discretion, that Purchaser has an obligation to report, the Parties agree that Seller alone shall determine the necessity and manner of such reporting, if any, and Seller will defend, indemnify and hold Purchaser harmless from any liability, damage or penalty resulting from Seller's reporting activities or failure to timely, fully or accurately report as required.

Purchaser's indemnification obligations under this Section 13 (a) shall survive the Closing and any termination of this Agreement.

In addition to the foregoing, Seller will deliver to Purchaser within ten (10) business days of the Effective Date, a Natural Hazards Disclosure Statement (the “**Natural Hazards Disclosure**”) with respect to the Property. Prior to the Close of Escrow, Purchaser shall acknowledge receipt of the Natural Hazards Disclosure.

(b) PURCHASER ACKNOWLEDGES THAT THE PROPERTY HAS BEEN AN ACTIVE WORKING FARM FOR MANY YEARS. PURCHASER SPECIFICALLY ACKNOWLEDGES THAT VARIOUS PETROLEUM PRODUCTS, FUEL, GASOLINE AND CHEMICALS, INCLUDING FERTILIZERS, HERBICIDES AND PESTICIDES, CUSTOMARILY USED IN FARMING, SOME OF WHICH MAY, AS OF THE DATE HEREOF, BE CONSIDERED TO BE HAZARDOUS OR TOXIC, MAY HAVE BEEN USED, STORED, MIXED AND APPLIED TO THE PROPERTY IN THE COURSE OF THE FARMING OR RANCHING ACTIVITIES CONDUCTED THEREON OR ON ADJACENT PROPERTY. PURCHASER FURTHER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN ANY OTHER DOCUMENT PROVIDED FOR OR CONTEMPLATED HEREUNDER, SELLER, ITS AGENTS, OFFICERS, DIRECTORS, EMPLOYEES AND OTHER PERSONS ACTING ON BEHALF OF SELLER HAVE MADE NO REPRESENTATION OR WARRANTY OF ANY KIND AS TO THE PRECISE NUMBER OF ACRES OF THE LAND, THE DEVELOPMENT POTENTIAL OF THE PROPERTY, THE CONDITION OF THE PROPERTY OR THE SOIL, DRAINAGE CAPACITY, THE QUALITY, QUANTITY, VARIETY, VALUE OR MARKETABILITY OF ANY PERMANENT PLANTINGS OR GROWING CROPS, OR THE CONDITION OF ANY IMPROVEMENTS, FIXTURES OR EQUIPMENT LOCATED ON THE LAND ON WHICH PURCHASER HAS RELIED OR WILL RELY, DIRECTLY OR INDIRECTLY FOR ANY PURPOSE.

PURCHASER FURTHER ACKNOWLEDGES THAT PURCHASER IS PURCHASING THE PROPERTY SOLELY IN RELIANCE ON PURCHASER'S OWN INVESTIGATION, AND THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, HAVE BEEN MADE BY SELLER, OR SELLER'S AGENTS. PURCHASER WILL ACQUIRE THE PROPERTY INCLUDING ANY IMPROVEMENTS, EQUIPMENT, FIXTURES, AND PERSONAL PROPERTY CONVEYED BY SELLER “AS IS” AND WITHOUT EXPRESS OR IMPLIED WARRANTY OF CONDITION, MERCHANTABILITY OR FITNESS.

EXCEPT FOR SELLER'S REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS AND GUARANTEES EXPRESSLY STATED IN THE AGREEMENT AND IN ANY OTHER DOCUMENT PROVIDED FOR OR CONTEMPLATED HEREUNDER: (A) SELLER HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING, OR WITH RESPECT TO THE PROPERTY, INCLUDING WITHOUT LIMITATION WITH RESPECT TO THE CONDITION AND SUITABILITY OF PERMANENT PLANTINGS, SOILS AND

DRAINAGE FOR THE GROWING OF AGRICULTURAL CROPS OR OTHER USES, OR THE QUANTITY OR QUALITY OF WATER AVAILABLE TO THE PROPERTY, IF ANY; (B) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY (INCLUDING THE PERSONAL PROPERTY), AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS, WHERE IS" CONDITION AND BASIS WITH ALL FAULTS, AND SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS, ALTERATIONS OR IMPROVEMENTS TO THE PROPERTY; (C) EXCEPT AS MAY OTHERWISE BE EXPRESSLY STATED IN THIS AGREEMENT, SUCH "AS-IS" CONDITION INCLUDES, WITHOUT LIMITATION, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS, TOXIC SUBSTANCES, WASTE MATERIALS OR OTHER SIMILARLY DESIGNATED SUBSTANCES OR MATERIALS (INCLUDING, WITHOUT LIMITATION, OIL AND OTHER PETROLEUM PRODUCTS), AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (D) PURCHASER ASSUMES THE RISK OF ADVERSE PHYSICAL CONDITIONS AFFECTING THE PROPERTY AND/OR ITS DEVELOPMENT, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL CONDITIONS, WHICH PURCHASER DISCOVERED OR FAILED TO DISCOVER AS A RESULT OF ITS INVESTIGATIONS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SUCH "AS-IS" CONDITION EXTENDS TO LATENT AND PATENT DEFECTS AND CONDITIONS; AND (V) TO THE MAXIMUM EXTENT PERMITTED BY LAW, PURCHASER WAIVES ANY AND ALL STATUTORY RIGHTS FOR THE BENEFIT OF PURCHASER WITH RESPECT TO LATENT AND PATENT DEFECTS AND CONDITIONS AFFECTING THE LAND.

Seller and Purchaser have each initialed this Section 13(b) to further indicate their awareness and acceptance of each and every provision hereof.

Purchaser Initials

Seller Initials

(c) Except as to claims for breach or default by Seller of its obligations, representations, warranties, promises, covenants, agreements and guaranties under this Agreement, Purchaser, on its own behalf, and on behalf of anyone claiming by, through, or under Purchaser, hereby waives its right to recover from and fully and irrevocably releases Seller and each of its constituent members, and its and their managers and affiliates and all of their respective members, managers, partners, officers, agents, representatives, employees and all of their respective successors and assigns ("**Released Parties**") from any and all claims that it may now have or thereafter acquire against any of the Released Parties for any claims, costs, losses, liabilities, damages, expenses, demands, actions or causes of action arising from or in any way related to any property defects, errors, omissions or other conditions, latent or otherwise (including, without limitation, environmental contamination, risks, conditions and matters), related to or affecting the Property (or any portion thereof) and/or any improvements located on or serving the Property (or any portion thereof). This release includes claims of which Purchaser is presently unaware or which Purchaser does not presently suspect to exist which, if known by

notify Purchaser in writing. In the event said damage results in damage of the improvements situated on the Property (which shall not include crops), in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00) or greater, Purchaser shall have the right to elect within fifteen (15) days from and after such notice, by written notice, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect except for the provisions that by their terms, survive the termination; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such damage, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above. In the event less than One Hundred Thousand and No/100 Dollars (\$100,000.00) of damage to the improvements situated on the Property exists, this Agreement shall remain in full force and effect, but, at Closing, Seller shall transfer and assign to Purchaser all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss.

16. Condition of Property. Subsequent to the Effective Date and prior to Closing, Seller shall maintain the Property in accordance with its past practices and ordinary maintenance, but shall not be required to provide any extraordinary maintenance.

17. Operations. After the Effective Date and prior to the Closing Date, Seller shall neither enter into any new, nor terminate, modify, extend, amend or renew any existing, lease or service, management, maintenance, repair, employment, union, construction, leasing or other contract or agreement affecting the Property unless Purchaser has approved the same in writing. Seller shall cause any Contracts which Purchaser elects in its discretion not to assume to be cancelled at or before Closing.

18. Notice. Notices provided for in this Agreement must be (i) delivered personally, (ii) sent by registered or certified mail, postage prepaid, return receipt requested, (iii) sent via a reputable express courier, or (iv) sent by electronic mail during normal business hours with a confirmation copy delivered by another method permitted by this Section 18 other than facsimile, addressed as set forth below. Notice sent by U.S. mail is deemed delivered three days after deposit with the U.S. Postal Service. Notice sent by a reputable express carrier is deemed received on the day receipted for by the express carrier or its agent. Notice sent via electronic mail is deemed delivered upon the entrance of such electronic mail into the information processing system designated by the recipient's electronic mail address set forth below. The addresses of the parties to which notices are to be sent shall be Purchaser's Address or Seller's Address, as applicable, as set forth in Section 1 above. Any party shall have the right from time to time to change the address to which notices to it shall be sent to another address, and to specify two additional addresses to which copies of notices to it shall be mailed, by giving to the other party at least ten (10) days prior notice of the changed address or additional addresses.

19. Remedies. IF THIS TRANSACTION FAILS TO CLOSE BY REASON OF PURCHASER'S WRONGFUL FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, THE EARNEST MONEY SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES, THE PARTIES HEREBY ACKNOWLEDGING THAT SELLER'S ACTUAL DAMAGES IN SUCH CIRCUMSTANCES WOULD BE DIFFICULT, IF NOT IMPOSSIBLE, TO DETERMINE, AND THAT THIS LIQUIDATED DAMAGES PROVISION IS NOT UNREASONABLE UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE. SELLER EXPRESSLY ACKNOWLEDGES AND AGREES THAT RETENTION OF THE EARNEST MONEY AS PROVIDED FOR HEREIN SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER. BY THEIR INITIALS HERETO, SELLER AND PURCHASER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

Seller

Purchaser

IF THIS TRANSACTION FAILS TO CLOSE FOR ANY REASON OTHER THAN PURCHASER'S WRONGFUL FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER, THE EARNEST MONEY SHALL PROMPTLY BE REFUNDED TO PURCHASER. IN THE EVENT SELLER FAILS OR REFUSES TO CONVEY THE PROPERTY IN ACCORDANCE WITH THE TERMS HEREOF OR OTHERWISE FAILS TO PERFORM ITS OBLIGATIONS HEREUNDER, PURCHASER SHALL HAVE THE RIGHT TO A REFUND OF ALL EARNEST MONEY, SPECIFIC PERFORMANCE AND ALL OTHER RIGHTS AND REMEDIES AVAILABLE AT LAW OR IN EQUITY FOR SELLER'S BREACH, ALL OF WHICH ARE RESERVED, CUMULATIVE, AND NONEXCLUSIVE. SELLER WAIVES THE RIGHT TO ASSERT THE DEFENSE OF THE LACK OF MUTUALITY IN ANY SUIT FOR SPECIFIC PERFORMANCE INSTITUTED BY PURCHASER. NOTWITHSTANDING THE FOREGOING, PURCHASER SHALL ALSO BE ENTITLED TO OBTAIN ITS ATTORNEYS' FEES AND COSTS IN CONNECTION WITH ENFORCING ITS RIGHTS AND REMEDIES UNDER THIS AGREEMENT.

20. Time of Essence. Time is of the essence of this Agreement.

21. Closing Documents. At or prior to Closing, each party shall deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction contemplated hereby.

Seller also shall execute and deliver to the Title Company at Closing, for it to hold in escrow pending Purchaser's payment of the Purchase Price and other required deliveries to escrow as described below in this Section 21: (i) the Deed; (ii) a certificate with respect to Section 1445 of the Internal Revenue Code stating, among other things, that Seller is not a foreign corporation as defined in the Internal Revenue Code and I.R.S. Regulations; (iii) the General Assignment substantially in the form attached hereto as Exhibit D; (iv) Seller's

representation and warranty date down certificate under Section 11; (v) the Lease; (vi) Banked Water Documents, and (vii) such other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, as reasonably requested by the Purchaser or Title Company, including without limitation a standard title company owner's affidavit.

22. Entire Agreement. This Agreement constitutes the entire agreement of the parties and may not be amended except by written instrument executed by Purchaser and Seller. All prior understandings and agreements between the parties are deemed merged herein.

23. Headings. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.

24. Possession. Seller shall deliver actual possession of the Property at Closing.

25. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

26. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns as the case may be, and Purchaser shall have the right to assign its rights hereunder and thereafter be released from any further liability hereunder.

27. Surviving Clauses. The provisions of this Agreement relating to Purchaser's indemnification with respect to its entering upon the Property as set forth in Section 13 prior to Closing, Seller's representations, covenants, warranties in Section 11, Purchaser's representations, covenants, and warranties in Section 11.1, Seller's agreement to cooperate with a Rule 3-14 audit, and Seller's covenant not to encumber the Property subsequent to the date hereof, and the mutual covenants of Seller and Purchaser to indemnify each other, as the case may be, as set forth in Sections 12 and 13, shall not merge into the Deed but instead shall survive any Closing pursuant to this Agreement. Except as set forth in the preceding sentence or as otherwise expressly set forth herein, no other provision of this Agreement shall survive the Closing of this transaction provided, however, that any action, suit or proceeding with respect to the truth, accuracy or completeness of any such representations and warranties shall be commenced, if at all, on or before the date which is eighteen (18) months after the date of the Closing and, if not commenced on or before such date, thereafter will be void and of no force or effect.

28. Tax Deferred Exchange. Either party may structure the purchase or sale of the Property as a like kind exchange under Internal Revenue Code Section 1031, at the exchanging party's sole cost and expense. The non-exchanging party shall reasonably cooperate therein, provided that the non-exchanging party shall incur no material costs, expenses or liabilities in connection with the exchanging party's exchange, and the non-exchanging party shall not be required to take title to or contract for purchase of any other property. If the exchanging party uses a qualified intermediary to effectuate the exchange, any assignment of the rights or obligations of the exchanging party hereunder shall not relieve, release or absolve the

exchanging party of its obligations to the non-exchanging party hereunder. The exchanging party shall reimburse the non-exchanging party for all reasonable out-of-pocket expenses, if any, incurred by the non-exchanging party in effectuating the exchanging party's exchange. The Parties agree that if ability of Seller to engage in a tax-deferred like kind exchange is going to be denied or limited as a result of a change in or repeal of Section 1031 of the Internal Revenue Code, they will accelerate the Closing if they can agree on a mutually acceptable date determined by Buyer in its sole and absolute discretion, prior to the effective date of such change in the law.

29. Non-Solicitation. From and after the Effective Date, Seller shall not market the Property for sale, or solicit or accept any back-up offers with respect to the sale of the Property.

30. Rule 3-14 Audit. Seller agrees to reasonably cooperate, at no liability, cost or expense to Seller, with Purchaser in connection with any Rule 3-14 audit that Purchaser may conduct with respect to the Property within one year after the Closing Date.

31. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. Unless otherwise specified, the last day of any period of time described herein shall be deemed to end at 5:00 p.m. local time in the state in which the Property is located.

32. Counterparts. This Agreement may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

33. Attorney's Fees; Pre-litigation Dispute Resolution. Each Party shall pay the fees and expenses of its own attorneys in connection with the preparation, negotiation and execution of this Agreement.

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure.

If the Parties are unsuccessful in resolving the dispute by mediation and either Party institutes an arbitration, state court action, federal court action or other proceeding arising out of or relating to this Agreement, the prevailing Party, as designated by the arbitration panel, court or tribunal, shall be entitled to recover from the other Party all costs and expenses (expressly including, but not limited to, reasonable attorneys' fees and expert witness fees), incurred by the prevailing Party in connection with such arbitration, action or proceeding.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/ David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

KING AND GARDINER FARMS, LLC, a California limited liability
company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)

Its: Manager

By: /s/Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/Keith Gardiner
^{1,2} Keith Gardiner, Manager

¹ **NTD:** Seller to confirm these signature blocks.

² **NTD:** Seller to confirm no additional co-manager signature required.

EXHIBIT A

LAND

Phase 2

The following parcel located in Kern County, California:

APN 088-140-03-00

EXHIBIT B

PERSONAL PROPERTY

400 HP electric motor on ag well with a 18 inch casing

125 HP electric motor on ag well not currently in use

245' x 280' reservoir, 4 sets of 6 sand media filters, 3 boosters, a gypsum silo, and Sulphur system

200 HP electric motor on ag well with a 16 inch casing

150 HP electric motor on ag well with a 14 inch casing

EXHIBIT C

DUE DILIGENCE MATERIALS

Seller to provide the following information in their possession with respect to the property on or before the deadlines set forth below based on the number of days after the Effective Date (PSA signing date). Digital Copies are preferred.

	<u>Item</u>	<u>Description</u>	<u>Date Due</u>
(A)	Title Policy	Any prior title commitments or title policies	1 Day
(B)	Financial Statements	Copies of financial statements for the Tenant for the past four (4) years	5 Days
(C)	Survey	Any past surveys or similar engineering reports	5 Days
(D)	Appraisal	Any past appraisals	5 Days
(E)	Environmental Assessment	Any environmental assessment reports, such as a Phase I, or similar studies	5 Days
(F)	Irrigation	Inventory and description of all the irrigation equipment	5 Days
(G)	Buildings & Equipment	Inventory and description of all the buildings and other equipment included in the sale	5 Days
(H)	Water & Wells	A list of all wells, pumps, reservoirs, etc., including their size and output, located on or utilized by Property. Any well, pump, and water quality tests done over the past three (3) years	5 Days
(I)	Water Rights	Copies of all certificates, applications, permits or other documents related to or evidencing Water Rights	5 Days
(J)	Property Maps	All irrigation maps, soil maps, and planting maps with varieties (if applicable)	5 Days
(K)	Production Records	Crop production records for up to the past 4 years and any available budgets or income and expenses statements	10 Days
(L)	Improvement Summary	Buyer shall work with Seller to complete an Excel that summarizes all the Property's improvements including the location and age of all pumps, wells and buildings	50 Days
(M)	Insurance	Copies of insurance policies and certificates, including liability and property damage coverage	10 Days
(N)	Crop Insurance	Any crop insurance records available for the past four (4) years	10 Days
(O)	Taxes	Real estate tax bills, assessments, and statements for the current year and the previous two (2) years	10 Days
(P)	Utility Bills	Utility bills for the current year and previous two (2) years	10 Days
(Q)	Contracts & Leases	Copies of any Contracts or Leases, including any amendments or proposed amendments	10 Days
(R)	Interest Claims	Copies of all notices and correspondence received from third-parties claiming an interest or right in and to the Property	10 Days
(S)	Government Payments	Any records of government, crop insurance, or other similar payouts	10 Days
(T)	Government Notices	Any information in Seller's possession from any governmental agency or authority, including all notices and correspondence, regarding the Property or adjacent properties	10 Days
(U)	Warranties	Copies of any warranties relating to any Improvements or Equipment included in the sale	10 Days

EXHIBIT D

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is entered into as of the ____ of _____, 2021, between _____ ("Assignor"), and _____, a Delaware limited partnership ("Assignee").

1. Purchase Agreement; Defined Terms. This Assignment is being executed and delivered pursuant to that certain Agreement of Purchase and Sale between Gladstone Land Corporation, a Maryland corporation, as assigned to Assignee as Purchaser, and Assignor, as Seller, dated as of _____, 2020 (as modified and amended from time to time, the "Purchase Agreement"). Any capitalized term used but not otherwise defined herein shall have the meaning set forth in the Purchase Agreement.

2. Assignment and Conveyance. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby bargains, sells, conveys, grants, transfers and assigns to Assignee the entire right, title and interest of Assignor in and to the following in accordance with the terms and conditions of the Purchase Agreement:

- i. All Personal Property;
- ii. All warranties, guarantees, bonds, licenses, building permits, certificates of occupancy, zoning certificates, and other governmental permits and licenses to and in connection with the construction, development, ownership, use, operation or maintenance of the Property or any part thereof, to the extent the same are assignable; and
- iii. All Water Rights.

3. Indemnity. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all claims, damages, demands, causes of action, liabilities, judgments, losses, costs and expenses (including but not limited to reasonable attorneys' fees) asserted against or incurred by Assignee caused by the failure of Assignor to perform any obligation under any of the Contracts.

4. Power and Authority. Assignor represents and warrants to Assignee that it is fully empowered and authorized to execute and deliver this Assignment, and the individual signing this Assignment on behalf of Assignor represents and warrants to Assignee that he or she is fully empowered and authorized to do so.

5. Attorneys' Fees. If either Assignee or Assignor or their respective successors or assigns file suit to enforce the obligations of the other party under this Assignment, the prevailing party shall be entitled to recover the reasonable fees and expenses of its attorneys.

6. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

7. Counterparts. This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument.

8. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment the day and year first above written.

ASSIGNOR

By: _____
Title: _____

ASSIGNEE

EXHIBIT E
LEASE TERM SHEET

Attached.

EXHIBIT F
DISCLOSURE OF BROKER RELATIONSHIPS

Attached.

29279977.v6

**FIRST AMENDMENT
TO
AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 2)**

THIS FIRST AMENDMENT (the “Amendment”) is made as of the 2nd day of March 2020 (the “Effective Date”), between **V Lions Farming, LLC**, a California limited liability company (“V Lions”) formerly called King and Gardiner Farms, LLC, a California limited liability company, and **Gardiner Family, LLC**, a California limited liability company (“GF LLC”) (“V Lions and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). This Amendment is made with respect to the following facts and circumstances:

- A. Seller and Purchaser are the parties named as such in that certain Agreement of Purchase and Sale dated as of January 27, 2021 (the “Agreement”).
- B. Since executing the Agreement, King and Gardiner Farms, LLC has changed its name to V Lions Farming, LLC.
- C. The parties desire to amend the Agreement to reflect the change of name.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. Change of Name. The parties acknowledge and agree to the change of name of King and Gardiner Farms, LLC to V Lions Farming, LLC, and the Agreement is hereby amended to reflect the change of name.
- 2. No Other Change. V Lions hereby represents and warrants that (a) King and Gardiner Farms, LLC has undergone no further changes from the date of the Agreement, (b) its members, managers, assets and liabilities remain unchanged (except as such assets and liabilities may have changed in the ordinary course of business) and (c) V Lions Farming, LLC is the same company as King and Gardiner Farms, LLC except for the change of its name.
- 3. Counterparts. This Amendment may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.
- 4. Reaffirmation. Except as expressly amended by this Amendment, the parties hereby reaffirm the terms and provisions of the Agreement all of which remain in full force and effect.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/ David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

V LIONS FARMING, LLC, a California limited liability company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)

Its: Manager

By: /s/ Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/ Keith Gardiner
Keith Gardiner, Manager

**AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 3)**

THIS AGREEMENT (the “Agreement”) is made as of the 27th day of January 2021 (the “Effective Date”), between **King and Gardiner Farms, LLC**, a California limited liability company (“K and G”) and **Gardiner Family, LLC** a California limited liability company (“GF LLC” and collectively with K and G, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). Notwithstanding its inclusion as a “Seller”, GF LLC is a party only for the purpose of conveying the Banked Water as herein defined and provided. Its involvement including in the representations of Seller is strictly limited to the conveyance of the Banked Water.

WHEREAS, Seller has agreed to sell and Purchaser has agreed to purchase the Property (as hereinafter defined);

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Certain Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

“Banked Water” shall mean 40,272 acre feet of water banked in the ground with the Semi Tropic Water Storage District and owned by GF LLC.

“Banked Water Documents” shall mean the Semi Tropic Water District letter of February 19, 2019 and the Gardiner Family Water Banking Agreement dated March 3, 2019.

“Broker” shall mean Strong Holdings, Inc. doing business as Keller Williams Fresno, its agents and officers.

“Broker’s Address” shall mean

Strong Holdings, Inc. doing business as Keller Williams Fresno, a California corporation (DRE 1864461)

Cameron Kay, Broker Associate (DRE #01932246)

(559) 577-2062 (Cameron Kay)

Email: ckay@caagproperties.com (Cameron Kay)

740 W. Alluvial Ave. #102

Fresno, CA 93711

“Broker Disclosures” means the statutory disclosures attached hereto as Exhibit F.

“Closing Date” shall mean the date that is one hundred and ninety (190) days following the expiration of the Inspection Period, or such earlier date as the parties may agree.

“Contracts” shall mean, collectively, any and all leases, service, maintenance, management or other contracts or agreements with third parties relating to or affecting the Property.

“Due Diligence Materials” shall mean those materials and information more particularly described on Exhibit C attached hereto and incorporated by reference herein.

“Earnest Money” shall mean the sum of Two Hundred Fifty Thousand and NO/100 Dollars (\$250,000.00), together with all interest accrued thereon.

“Escrow Phase 1” shall mean the escrow established at the Title Company to close Seller’s sale of APNs 088-130-01, 088-130-02-00, 088-130-03-00 and 088-130-04-00 by K and G and GF LLC (with respect to Banked Water), to Purchaser.

“Escrow Phase 2” shall mean the escrow established at the Title Company to close Seller’s sale of APN 088-140-03-00 by Seller by K and G and GF LLC (with respect to Banked Water), to Purchaser.

“GAP” shall mean good agricultural practices.

“Government Payment” shall mean all federal, state and local government payments, benefits and entitlements associated with or applicable to the Property or any crops grown thereon, including without limitation any applicable direct payments or counter-cyclical payments under the Farm Security and Rural Investment Act of 2002, as amended.

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on the date that is one hundred (100) days after the Effective Date. Notwithstanding the foregoing, Purchaser may extend the Inspection Period by fifteen (15) additional days by written notice to Seller prior to expiration of the initial Inspection Period.

“Improvements” shall mean all buildings, structures, gates, fences, roads, levees, ditches, grain bins, silos, other storage bins, together with all other appurtenances or other facilities currently existing on the Property, including without limitation all Irrigation Equipment.

“Irrigation Equipment” shall mean all below ground, surface and above ground irrigation equipment at the Property, including without limitation water wells, structures, pumps, motors, casings, risers, above and below ground pipes and pipelines, culverts, overhead or drip irrigation equipment, and pivot irrigation equipment, and all related power and control units and systems, as applicable. All the Irrigation Equipment shall be deemed to be part of the Improvements to be conveyed to Purchaser.

“Land” shall mean shall mean that certain real property located in Kern County, State of California, comprising approximately 1,272.72 gross acres with such acreage derived from Kern

County Assessor's records (including, without limitation, approximately 600.6 acres planted to pistachios and approximately 616.9 acres planted to almonds), as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together with trees located thereon and all other rights (including without limitation timber rights and development rights but excluding mineral rights which shall be retained by Seller,) provided that Seller will exercise its rights to explore, develop and extract such minerals in a manner that has as little negative impact on the Land and its operation as reasonably possible and provided further that Seller will reimburse Purchaser on an acre by acre basis for any damage to or loss of the use of the Land or Improvements resulting from the exercise of such rights.

"Lease" shall mean an agricultural lease to be entered into by Purchaser, or its assignee, and Tenant, in a mutually acceptable form, on substantially the terms set forth in the term sheet attached hereto as Exhibit E.

"Necessary Easements" shall mean easements for ingress and egress over the Land appurtenant to the Escrow Phase 1 and/or Phase 2 as described in Section 5 below.

"Personal Property" shall mean any personal property used by Seller in conducting farming operations at the Property that will be conveyed to Purchaser as part of this transaction, if any, that is described on Exhibit B attached hereto and incorporated by reference herein and shall not include the Solar Array.

"Property" shall mean the Land, Improvements, and any Personal Property, specifically including without limitation the Banked Water and all other Water Rights. Notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the crop currently growing on the Land is not a part of the Property to be conveyed at Closing, and the owner thereof, shall be entitled to retain such current crop of almonds and pistachios and all revenue generated from the sale of the same. Seller will retain ownership of the Solar Array until the seventh(7th) anniversary of the Close of Escrow at which time it will convey ownership of the Solar Array to Buyer as provided in Paragraph 2 below.

"Purchase Price" shall mean the total amount of Forty-Eight Million Three Hundred Twenty-Six Thousand and NO/100 dollars (\$48,326,000.00), subject to adjustment as set forth in this Agreement.

"Purchaser's Address" shall mean:

Gladstone Land Corporation
Attention: Bill Reiman
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(805) 377-7701 (T)

Email: bill.r@gladstoneland.com

With copy to:

Gladstone Land Corporation
Attn: Joseph Van Wingerden
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(703) 287-5914 (T)
(703) 287-5915 (F)
Email: joe.v@gladstoneland.com

With additional copy to:

Bass Berry & Sims PLC
Attention: Robert P. McDaniel, Jr.
100 Peabody Place, Suite 900
Memphis, TN 38103
(901) 543-5946 (T)
(888) 765-6437 (F)
Email: rmcdaniel@bassberry.com

“Seller’s Address” shall mean:

Pacific Ag Management
Attention: Keith Gardiner
29341 Kimberlina Road
Wasco, CA 93280
Phone: 681-587-2250
Email: kgardner@pacificag.net

With a copy to:

Hal H. Bolen II
Bolen Fransen Cutts LLP
5088 N. Fruit Street #101
Fresno, CA 93711
Phone: 559-226-8177
Fax: 559-227-4971
Email: hbb@bolenfransen.com

“Solar Array” shall mean two Cal Com solar installations with 1081-2 kw DC PV arrays and 3,520 modules, one located on the Land and the other located on land leased by the Seller,.

“Tenant” shall mean an entity to be formed that is owned and controlled by Keith Gardiner, and a co-tenant of sufficient net worth to be acceptable to Purchaser as tenant under the Lease. In lieu of a co-tenant, Keith Gardiner may substitute a full and complete guaranty of all of the Tenant’s duties and obligations under the Lease acceptable to the Purchaser.

“Title Company” shall mean:

Chicago Title Insurance Company
Attn: Melodie T. Rochelle
2701 Emerywood Parkway, Suite 200
Richmond, Virginia 23294
(804) 521-5713 (T)
(804) 521-5756 (F)
Email: melodie.rochelle@fnf.com

“Water Rights” shall mean the Banked Water and, to the extent they are owned by Seller and appurtenant to the Property, all groundwater rights (whether overlying, appropriative, prescriptive or equitable), all rights or entitlements afforded to the Property under the Sustainable Groundwater Management Act, and the right to any water made available by the Semi Tropic Water Storage District as a district-wide water supply to any portion of the Property located within such district. Other than the Banked Water, “Water Rights” shall not include any separate contractor rights to use or acquire water supplies held by Seller which are not tied to the Land.

2. Property. Seller hereby agrees to sell and Purchaser, or its designee, hereby agrees to purchase from Seller the Property at the Close of Escrow. Seller shall retain the ownership of the Solar Array until the seventh (7th) anniversary of the Close of Escrow at which time it will be conveyed to Purchaser for the payment of Ten Thousand and 00/100ths Dollars (\$10,000.00) to Seller.

3. Earnest Money. Within three (3) business days after Effective Date, Purchaser shall deposit the Earnest Money with the Title Company by wire transfer or certified or cashier’s check. The Earnest Money shall be refundable to Purchaser in accordance with the terms, provisions and conditions of this Agreement or released to Seller as Liquidated Damages in the event of Purchaser’s default as provided in Section 19 below.

4. Purchase Price. At the Closing, defined below, all Earnest Money shall be applied to the Purchase Price, and the balance of the Purchase Price, subject to adjustments for credits and debits as set forth in this Agreement, shall be deposited by Purchaser in good funds by wire transfer to the Title Company.

5. Inspection Period; Refund of Earnest Money; Due Diligence Materials.

(a) Purchaser shall have until the expiration of the Inspection Period to make such determinations with respect to the Property as Purchaser deems appropriate and to elect to either continue or terminate this Agreement, in Purchaser’s sole and absolute discretion, for any reason or no reason. Purchaser may terminate this Agreement, and receive a full refund of the Earnest Money, less \$10.00 to be retained by Seller as consideration for entering into this Agreement, by delivering written termination notice to Seller at any time prior to expiration of the Inspection Period. If Purchaser does not so terminate this Agreement, the Earnest Money shall thereafter be refundable to Purchaser only as expressly otherwise set forth in this Agreement, and this Agreement shall remain in effect. The terms and provisions of this

Paragraph 5 (a) shall survive and be enforceable notwithstanding the Close of Escrow, recordation of the Grant Deed or termination of this Agreement for any reason.

(b) Within five (5) days after the Effective Date, Seller shall deliver to Purchaser at Seller's sole expense the Due Diligence Materials. If Purchaser fails to purchase the Property for any reason, it will return all of the Due Diligence Materials and all copies thereof. Purchaser will keep the Due Diligence Materials confidential and disclose them only to such attorneys, accountants, lenders and advisors as shall be necessary, in Purchaser's reasonable discretion, to properly evaluate them. Seller shall also promptly provide any other documents or information in Seller's possession or control relating to the Property or any Contract, that is reasonably requested by Purchaser.

6. Costs and Prorations.

(a) Purchaser shall pay the costs of any Survey obtained by Purchaser pursuant to Section 9 hereof, and the costs of any Phase I environmental report and all other inspections and work performed or obtained by or for Purchaser in connection with its inspection of the Property. Seller shall pay for preparation of the grant deed, all documentary or transfer taxes, and recording costs applicable to the grant deed, the premium for Purchaser's CLTA Title Policy, defined below, and any costs of production of the title search or abstract for the Property. Purchaser shall pay all expenses incident to any financing obtained for the purchase of the Property, including but not limited to any endorsement to the Title Policy or a separate lender's policy of title insurance required by Purchaser's lender, the premium for all endorsements to the Title Policy that Purchaser desires to obtain, and, notwithstanding the foregoing or anything herein to the contrary, the increase in the premium for the Title Policy resulting from Purchaser's election to obtain a 2006 ALTA form policy rather than a CLTA form policy. All other closing costs shall be borne in accordance with the custom in Kern County, California.

(b) The following shall be prorated between the parties as of the Closing Date: (i) ad valorem property taxes constituting a lien against the Property for the year in which the Closing occurs and all other unpaid assessments with respect thereto, and (ii) utilities, and operating expenses for the Property for the calendar month (or other applicable period if such rents or other tenant charges are not paid monthly) in which Closing occurs. In the event such proration is based upon a previous year's taxes or assessment, after Closing, at such time as any of the taxes or assessments are capable of exact determination, the party having the information permitting the exact determination shall send to the other party a detailed report of the exact determination so made. Within thirty (30) days after both Seller and Purchaser shall have received such report, Seller and Purchaser shall adjust the amounts apportioned pursuant to the estimates made at Closing to reflect the exact determinations contained in the report, and Seller or Purchaser, as the case may be, shall pay to the other whatever amount shall be necessary to compensate for the difference. Notwithstanding the foregoing, the Lease is intended to "pass through" all of the foregoing costs and expenses to Tenant under the Lease, after Closing.

7. Conditions Precedent to Purchaser's Obligations. Seller acknowledges that as a condition precedent to Purchaser's obligations hereunder, the following shall occur on or before the Closing Date (or any earlier date indicated below), any of which conditions may be waived by Purchaser in its sole discretion:

(a) Purchaser shall have received a current Phase I environmental assessment satisfactory to Purchaser prepared by a competent licensed environmental engineer satisfactory to Purchaser which is up to date and current as of thirty (30) days (or less) prior to Closing.

(b) There shall have been no material adverse change to the condition of the Property or the financial condition of Tenant from the Effective Date to Closing.

(c) At or prior to Closing, the Tenant shall have executed and delivered the Lease to Purchaser, such Lease shall be in full force and effect in accordance with its terms and conditions, and there shall have been no default, event of default or act or omission which, with the giving of notice or passing of time would constitute an event of default, thereunder.

(d) The Title Company shall be irrevocably committed to issue upon Closing a 2006 ALTA form Owner's Policy of Title Insurance (the "Title Policy"), as evidenced by a "marked up" Title Commitment, defined below, insuring Purchaser as owner of fee simple title to the Property subject only to Permitted Exceptions, in the amount of the Purchase Price, and containing such endorsements as Purchaser shall have requested.

(e) Subject to Sections 14 and 15 below, there shall have been no material adverse change in the condition of any of the Property (including without limitation any Improvements) after expiration of the Inspection Period and prior to the Closing Date.

(f) Each and every representation and warranty of Seller set forth in Section 11 shall be true and correct in all material respects, and Seller shall not be in default under any of its other obligations under this Agreement, as of Closing.

7.1 Conditions Precedent to Seller's Obligations. Purchaser acknowledges that as a condition precedent to Seller's obligations hereunder, the following shall occur on or before the Closing Date (or any earlier date indicated below), any of which conditions may be waived by Seller in its sole discretion:

(a) Purchaser has performed all of its obligations under this Agreement, including delivering the Earnest Money Deposit and the balance of the Purchase Price and Purchaser's share of Closing Costs into Escrow as herein provided.

(b) Purchaser is not in default under the material terms of this Agreement.

(c) At or prior to Closing, the Purchaser as Landlord shall have executed and delivered the Lease to Seller and Tenant, and such Lease shall be in full force and effect in accordance with its terms and conditions.

(e) Each and every representation and warranty of Purchaser set forth in Section 11.1 shall be true and correct in all material respects, and

(f) Purchase and Sale Agreements similar to this one with respect to Escrow Phases 1 and 2 shall have been executed by Seller and Purchaser, and/or Gardiner Family, LLC

and/or V Lions Operations, L. P. (the “Escrow Phase 1 Purchase Agreement” and the “Escrow Phase 2 Purchase Agreement”).

7.2 Failure or Waiver of Conditions Precedent; Termination of the Escrow Phase 1 Purchase Agreement or the Escrow Phase 2 Purchase Agreement. In the event that any of the conditions precedent set forth in Sections 7 or 7.1 herein are not satisfied or waived on or before the Closing Date, the party that benefited by such condition(s) may, by written notice to the other party, terminate this Agreement, whereupon the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement; provided, however, that if such conditions have not been satisfied due to a default by either party, the other party may instead pursue its remedies under Section 19, subject to any applicable notice and cure provisions. Either party may, at its election, at any time or times on or before the Closing Date, waive in writing the benefit of any of the conditions set forth in Sections 7 and 7.1 herein. In the event either the Escrow Phase 1 Purchase Agreement and/or the Escrow Phase 2 Purchase Agreement is terminated prior to the Closing (as defined in the Escrow Phase 1 Purchase Agreement and the Escrow Phase 2 Purchase Agreement) for any reason, other than due to an uncured Purchaser (as defined in the Escrow Phase 1 Purchase Agreement and the Escrow Phase 2 Purchase Agreement) default to the extent such termination is expressly permitted by the Escrow Phase 1 Purchase Agreement or the Escrow Phase 2 Purchase Agreement (as applicable), this Agreement shall automatically terminate whereupon the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or liabilities hereunder except for those provisions that survive the termination of this Agreement.

8. Closing; Deed.

(a) Subject to all preconditions set forth herein, the closing or settlement (“Closing”) of the transaction contemplated hereby, unless terminated in accordance with this Agreement or as otherwise agreed upon by Purchaser and Seller, shall be held via the mails, through the Title Company at 10:00 a.m. on the Closing Date or such other place and time as the parties may agree in writing.

(b) At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by grant deed acceptable to Purchaser and the Title Company (the “Deed”), subject to (i) standard exceptions for real property taxes not yet due and payable, and (ii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 10 below (the “Permitted Exceptions”). Permitted Exceptions shall include the Necessary Easements if they become recorded as herein provided. The Land description in the Deed shall be the property description from Seller’s vesting deed(s); and further provided, that if Purchaser obtains a Survey of the Property, Seller also agrees to execute and deliver a recordable Quit Claim Deed to Purchaser at Closing using the Survey description.

9. Survey. During the Inspection Period, Purchaser, at Purchaser’s expense, may cause a survey of the Property to be prepared by a surveyor selected by Purchaser (“Survey”).

10. Title. During the Inspection Period, Purchaser shall procure a title insurance commitment in the amount of the Purchase Price covering the Property issued by the Title Company (the "Title Commitment") and furnish a copy thereof to Seller. Purchaser shall have until the expiration of the Inspection Period to object to any matters shown on the Title Commitment or Survey by written notice to Seller ("Title Objection Notice"). Purchaser may also object to any new matters thereafter revealed by a title or survey update by subsequent Title Objection Notice(s) to Seller. Within five (5) business days after receipt of a Purchaser's Title Objection Notice, Seller shall either (i) deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure, or (ii) cure or satisfy such objections (or commence to cure or satisfy such objections as long as Seller reasonably believes such objections may be cured or satisfied at least two (2) business days prior to Closing). In the event that Seller does not deliver written notice to Purchaser of any title or Survey objections which Seller elects not to cure within such five (5) day period, Seller shall be deemed to have elected to not cure all such objections. Within five (5) business days after receipt of Seller's written notification that Seller elects not to cure a title or Survey objection, Purchaser may terminate this Agreement and receive a full refund of the Earnest Money by delivering written notice thereof to Seller. If Purchaser does not so terminate this Agreement, then any such title or Survey objection which Seller elects not to cure shall be deemed waived by Purchaser and shall be an additional Permitted Exception. If any objection which Seller elects to cure is not satisfied by Seller at least two (2) business days before the scheduled date of Closing, Purchaser shall have the right to terminate this Agreement, in which case the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or duties under this Agreement. If Seller does cure or satisfy the objections at least two (2) business days prior to Closing, then this Agreement shall continue in effect. Any exception to or defect in title which Purchaser shall elect to waive, or which is otherwise acceptable to Purchaser, shall be deemed an additional Permitted Exception to title at Closing. Seller covenants and agrees not to alter or encumber in any way Seller's title to the Property after the date hereof. Notwithstanding anything in this Agreement to the contrary, Seller shall cause any deed of trust, mortgage, deed to secure debt, judgment or other lien for a liquidated sum encumbering the Property to be released at or before Closing provided that, any such obligations actually satisfied and released by application of Purchaser's funds at the Closing will be deemed to have been cured by Seller at least two (2) business days prior to Closing and shall not be a justification for Purchaser to terminate this Agreement.

11. Seller's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Seller's date down certificate to be provided at Closing), Seller represents, warrants and covenants to Purchaser that:

(a) Other than the Lease, there will be no parties in possession of any portion of the Property as lessees, sub-lessees or otherwise, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. A true, complete and correct copy of any Contracts affecting the Property and any amendments thereto have been or will be furnished to Purchaser within five (5) days after the Effective Date as part of the Due Diligence Materials, and except as set forth on Schedule 11 (a), there are no Contracts which encumber or bind the Property or Seller which will be binding on Purchaser, or which Purchaser will be required to assume at

Closing, or which will encumber or bind the Property at or after Closing. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts (except for the Seller's obligation to pay a commission to Broker), and no commissions due, for leasing activities with respect to the Property.

(b) Seller shall cause Tenant to execute and deliver the Lease at or prior to Closing.

(c) The Seller has not received notice of any default (and Seller has no knowledge of any default) under any note, mortgage or deed of trust or other security interest or loan document or indebtedness related to or secured by the Property. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated and the compliance with the terms and provisions hereof will not conflict with or (with or without notice or the passage of time or both) result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, loan agreement or instrument to which the Seller is a party or by which the Seller or the Property is bound, any applicable regulation or any judgment, order or decree of any court having jurisdiction over the Seller or the Property.

(d) The Seller has not received any notice, nor does Seller have knowledge of any material violation of any ordinance, regulation, law, statute, rule or restriction relating to the Property.

(e) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any applicable debtor relief laws or any other litigation contemplated by or pending or to Seller's knowledge, threatened against the Seller or the Property.

(f) Each Seller entity has been duly organized and is validly existing under the laws of the State of California. Seller has the full right and authority to enter into this Agreement and to transfer all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Seller. The person signing this Agreement on behalf of Seller is authorized to do so. No other signatures or approvals are required to make this Agreement fully enforceable by the Purchaser with respect to the Seller or the Property. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Seller, enforceable in accordance with their respective terms.

(g) The Seller has and will convey to the Purchaser good, marketable and indefeasible title in fee simple to the Property and right to purchase the Banked Water, subject only to the Permitted Exceptions.

(h) Seller has no knowledge of any pending condemnation or similar proceeding or assessment affecting the Property or any part thereof, nor to the knowledge of the Seller is any such proceeding or assessment contemplated or threatened by any governmental authority. There will be no claim against the Property or Purchaser for or on account of work done, materials furnished, and utilities supplied to the Property prior to the Closing Date by or at

the request of Seller. To the best of Seller's knowledge, there are no public plans or proposals for changes in road grade, access, or other municipal improvements which would adversely affect the Property or result in any assessment; and no ordinance authorizing improvements, the cost of which might be assessed against Purchaser or the Property, is pending.

(i) Except as disclosed in the Due Diligence Materials or the Natural Hazards Disclosures, no Improvements on the Land are located within the area determined to be within any flood hazard areas, including the 100-year flood plain on the Flood Insurance Rate Map published by the Federal Emergency Management Agency and/or by the United States Army Corps of Engineers and/or Kern County and/or the State of California.

(j) Seller has not entered into any agreement to dispose of its interest in the Property or any part thereof, except for this Agreement.

(k) Seller is not a party to any litigation which is still pending, and Seller has no knowledge of any threatened litigation, affecting or relating to the Property.

(l) Neither the Seller, nor to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, et seq., as amended) or any other "super fund" or "super lien" law or any other Federal, State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. To Seller's knowledge, any storage tanks previously located on the Property (whether above ground or below ground), have been removed in accordance with the requirements of all applicable laws. Without limiting the other provisions of this Section 11(k), Seller has no knowledge of any release or spill of oil, fuel or any other substance stored in storage tanks of any kind on the Property that required reporting or formal cleanup under applicable law.

Seller hereby indemnifies and holds harmless Purchaser from and against any and all loss, expense (including without limitation reasonable attorney fees), liability, cost, claim, demand, action, cause of action and suit arising out of or in any way related to any breach of any representation, warranty, covenant or agreement of Seller in this Agreement.

For purposes of this Agreement, "Seller's knowledge" or "knowledge of the Seller" means the current actual knowledge without duty of investigation of Keith B. Gardiner.

11.1 Purchaser's Representations and Warranties. As of the date hereof and as of the Closing Date (as evidenced by Purchaser's date down certificate to be provided at Closing), Purchaser represents, warrants and covenants to Seller that:

(a) Purchaser has been duly organized and is validly existing under the laws of the State of Maryland. Purchaser has the full right and authority to enter into this Agreement and, at or prior to Closing shall have obtained all other approvals necessary to acquire all of the Property to be conveyed by Seller pursuant hereto and to consummate or cause to be consummated the transactions contemplated herein to be made by Purchaser. The person signing this Agreement on behalf of Purchaser is authorized to do so. No other signatures or approvals are required to make this Agreement fully enforceable against the Seller with respect to the Purchaser or the Property. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto) will constitute, the valid and legally binding obligations of Purchaser, enforceable in accordance with their respective terms.

12. Broker, Broker's Commission and Broker's Agency Election. Purchaser and Seller each represent and warrant to the other that, with the exception of the Broker set forth in this Section 12 engaged by Seller, such party has not incurred an obligation to any other broker or agent in connection with the transaction contemplated hereby. Seller shall pay Broker pursuant to a separate agreement by and between Seller and Broker and covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any real estate broker or agent in connection Seller's agreement with Broker. In addition, each party hereby covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any other real estate broker or agent in connection with this transaction. The provisions of this Section 12 shall survive the Closing of this transaction.

Purchaser and Seller hereby acknowledge that Broker has provided Purchaser and Seller each a Disclosure Regarding Real Estate Agency Relationship form (CAR form A.D.) and a Confirmation of Real Estate Agency Relationships as required by California Civil Code. These forms include the provisions of Civil Code sections 2079.13 to 2079.24. Purchaser and Seller each hereby acknowledge and confirm that Broker has elected to represent the Seller exclusively in this transaction. Purchaser and Seller are hereby advised that A REAL ESTATE BROKER IS NOT QUALIFIED TO ADVISE ON REAL ESTATE. IF BUYER OR SELLER DESIRE LEGAL ADVICE, CONSULT AN ATTORNEY. Purchaser in this transaction is and has been and will continue to be represented by independent legal counsel who has prepared and approved this Agreement.

Seller's Initials

Purchaser's Initials

13. Survey and Inspection; Condition of the Property; Release. (a) Provided that it shall have given reasonable prior notice to Seller, Purchaser and Purchaser's agents, employees and independent contractors shall have the right and privilege to enter upon the Property during the Inspection Period to survey and inspect the Property and to conduct soil borings, environmental assessment and toxic waste studies and other geological, engineering, water or landscaping tests or studies or building inspections, all at Purchaser's sole cost and expense.

Purchaser hereby covenants and agrees to indemnify and hold harmless Seller from any and all loss, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner related to the exercise by Purchaser of Purchaser's rights under this section including personal injury or loss of life (but not the existence of any condition discovered in the course of Purchaser's inspections and testing).

Purchaser shall: (a) keep the Land free and clear of all liens arising out of the activities of Purchaser and/or Purchaser's Agents at or on the Land; (b) repair any and all damage to the Land caused by Purchaser or any Purchaser's Agent or by any tests or investigations conducted by, on behalf of, or at the direction of Purchaser; and (c) protect, defend with counsel reasonably acceptable to Seller, indemnify and hold Seller, its affiliates and their partners, managers, members, employees, shareholders, agents, officers, directors and representatives, harmless from and against any and all actions, liabilities, claims, damages, losses, costs, and expenses including personal injury or loss of life arising out of or in any way related to: (A) entry onto the Land or any activity thereon or with respect thereto by Purchaser or Purchaser's Agents; and (B) any breach by Purchaser or Purchaser's Agents of the provisions of this Section 13.

Purchaser shall, at all times during its activities on the Land, both during the Inspection Period and until the Closing, obtain and keep in full force and effect the insurance described below. In accordance with the following paragraph, prior to any entry onto the Land under this Agreement, and as evidence of specified insurance coverage, Purchaser shall deliver to Seller certificates of such insurance or, at the request of Seller, copies of such insurance policies.

Purchaser shall, at its sole cost and expense, maintain in full force and effect during the term of this Agreement, with companies acceptable to Seller, which acceptance shall not be unreasonably withheld, the following insurance: (i) Workers Compensation Insurance (at the minimum limit required by law) for all persons Purchaser hires as employees of Purchaser in carrying out its activities on the Land; and (ii) Commercial General Liability Insurance on an "occurrence" basis, covering the activities of Purchaser and its agents, employees, contractors and Purchaser's Agents on the Land and any and all resulting injury to persons and damage to the Land, with a combined single limit for bodily injury and property damage of not less than One Million Dollars (\$1,000,000) per occurrence. Such Commercial General Liability Insurance policy shall include contractual indemnity coverage for the indemnities of Purchaser given to Seller under this Section 13. Seller shall be included as an additional insured under the coverage specified above.

Each insurance policy required under this Agreement shall: (i) be issued by insurance carriers licensed and approved to do business in California, having a general policyholders rating of not less than "A-" and financial rating of not less than "VII" in the most current Best's Insurance Report; (ii) contain a provision that the policy shall not be subject to material alteration to the detriment of Seller or Purchaser or cancellation without at least thirty (30) days' prior written notice being given to Seller by registered mail; (iii) provide that such policy or policies and the coverage evidenced thereby are primary and any insurance maintained by the additional insureds is noncontributing with such primary coverage; and (iv) contain severability of interest and cross liability clauses.

In the event that before the end of the Inspection Period, Purchaser elects not to pursue this transaction, (i) at Seller's request all due diligence materials provided to Purchaser by Seller shall be returned to Seller or destroyed by Purchaser, and (ii) Purchaser shall provide Seller with copies of all third party reports (excluding appraisals ordered by a prospective lender) or surveys prepared in connection with the Property, provided that Seller reimburses Purchaser for the actual cost of the same. In the event any Inspection discloses any actual or potential finding which may require reporting under any regulations or statute, then, to fullest extent permitted by law, and unless Purchaser believes, in its sole discretion, that Purchaser has an obligation to report, the Parties agree that Seller alone shall determine the necessity and manner of such reporting, if any, and Seller will defend, indemnify and hold Purchaser harmless from any liability, damage or penalty resulting from Seller's reporting activities or failure to timely, fully or accurately report as required.

Purchaser's indemnification obligations under this Section 13 (a) shall survive the Closing and any termination of this Agreement.

In addition to the foregoing, Seller will deliver to Purchaser within ten (10) business days of the Effective Date, a Natural Hazards Disclosure Statement (the "**Natural Hazards Disclosure**") with respect to the Property. Prior to the Close of Escrow, Purchaser shall acknowledge receipt of the Natural Hazards Disclosure.

(b) PURCHASER ACKNOWLEDGES THAT THE PROPERTY HAS BEEN AN ACTIVE WORKING FARM FOR MANY YEARS. PURCHASER SPECIFICALLY ACKNOWLEDGES THAT VARIOUS PETROLEUM PRODUCTS, FUEL, GASOLINE AND CHEMICALS, INCLUDING FERTILIZERS, HERBICIDES AND PESTICIDES, CUSTOMARILY USED IN FARMING, SOME OF WHICH MAY, AS OF THE DATE HEREOF, BE CONSIDERED TO BE HAZARDOUS OR TOXIC, MAY HAVE BEEN USED, STORED, MIXED AND APPLIED TO THE PROPERTY IN THE COURSE OF THE FARMING OR RANCHING ACTIVITIES CONDUCTED THEREON OR ON ADJACENT PROPERTY. PURCHASER FURTHER ACKNOWLEDGES THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN ANY OTHER DOCUMENT PROVIDED FOR OR CONTEMPLATED HEREUNDER, SELLER, ITS AGENTS, OFFICERS, DIRECTORS, EMPLOYEES AND OTHER PERSONS ACTING ON BEHALF OF SELLER HAVE MADE NO REPRESENTATION OR WARRANTY OF ANY KIND AS TO THE PRECISE NUMBER OF ACRES OF THE LAND, THE DEVELOPMENT POTENTIAL OF THE PROPERTY, THE CONDITION OF THE PROPERTY OR THE SOIL, DRAINAGE CAPACITY, THE QUALITY, QUANTITY, VARIETY, VALUE OR MARKETABILITY OF ANY PERMANENT PLANTINGS OR GROWING CROPS, OR THE CONDITION OF ANY IMPROVEMENTS, FIXTURES OR EQUIPMENT LOCATED ON THE LAND ON WHICH PURCHASER HAS RELIED OR WILL RELY, DIRECTLY OR INDIRECTLY FOR ANY PURPOSE.

PURCHASER FURTHER ACKNOWLEDGES THAT PURCHASER IS PURCHASING THE PROPERTY SOLELY IN RELIANCE ON PURCHASER'S OWN INVESTIGATION, AND THAT EXCEPT AS EXPRESSLY SET FORTH IN THIS

AGREEMENT, NO REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, HAVE BEEN MADE BY SELLER, OR SELLER'S AGENTS. PURCHASER WILL ACQUIRE THE PROPERTY INCLUDING ANY IMPROVEMENTS, EQUIPMENT, FIXTURES, AND PERSONAL PROPERTY CONVEYED BY SELLER "AS IS" AND WITHOUT EXPRESS OR IMPLIED WARRANTY OF CONDITION, MERCHANTABILITY OR FITNESS.

EXCEPT FOR SELLER'S REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS AND GUARANTEES EXPRESSLY STATED IN THE AGREEMENT AND IN ANY OTHER DOCUMENT PROVIDED FOR OR CONTEMPLATED HEREUNDER: (A) SELLER HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS, OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING, OR WITH RESPECT TO THE PROPERTY, INCLUDING WITHOUT LIMITATION WITH RESPECT TO THE CONDITION AND SUITABILITY OF PERMANENT PLANTINGS, SOILS AND DRAINAGE FOR THE GROWING OF AGRICULTURAL CROPS OR OTHER USES, OR THE QUANTITY OR QUALITY OF WATER AVAILABLE TO THE PROPERTY, IF ANY; (B) TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY (INCLUDING THE PERSONAL PROPERTY), AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS, WHERE IS" CONDITION AND BASIS WITH ALL FAULTS, AND SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS, ALTERATIONS OR IMPROVEMENTS TO THE PROPERTY; (C) EXCEPT AS MAY OTHERWISE BE EXPRESSLY STATED IN THIS AGREEMENT, SUCH "AS-IS" CONDITION INCLUDES, WITHOUT LIMITATION, THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS, TOXIC SUBSTANCES, WASTE MATERIALS OR OTHER SIMILARLY DESIGNATED SUBSTANCES OR MATERIALS (INCLUDING, WITHOUT LIMITATION, OIL AND OTHER PETROLEUM PRODUCTS), AT, ON, UNDER OR ADJACENT TO THE PROPERTY; (D) PURCHASER ASSUMES THE RISK OF ADVERSE PHYSICAL CONDITIONS AFFECTING THE PROPERTY AND/OR ITS DEVELOPMENT, INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL CONDITIONS, WHICH PURCHASER DISCOVERED OR FAILED TO DISCOVER AS A RESULT OF ITS INVESTIGATIONS. PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT SUCH "AS-IS" CONDITION EXTENDS TO LATENT AND PATENT DEFECTS AND CONDITIONS; AND (V) TO THE MAXIMUM EXTENT PERMITTED BY LAW, PURCHASER WAIVES ANY AND ALL STATUTORY RIGHTS FOR THE BENEFIT OF PURCHASER WITH RESPECT TO LATENT AND PATENT DEFECTS AND CONDITIONS AFFECTING THE LAND.

Seller and Purchaser have each initialed this Section 13(b) to further indicate their awareness and acceptance of each and every provision hereof.

Purchaser Initials

Seller Initials

(c) Except as to claims for breach or default by Seller of its obligations, representations, warranties, promises, covenants, agreements and guaranties under this Agreement, Purchaser, on its own behalf, and on behalf of anyone claiming by, through, or under Purchaser, hereby waives its right to recover from and fully and irrevocably releases Seller and each of its constituent members, and its and their managers and affiliates and all of their respective members, managers, partners, officers, agents, representatives, employees and all of their respective successors and assigns (**“Released Parties”**) from any and all claims that it may now have or thereafter acquire against any of the Released Parties for any claims, costs, losses, liabilities, damages, expenses, demands, actions or causes of action arising from or in any way related to any property defects, errors, omissions or other conditions, latent or otherwise (including, without limitation, environmental contamination, risks, conditions and matters), related to or affecting the Property (or any portion thereof) and/or any improvements located on or serving the Property (or any portion thereof). This release includes claims of which Purchaser is presently unaware or which Purchaser does not presently suspect to exist which, if known by Purchaser, would materially affect Purchaser's release to Seller. Purchaser specifically waives the provision of California Civil Code section 1542, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

In this connection and to the extent permitted by law, Purchaser hereby agrees, represents, and warrants that Purchaser realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses, liabilities and expenses which are presently unknown, unanticipated and unsuspected, and Purchaser further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Purchaser nevertheless hereby intends to release, discharge, and acquit the Released Parties from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses, liabilities and expenses which might in any way be included as a material portion of the consideration given to Seller by Purchaser in exchange for Seller's performance hereunder.

Purchaser has initialed this paragraph to further indicate its awareness and acceptance of each and every provision hereof.

Purchaser Initials

14. Eminent Domain. If, after the Effective Date and prior to Closing, Seller shall receive notice of the commencement or threatened commencement of eminent domain or other

like proceedings against the Property or any portion thereof, Seller shall immediately notify Purchaser in writing, and Purchaser shall elect within thirty (30) days from and after such notice, by written notice to Seller, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such proceedings, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all condemnation proceeds and rights to additional condemnation proceeds, if any. If Purchaser elects to purchase after receipt of such a notice, all actions taken by Seller with regard to such eminent domain proceedings, including but not limited to, negotiations, litigation, settlement, appraisals and appeals, shall be subject to the approval of Purchaser, which approval shall not be unreasonably withheld. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above.

15. Property Damage. If, after the Effective Date and prior to Closing, the Property shall suffer significant damage as the result of fire or other casualty, Seller shall immediately notify Purchaser in writing. In the event said damage results in damage of the improvements situated on the Property (which shall not include crops), in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00) or greater, Purchaser shall have the right to elect within fifteen (15) days from and after such notice, by written notice, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect except for the provisions that by their terms, survive the termination; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such damage, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above. In the event less than One Hundred Thousand and No/100 Dollars (\$100,000.00) of damage to the improvements situated on the Property exists, this Agreement shall remain in full force and effect, but, at Closing, Seller shall transfer and assign to Purchaser all insurance proceeds received or to be received as a result of such damage, and Purchaser shall receive a credit against the Purchase Price for any insurance deductible or uninsured loss.

16. Condition of Property. Subsequent to the Effective Date and prior to Closing, Seller shall maintain the Property in accordance with its past practices and ordinary maintenance, but shall not be required to provide any extraordinary maintenance.

17. Operations. After the Effective Date and prior to the Closing Date, Seller shall neither enter into any new, nor terminate, modify, extend, amend or renew any existing, lease or service, management, maintenance, repair, employment, union, construction, leasing or other contract or agreement affecting the Property unless Purchaser has approved the same in writing.

Seller shall cause any Contracts which Purchaser elects in its discretion not to assume to be cancelled at or before Closing.

18. **Notice.** Notices provided for in this Agreement must be (i) delivered personally, (ii) sent by registered or certified mail, postage prepaid, return receipt requested, (iii) sent via a reputable express courier, or (iv) sent by electronic mail during normal business hours with a confirmation copy delivered by another method permitted by this Section 18 other than facsimile, addressed as set forth below. Notice sent by U.S. mail is deemed delivered three days after deposit with the U.S. Postal Service. Notice sent by a reputable express carrier is deemed received on the day receipted for by the express carrier or its agent. Notice sent via electronic mail is deemed delivered upon the entrance of such electronic mail into the information processing system designated by the recipient's electronic mail address set forth below. The addresses of the parties to which notices are to be sent shall be Purchaser's Address or Seller's Address, as applicable, as set forth in Section 1 above. Any party shall have the right from time to time to change the address to which notices to it shall be sent to another address, and to specify two additional addresses to which copies of notices to it shall be mailed, by giving to the other party at least ten (10) days prior notice of the changed address or additional addresses.

19. **Remedies.** **IF THIS TRANSACTION FAILS TO CLOSE BY REASON OF PURCHASER'S WRONGFUL FAILURE TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT, THE EARNEST MONEY SHALL BE RETAINED BY SELLER AS LIQUIDATED DAMAGES, THE PARTIES HEREBY ACKNOWLEDGING THAT SELLER'S ACTUAL DAMAGES IN SUCH CIRCUMSTANCES WOULD BE DIFFICULT, IF NOT IMPOSSIBLE, TO DETERMINE, AND THAT THIS LIQUIDATED DAMAGES PROVISION IS NOT UNREASONABLE UNDER THE CIRCUMSTANCES EXISTING AS OF THE EFFECTIVE DATE. SELLER EXPRESSLY ACKNOWLEDGES AND AGREES THAT RETENTION OF THE EARNEST MONEY AS PROVIDED FOR HEREIN SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER. BY THEIR INITIALS HERETO, SELLER AND PURCHASER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.**

Seller

Purchaser

IF THIS TRANSACTION FAILS TO CLOSE FOR ANY REASON OTHER THAN PURCHASER'S WRONGFUL FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER, THE EARNEST MONEY SHALL PROMPTLY BE REFUNDED TO PURCHASER. IN THE EVENT SELLER FAILS OR REFUSES TO CONVEY THE PROPERTY IN ACCORDANCE WITH THE TERMS HEREOF OR OTHERWISE FAILS TO PERFORM ITS OBLIGATIONS HEREUNDER, PURCHASER SHALL HAVE THE RIGHT TO A REFUND OF ALL EARNEST MONEY, SPECIFIC PERFORMANCE AND ALL OTHER RIGHTS AND REMEDIES AVAILABLE AT LAW OR IN EQUITY FOR SELLER'S BREACH, ALL OF WHICH ARE RESERVED, CUMULATIVE, AND NONEXCLUSIVE. SELLER WAIVES THE RIGHT TO ASSERT

THE DEFENSE OF THE LACK OF MUTUALITY IN ANY SUIT FOR SPECIFIC PERFORMANCE INSTITUTED BY PURCHASER. NOTWITHSTANDING THE FOREGOING, PURCHASER SHALL ALSO BE ENTITLED TO OBTAIN ITS ATTORNEYS' FEES AND COSTS IN CONNECTION WITH ENFORCING ITS RIGHTS AND REMEDIES UNDER THIS AGREEMENT.

20. Time of Essence. Time is of the essence of this Agreement.

21. Closing Documents. At or prior to Closing, each party shall deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction contemplated hereby.

Seller also shall execute and deliver to the Title Company at Closing, for it to hold in escrow pending Purchaser's payment of the Purchase Price and other required deliveries to escrow as described below in this Section 21: (i) the Deed; (ii) a certificate with respect to Section 1445 of the Internal Revenue Code stating, among other things, that Seller is not a foreign corporation as defined in the Internal Revenue Code and I.R.S. Regulations; (iii) the General Assignment substantially in the form attached hereto as Exhibit D; (iv) Seller's representation and warranty date down certificate under Section 11; (v) the Lease; (vi) Banked Water Documents, and (vii) such other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, as reasonably requested by the Purchaser or Title Company, including without limitation a standard title company owner's affidavit.

22. Entire Agreement. This Agreement constitutes the entire agreement of the parties and may not be amended except by written instrument executed by Purchaser and Seller. All prior understandings and agreements between the parties are deemed merged herein.

23. Headings. The section headings are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.

24. Possession. Seller shall deliver actual possession of the Property at Closing.

25. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California.

26. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns as the case may be, and Purchaser shall have the right to assign its rights hereunder and thereafter be released from any further liability hereunder.

27. Surviving Clauses. The provisions of this Agreement relating to Purchaser's indemnification with respect to its entering upon the Property as set forth in Section 13 prior to Closing, Seller's representations, covenants, warranties in Section 11, Purchaser's representations, covenants, and warranties in Section 11.1, Seller's agreement to cooperate with a Rule 3-14 audit, and Seller's covenant not to encumber the Property subsequent to the date

hereof, and the mutual covenants of Seller and Purchaser to indemnify each other, as the case may be, as set forth in Sections 12 and 13, shall not merge into the Deed but instead shall survive any Closing pursuant to this Agreement. Except as set forth in the preceding sentence or as otherwise expressly set forth herein, no other provision of this Agreement shall survive the Closing of this transaction provided, however, that any action, suit or proceeding with respect to the truth, accuracy or completeness of any such representations and warranties shall be commenced, if at all, on or before the date which is eighteen (18) months after the date of the Closing and, if not commenced on or before such date, thereafter will be void and of no force or effect.

28. Tax Deferred Exchange. Either party may structure the purchase or sale of the Property as a like kind exchange under Internal Revenue Code Section 1031, at the exchanging party's sole cost and expense. The non-exchanging party shall reasonably cooperate therein, provided that the non-exchanging party shall incur no material costs, expenses or liabilities in connection with the exchanging party's exchange, and the non-exchanging party shall not be required to take title to or contract for purchase of any other property. If the exchanging party uses a qualified intermediary to effectuate the exchange, any assignment of the rights or obligations of the exchanging party hereunder shall not relieve, release or absolve the exchanging party of its obligations to the non-exchanging party hereunder. The exchanging party shall reimburse the non-exchanging party for all reasonable out-of-pocket expenses, if any, incurred by the non-exchanging party in effectuating the exchanging party's exchange. The Parties agree that if ability of Seller to engage in a tax-deferred like kind exchange is going to be denied or limited as a result of a change in or repeal of Section 1031 of the Internal Revenue Code, they will accelerate the Closing if they can agree on a mutually acceptable date determined by Buyer in its sole and absolute discretion, prior to the effective date of such change in the law.

29. Non-Solicitation. From and after the Effective Date, Seller shall not market the Property for sale, or solicit or accept any back-up offers with respect to the sale of the Property.

30. Rule 3-14 Audit. Seller agrees to reasonably cooperate, at no liability, cost or expense to Seller, with Purchaser in connection with any Rule 3-14 audit that Purchaser may conduct with respect to the Property within one year after the Closing Date.

31. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday for national banks in the location where the Property is located, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. Unless otherwise specified, the last day of any period of time described herein shall be deemed to end at 5:00 p.m. local time in the state in which the Property is located.

32. Counterparts. This Agreement may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

33. Attorney's Fees; Pre-litigation Dispute Resolution. Each Party shall pay the fees and expenses of its own attorneys in connection with the preparation, negotiation and execution of this Agreement.

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure.

If the Parties are unsuccessful in resolving the dispute by mediation and either Party institutes an arbitration, state court action, federal court action or other proceeding arising out of or relating to this Agreement, the prevailing Party, as designated by the arbitration panel, court or tribunal, shall be entitled to recover from the other Party all costs and expenses (expressly including, but not limited to, reasonable attorneys' fees and expert witness fees), incurred by the prevailing Party in connection with such arbitration, action or proceeding.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/ David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

KING AND GARDINER FARMS, LLC, a California limited liability
company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)

Its: Manager

By: /s/ Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/ Keith Gardiner
Keith Gardiner, Manager

^{1,2}

¹ **NTD:** Seller to confirm these signature blocks.

² **NTD:** Seller to confirm no additional co-manager signature required.

EXHIBIT A

LAND

Phase 3

The following parcels located in Kern County, California:

- APN 088-160-01-00
- APN 088-170-03-01
- APN 088-170-06-00
- APN 088-190-01-01

EXHIBIT B

PERSONAL PROPERTY

Gravel yard area with a single family residence and 1 domestic well

125 HP electric motor on ag well with a 16 inch casing*

400 HP electric motor on ag well with a 18 inch casing*

2 well casings currently not in use

165' x 175' reservoir, 2 sets of 7 sand media filters, a gypsum silo, fertilizer and Sulphur system

Well casing with a 400 HP electric motor currently not in use

100 HP electric motor on ag well with a 18 inch casing

290' x 270' reservoir, 4 sets of 8 sand media filters, 4 boosters, a gypsum silo, fertilizer and Sulphur system

150 HP electric motor on ag well with a 16 inch casing

216' x 360' open pit used for fill dirt as needed

2 well casings currently not in use with natural gas motors and gearheads*

200 HP natural gas motor and gearhead on an ag well with a 16 inch casing

160' x 205' reservoir, 2 sets of 6 sand media filters, 2 boosters, a gypsum silo, fertilizer and Sulphur system

*The pump test horsepower and nameplate horsepower on the items marked with an * above, vary. The pump test horsepower was used for purposes of this Exhibit and Purchaser should verify actual horsepower ratings to its satisfaction during the Inspection Period.

EXHIBIT C

DUE DILIGENCE MATERIALS

Seller to provide the following information in their possession with respect to the property on or before the deadlines set forth below based on the number of days after the Effective Date (PSA signing date). Digital Copies are preferred.

	<u>Item</u>	<u>Description</u>	<u>Date Due</u>
(A)	Title Policy	Any prior title commitments or title policies	1 Day
(B)	Financial Statements	Copies of financial statements for the Tenant for the past four (4) years	5 Days
(C)	Survey	Any past surveys or similar engineering reports	5 Days
(D)	Appraisal	Any past appraisals	5 Days
(E)	Environmental Assessment	Any environmental assessment reports, such as a Phase I, or similar studies	5 Days
(F)	Irrigation	Inventory and description of all the irrigation equipment	5 Days
(G)	Buildings & Equipment	Inventory and description of all the buildings and other equipment included in the sale	5 Days
(H)	Water & Wells	A list of all wells, pumps, reservoirs, etc., including their size and output, located on or utilized by Property. Any well, pump, and water quality tests done over the past three (3) years	5 Days
(I)	Water Rights	Copies of all certificates, applications, permits or other documents related to or evidencing Water Rights	5 Days
(J)	Property Maps	All irrigation maps, soil maps, and planting maps with varieties (if applicable)	5 Days
(K)	Production Records	Crop production records for up to the past 4 years and any available budgets or income and expenses statements	10 Days
(L)	Improvement Summary	Buyer shall work with Seller to complete an Excel that summarizes all the Property's improvements including the location and age of all pumps, wells and buildings	50 Days
(M)	Insurance	Copies of insurance policies and certificates, including liability and property damage coverage	10 Days
(N)	Crop Insurance	Any crop insurance records available for the past four (4) years	10 Days
(O)	Taxes	Real estate tax bills, assessments, and statements for the current year and the previous two (2) years	10 Days
(P)	Utility Bills	Utility bills for the current year and previous two (2) years	10 Days
(Q)	Contracts & Leases	Copies of any Contracts or Leases, including any amendments or proposed amendments	10 Days
(R)	Interest Claims	Copies of all notices and correspondence received from third-parties claiming an interest or right in and to the Property	10 Days
(S)	Government Payments	Any records of government, crop insurance, or other similar payouts	10 Days
(T)	Government Notices	Any information in Seller's possession from any governmental agency or authority, including all notices and correspondence, regarding the Property or adjacent properties	10 Days
(U)	Warranties	Copies of any warranties relating to any Improvements or Equipment included in the sale	10 Days

EXHIBIT D

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is entered into as of the ____ of _____, 2020, between _____ ("Assignor"), and _____, a Delaware limited partnership ("Assignee").

1. Purchase Agreement; Defined Terms. This Assignment is being executed and delivered pursuant to that certain Agreement of Purchase and Sale between Gladstone Land Corporation, a Maryland corporation, as assigned to Assignee as Purchaser, and Assignor, as Seller, dated as of _____, 2019 (as modified and amended from time to time, the "Purchase Agreement"). Any capitalized term used but not otherwise defined herein shall have the meaning set forth in the Purchase Agreement.

2. Assignment and Conveyance. For good and valuable consideration received by Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby bargains, sells, conveys, grants, transfers and assigns to Assignee the entire right, title and interest of Assignor in and to the following in accordance with the terms and conditions of the Purchase Agreement:

- i. All Personal Property;
- ii. All warranties, guarantees, bonds, licenses, building permits, certificates of occupancy, zoning certificates, and other governmental permits and licenses to and in connection with the construction, development, ownership, use, operation or maintenance of the Property or any part thereof, to the extent the same are assignable; and
- iii. All Water Rights.

3. Indemnity. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all claims, damages, demands, causes of action, liabilities, judgments, losses, costs and expenses (including but not limited to reasonable attorneys' fees) asserted against or incurred by Assignee caused by the failure of Assignor to perform any obligation under any of the Contracts.

4. Power and Authority. Assignor represents and warrants to Assignee that it is fully empowered and authorized to execute and deliver this Assignment, and the individual signing this Assignment on behalf of Assignor represents and warrants to Assignee that he or she is fully empowered and authorized to do so.

5. Attorneys' Fees. If either Assignee or Assignor or their respective successors or assigns file suit to enforce the obligations of the other party under this Assignment, the prevailing party shall be entitled to recover the reasonable fees and expenses of its attorneys.

6. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

7. Counterparts. This Agreement may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument.

8. Governing Law. This Agreement shall be governed and interpreted in accordance with the laws of the State of California.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment the day and year first above written.

ASSIGNOR

By: _____
Title: _____

ASSIGNEE

EXHIBIT E
LEASE TERM SHEET

Attached.

EXHIBIT F
DISCLOSURE OF BROKER RELATIONSHIPS

Attached.

**FIRST AMENDMENT
TO
AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 3)**

THIS FIRST AMENDMENT (the “Amendment”) is made as of the 2nd day of March 2021 (the “Effective Date”), between **V Lions Farming, LLC**, a California limited liability company (“V Lions”) formerly called King and Gardiner Farms, LLC, a California limited liability company, and **Gardiner Family, LLC**, a California limited liability company (“GF LLC”) (“V Lions and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). This Amendment is made with respect to the following facts and circumstances:

A. Seller and Purchaser are the parties named as such in that certain Agreement of Purchase and Sale dated as of January 27, 2021 (the “Agreement”).

B. Since executing the Agreement, King and Gardiner Farms, LLC has changed its name to V Lions Farming, LLC.

C. The parties desire to amend the Agreement to reflect the change of name.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Change of Name. The parties acknowledge and agree to the change of name of King and Gardiner Farms, LLC to V Lions Farming, LLC, and the Agreement is hereby amended to reflect the change of name.

2. No Other Change. V Lions hereby represents and warrants that (a) King and Gardiner Farms, LLC has undergone no further changes from the date of the Agreement, (b) its members, managers, assets and liabilities remain unchanged (except as such assets and liabilities may have changed in the ordinary course of business) and (c) V Lions Farming, LLC is the same company as King and Gardiner Farms, LLC except for the change of its name.

3. Counterparts. This Amendment may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

4. Reaffirmation. Except as expressly amended by this Amendment, the parties hereby reaffirm the terms and provisions of the Agreement all of which remain in full force and effect.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/ David Gladstone

Name: David Gladstone

Title: President and CEO

SELLER:

V LIONS FARMING, LLC, a California limited liability company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)

Its: Manager

By: /s/ Keith Gardiner

Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/ Keith Gardiner

Keith Gardiner, Manager

**SECOND AMENDMENT
TO
AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 1)**

THIS SECOND AMENDMENT (the “Amendment”) is made as of May 21, 2021 (the “Effective Date”), between **V Lions Farming, LLC** a California limited liability company (“V Lions Farming”) formerly called **King and Gardiner Farms, LLC**, a California limited liability company, **Gardiner Family, LLC** a California limited liability company (“GF LLC”) and **V Lions Operations, L.P.**, a Nevada limited partnership (V Lions and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). This Amendment is made with respect to the following facts and circumstances:

A. Seller and Purchaser are the parties named as such in that certain Agreement of Purchase and Sale dated as of January 27, 2021 as amended by the First Amendment to Agreement of Purchase and Sale dated March 2, 2021 (collectively, the “Agreement”).

B. Seller and Purchaser desire to amend the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Amendment to Certain Defined Terms. Section 1 of the Agreement is amended as follows:

“Banked Water” shall mean GF LLC’s option to purchase 20,330 acre feet of water banked in the ground with the Semi Tropic Water Storage District and owned by GF LLC together with a portion of GF LLC’s existing credit with the district in an amount equal to \$132,591.63, as generally contemplated in the first (1st) transaction described in the Consent Letter.

“Closing Date” shall mean the final day of the Inspection Period.

“Consent Letter” shall mean the form of letter agreement attached hereto as Schedule 1.

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on June 4, 2021.

“Purchase Price” shall mean the total amount of Twenty Five Million Three Hundred Seventy-Nine Thousand and NO/100 dollars (\$25,379,000.00), subject to adjustment as set forth in this Agreement.

“Tenant” shall mean Lerdo Farming, LLC, a California limited liability company.

2. Water Transfer Consent. Seller shall use its reasonable good faith efforts to obtain and deliver to Purchaser a fully executed version of the Consent Letter at least three (3) business days prior to the expiration of the Inspection Period (“Consent Letter Target Date”). At and after Closing, Seller (including but not limited to GF LLC) shall work with Purchaser to take all necessary steps to finalize the transactions contemplated by the Consent Letter. Without limiting the foregoing, in the event that Seller has not delivered the Consent Letter by the Consent Letter Target Date then:

- (a) Seller shall continue to use good faith efforts to obtain and deliver to Purchaser a fully executed version of the Consent Letter as soon as is possible.
- (b) Notwithstanding anything herein to the contrary, the Inspection Period shall be automatically extended through and including June 29, 2021. The period of time commencing on June 5, 2021 and ending on June 29, 2021 may be referred to herein as the “Extended Inspection Period.”
- (c) During the Extended Inspection Period, Purchaser’s right to terminate under Section 5(a) of the Agreement and receive a full refund of the Earnest Money (which Purchaser may exercise at any time during the Extended Inspection Period) shall be limited to a refusal of the District to agree to the Consent Letter or conditioning its consent in a manner that is unacceptable to Purchaser in its sole but reasonable discretion (collectively, “Banked Water Matters”). Prior to the beginning of the Extended Inspection Period, no such limitation shall apply, and for the sake of clarity, nothing in this Amendment shall limit Purchaser’s rights or remedies in the event of a Seller breach or default under the Agreement.
- (d) In the event that the Closing has not occurred by the end of June 4, 2021 (except to the extent such delay results from the acts or omissions of Seller, other than the failure to deliver the Consent Letter), then (i) a portion of the Earnest Money in the amount of Seventy Thousand and NO/100 dollars (\$70,000.00) shall become non-refundable to Purchaser (except in the event of a Seller breach or default under the Agreement), and (ii) the Purchase Price shall be increased by Thirty Five Thousand and NO/100 dollars (\$35,000.00) (the “Purchase Price Increase”). Notwithstanding subsection (c) above, in the event that Purchaser terminates the Agreement during the Extended Inspection Period as a result of Banked Water Matters, Seller shall be entitled to receive and retain the Seventy Thousand and NO/100 dollar (\$70,000.00) amount described in subsection (d)(i) above.
- (e) Nothing in this Amendment shall limit, in any manner, Seller’s obligation to convey the Banked Water to Purchaser as otherwise provided for in the Agreement.

3. Counterparts. This Amendment may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

4. Reaffirmation. Except as expressly amended by this Amendment, the parties hereby reaffirm the terms and provisions of the Agreement all of which remain in full force and effect.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

V LIONS FARMING, LLC, a California limited liability company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: Manager

By: /s/Keith Gardiner
Keith Gardiner, Co-Manager

V LIONS OPERATIONS, LP, a Nevada
limited partnership (authorized to do
business in the State of California)

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: General Partner

By: /s/Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/Keith Gardiner
Keith Gardiner, Manager

SCHEDULE 1

Consent Letter

May 19, 2021

Mr. Jason Gianquinto, General Manager
Semitropic Water Storage District
1101 Central Avenue, P.O. Box 8043
Wasco, CA 93280

Dear Mr. Gianquinto,

Following up on our recent discussions, the purpose of this letter is to authorize the transfer of (A) options to purchase a total of 45,000 acre feet of banked water (“**Water**”) currently governed by that certain Letter Agreement between Semitropic Water Storage District (“**SWSD**”) and Gardiner Family LLC (“**Gardiner**”) dated February 19, 2019 (“**Letter Agreement**”) (a copy of which is attached hereto as Exhibit A for reference), together with (B) portions of the balance of the \$1 million Gardiner credit contemplated by Section 8 of the Letter Agreement in the amounts set forth below (each an “**Existing Credit Amount**”) to the Landowner Banking Account(s) of Gladstone Land Corporation, a Maryland corporation (“**LAND**”) or one or more of its affiliates, including but not limited to Gladstone Land Advisors, Inc., a Delaware corporation (“**Land Advisors**”) and/or Lerdo Highway Shafter CA, LP, a Delaware limited partnership (“**Lerdo Highway**”, together with LAND, Land Advisors and other affiliates of LAND, individually and collectively, “**Gladstone**”) as allowed under Section 9.b of the Letter Agreement.

The intent is to provide Gladstone with all the rights and privileges under our Letter Agreement for all transferred Water. The contemplated transfers will occur in three (3) transactions, as more particularly set forth below:

1. The first (1st) transaction will be a transfer Gardiner’s option to purchase 20,330 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:
 - a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **\$1,113,230.77** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
 - b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 20,330 \text{ acre feet} = \$1,245,822.40$.

- ii. $\$1,245,822.40 - \$132,591.63$ Existing Credit Amount = $\$1,113,230.77$.
 - iii. **Total payment required from Gladstone to SWSD = $\$1,113,230.77$.**
 - c. Upon the receipt of such notice and payment amount, SWSD will transfer 20,330 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that 15,000 acre feet of this banked water be transferred into the Landowner Banking Account of Lerdo Highway, with the remaining 8,330 acre feet of banked water to be transferred into the Landowner Banking Account of Land Advisors.
2. The second (2nd) transaction will be a transfer Gardiner's option to purchase 5,000 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:
- a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **$\$272,123.08$** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
 - b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 5,000 \text{ acre feet} = \$306,400.00$.
 - ii. $\$306,400 - \$34,276.92$ Existing Credit Amount = $\$272,123.08$.
 - iii. **Total payment required from Gladstone to SWSD = $\$272,123.08$.**
 - c. Upon the receipt of such notice and payment amount, SWSD will transfer 5,000 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that all 5,000 acre feet of this banked water be transferred into the Landowner Banking Account of Land Advisors.
3. The third (3rd) transaction will be a transfer Gardiner's option to purchase 19,670 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:

- a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **\$1,088,492.31** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
- b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 19,670 \text{ acre feet} = \$1,205,377.60$.
 - ii. $\$1,205,377.60 - \$116,885.29 \text{ Existing Credit Amount} = \$1,088,492.31$.
 - iii. **Total payment required from Gladstone to SWSD = \$1,088,492.31.**
- c. Upon the receipt of such notice and payment amount, SWSD will transfer 19,670 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that all 19,670 acre feet of this banked water be transferred into the Landowner Banking Account of Land Advisors.

As of December 31, 2020, Gardiner's existing credit with SWSD was \$630,769.23, and we understand that such credit will be reduced by the amount of each credit afforded to Gladstone (in the amounts specified above) in connection with these transactions.

Feel free to contact me with any questions or if I can provide any assistance. Please sign below, and return a copy of this executed letter agreement today indicating the acknowledgment, approval and agreement of SWSD to the transactions, and the terms and conditions of the same, described herein. By signing below SWSD acknowledges and agrees that Gladstone is entitled to rely on SWSD's approval of and agreement to the transactions, terms and conditions set forth herein.

Sincerely,

Mitch Millwee
Gardiner Family LLC

ACKNOWLEDGED, APPROVED AND AGREED:

Semitropic Water Storage District

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
LETTER AGREEMENT

See Attached

30628427.3

**SECOND AMENDMENT
TO
AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 2)**

THIS SECOND AMENDMENT (the “Amendment”) is made as of May 21, 2021 (the “Effective Date”), between **V Lions Farming, LLC** a California limited liability company (“V Lions Farming”) formerly called **King and Gardiner Farms, LLC**, a California limited liability company, and **Gardiner Family, LLC** a California limited liability company (“GF LLC”) (V Lions Farming and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). This Amendment is made with respect to the following facts and circumstances:

A. Seller and Purchaser are the parties named as such in that certain Agreement of Purchase and Sale dated as of January 27, 2021 as amended by the First Amendment to Agreement of Purchase and Sale dated March 2, 2021 (collectively, the “Agreement”).

B. Seller and Purchaser desire to amend the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Amendment to Certain Defined Terms. Section 1 of the Agreement is amended as follows:

“Banked Water” GF LLC’s option to purchase 5,000 acre feet of water banked in the ground with the Semi Tropic Water Storage District and owned by GF LLC together with a portion of GF LLC’s existing credit with the district in an amount equal to \$34,276.92, as generally contemplated in the second (2nd) transaction described in the Consent Letter.

“Consent Letter” shall mean the form of letter agreement attached hereto as Schedule 1.

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on June 4, 2021.

“Purchase Price” shall mean the total amount of Fourteen Million Five Hundred Thousand and NO/100 dollars (\$14,500,000.00), subject to adjustment as set forth in this Agreement.

“Tenant” shall mean Lerdo Farming, LLC, a California limited liability company.

2. Water Transfer Consent. Seller shall use its reasonable good faith efforts to obtain and deliver to Purchaser a fully executed version of the Consent Letter at least three (3) business days prior to the expiration of the Inspection Period (“Consent Letter Target Date”). At and after

Closing, Seller (including but not limited to GF LLC) shall work with Purchaser to take all necessary steps to finalize the transactions contemplated by the Consent Letter. Without limiting the foregoing, in the event that Seller has not delivered the Consent Letter by the Consent Letter Target Date then:

- (a) Seller shall continue to use good faith efforts to obtain and deliver to Purchaser a fully executed version of the Consent Letter as soon as is possible.
- (b) Notwithstanding anything herein to the contrary, the Inspection Period shall be automatically extended through and including June 29, 2021. The period of time commencing on June 5, 2021 and ending on June 29, 2021 may be referred to herein as the “Extended Inspection Period.”
- (c) During the Extended Inspection Period, Purchaser’s right to terminate under Section 5(a) of the Agreement and receive a full refund of the Earnest Money (which Purchaser may exercise at any time during the Extended Inspection Period) shall be limited to a refusal of the District to agree to the Consent Letter or conditioning its consent in a manner that is unacceptable to Purchaser in its sole but reasonable discretion (collectively, “Banked Water Matters”). Prior to the beginning of the Extended Inspection Period, no such limitation shall apply, and for the sake of clarity, nothing in this Amendment shall limit Purchaser’s rights or remedies in the event of a Seller breach or default under the Agreement.
- (d) Nothing in this Amendment shall limit, in any manner, Seller’s obligation to convey the Banked Water to Purchaser as otherwise provided for in the Agreement.

3. Counterparts. This Amendment may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

4. Reaffirmation. Except as expressly amended by this Amendment, the parties hereby reaffirm the terms and provisions of the Agreement all of which remain in full force and effect.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

V LIONS FARMING, LLC, a California limited liability company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: Manager

By: /s/Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/Keith Gardiner
Keith Gardiner, Manager

SCHEDULE 1

Consent Letter

May 19, 2021

Mr. Jason Gianquinto, General Manager
Semitropic Water Storage District
1101 Central Avenue, P.O. Box 8043
Wasco, CA 93280

Dear Mr. Gianquinto,

Following up on our recent discussions, the purpose of this letter is to authorize the transfer of (A) options to purchase a total of 45,000 acre feet of banked water (“**Water**”) currently governed by that certain Letter Agreement between Semitropic Water Storage District (“**SWSD**”) and Gardiner Family LLC (“**Gardiner**”) dated February 19, 2019 (“**Letter Agreement**”) (a copy of which is attached hereto as Exhibit A for reference), together with (B) portions of the balance of the \$1 million Gardiner credit contemplated by Section 8 of the Letter Agreement in the amounts set forth below (each an “**Existing Credit Amount**”) to the Landowner Banking Account(s) of Gladstone Land Corporation, a Maryland corporation (“**LAND**”) or one or more of its affiliates, including but not limited to Gladstone Land Advisors, Inc., a Delaware corporation (“**Land Advisors**”) and/or Lerdo Highway Shafter CA, LP, a Delaware limited partnership (“**Lerdo Highway**”, together with LAND, Land Advisors and other affiliates of LAND, individually and collectively, “**Gladstone**”) as allowed under Section 9.b of the Letter Agreement.

The intent is to provide Gladstone with all the rights and privileges under our Letter Agreement for all transferred Water. The contemplated transfers will occur in three (3) transactions, as more particularly set forth below:

1. The first (1st) transaction will be a transfer Gardiner’s option to purchase 20,330 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:
 - a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **\$1,113,230.77** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
 - b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 20,330 \text{ acre feet} = \$1,245,822.40$.

- ii. $\$1,245,822.40 - \$132,591.63$ Existing Credit Amount = $\$1,113,230.77$.
 - iii. **Total payment required from Gladstone to SWSD = $\$1,113,230.77$.**
- c. Upon the receipt of such notice and payment amount, SWSD will transfer 20,330 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that 15,000 acre feet of this banked water be transferred into the Landowner Banking Account of Lerdo Highway, with the remaining 8,330 acre feet of banked water to be transferred into the Landowner Banking Account of Land Advisors.
2. The second (2nd) transaction will be a transfer Gardiner's option to purchase 5,000 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:
- a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **$\$272,123.08$** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
 - b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 5,000 \text{ acre feet} = \$306,400.00$.
 - ii. $\$306,400 - \$34,276.92$ Existing Credit Amount = $\$272,123.08$.
 - iii. **Total payment required from Gladstone to SWSD = $\$272,123.08$.**
 - c. Upon the receipt of such notice and payment amount, SWSD will transfer 5,000 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that all 5,000 acre feet of this banked water be transferred into the Landowner Banking Account of Land Advisors.
3. The third (3rd) transaction will be a transfer Gardiner's option to purchase 19,670 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:

- a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **\$1,088,492.31** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
- b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 19,670 \text{ acre feet} = \$1,205,377.60$.
 - ii. $\$1,205,377.60 - \$116,885.29 \text{ Existing Credit Amount} = \$1,088,492.31$.
 - iii. **Total payment required from Gladstone to SWSD = \$1,088,492.31.**
- c. Upon the receipt of such notice and payment amount, SWSD will transfer 19,670 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that all 19,670 acre feet of this banked water be transferred into the Landowner Banking Account of Land Advisors.

As of December 31, 2020, Gardiner's existing credit with SWSD was \$630,769.23, and we understand that such credit will be reduced by the amount of each credit afforded to Gladstone (in the amounts specified above) in connection with these transactions.

Feel free to contact me with any questions or if I can provide any assistance. Please sign below, and return a copy of this executed letter agreement today indicating the acknowledgment, approval and agreement of SWSD to the transactions, and the terms and conditions of the same, described herein. By signing below SWSD acknowledges and agrees that Gladstone is entitled to rely on SWSD's approval of and agreement to the transactions, terms and conditions set forth herein.

Sincerely,

Mitch Millwee
Gardiner Family LLC

ACKNOWLEDGED, APPROVED AND AGREED:

Semitropic Water Storage District

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
LETTER AGREEMENT

See Attached

BBS\120143\120143.0482\30628428.5-5/24/21

-8-

001/16597.001/Excrow Phase 2/2nd Amendment

**SECOND AMENDMENT
TO
AGREEMENT OF PURCHASE AND SALE
(Lerdo Highway Shafter CA – Phase 3)**

THIS SECOND AMENDMENT (the “Amendment”) is made as of May 21, 2021 (the “Effective Date”), between **V Lions Farming, LLC** a California limited liability company (“V Lions”) formerly called King and Gardiner Farms, LLC, a California limited liability company, and **Gardiner Family, LLC** a California limited liability company (“GF LLC”) (V Lions and GF LLC collectively, the “Seller”) and **Gladstone Land Corporation**, a Maryland corporation (the “Purchaser”). This Amendment is made with respect to the following facts and circumstances:

A. Seller and Purchaser are the parties named as such in that certain Agreement of Purchase and Sale dated as of January 27, 2021 as amended by the First Amendment to Agreement of Purchase and Sale dated March 2, 2021 (collectively, the “Agreement”).

B. Seller and Purchaser desire to amend the Agreement as herein set forth.

NOW, THEREFORE, in consideration of the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Amendment to Certain Defined Terms. Section 1 of the Agreement is amended as follows:

“Banked Water” shall mean GF LLC’s option to purchase 19,670 acre feet of water banked in the ground with the Semi Tropic Water Storage District and owned by GF LLC together with a portion of GF LLC’s existing credit with the district in an amount equal to \$116,885.29, as generally contemplated in the first (1st) transaction described in the Consent Letter.

“Consent Letter” shall mean the form of letter agreement attached hereto as Schedule 1.

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on June 4, 2021.

“Purchase Price” shall mean the total amount of Forty One Million Eight Hundred Seventy-One Thousand and NO/100 dollars (\$41,871,000.00), subject to adjustment as set forth in this Agreement.

“Solar Lease” shall mean that certain Ground Lease for Solar Facility dated February 16, 2016 by and between Donald R. Palla and Catherine C. Palla, as Trustees of the Donald and Catherine Palla Family Trust dated March 30, 2006 (as “Landlord”) and King and Gardiner

Farms, LLC (now known as V Lions) (as “Tenant”), a copy of which is attached hereto as Exhibit F.

“Tenant” shall mean Lerdo Farming, LLC, a California limited liability company.

2. Water Transfer Consent. Seller shall use its reasonable good faith efforts to obtain and deliver to Purchaser a fully executed version of the Consent Letter at least three (3) business days prior to the expiration of the Inspection Period (“Consent Letter Target Date”). At and after Closing, Seller (including but not limited to GF LLC) shall work with Purchaser to take all necessary steps to finalize the transactions contemplated by the Consent Letter. Without limiting the foregoing, in the event that Seller has not delivered the Consent Letter by the Consent Letter Target Date then:

- (a) Seller shall continue to use good faith efforts to obtain and deliver to Purchaser a fully executed version of the Consent Letter as soon as is possible.
- (b) Notwithstanding anything herein to the contrary, the Inspection Period shall be automatically extended through and including June 29, 2021. The period of time commencing on June 5, 2021 and ending on June 29, 2021 may be referred to herein as the “Extended Inspection Period.”
- (c) During the Extended Inspection Period, Purchaser’s right to terminate under Section 5(a) of the Agreement and receive a full refund of the Earnest Money (which Purchaser may exercise at any time during the Extended Inspection Period) shall be limited to the refusal of the District to agree to the Consent Letter or conditioning its consent in a manner that is unacceptable to Purchaser in its sole but reasonable discretion (collectively, “Banked Water Matters”). Prior to the beginning of the Extended Inspection Period, no such limitation shall apply, and for the sake of clarity, nothing in this Amendment shall limit Purchaser’s rights or remedies in the event of a Seller breach or default under the Agreement.
- (d) Nothing in this Amendment shall limit, in any manner, Seller’s obligation to convey the Banked Water to Purchaser as otherwise provided for in the Agreement.

3. Solar Lease. Notwithstanding anything in the Agreement to the contrary, the Agreement (including without limitation the definition of “Property” in Section 1 of the same) is modified and amended to provide that Seller’s leasehold interest under the Solar Lease shall be deemed to be a part of the Property under the Agreement.

(a) The parties acknowledge and agree that the addition of the Solar Lease to the Property to be conveyed to Purchaser requires additional title work, which has not yet been received by Purchaser. The parties further acknowledge and agree that the receipt of such additional title work (and any related revisions to or updates to previously received title work for the Property) shall be a title update under Section 10 of the Agreement, and Purchaser shall have the right to review such updates, to deliver an one or more additional Title Objection Notices

with respect to such updates, and that Seller's obligations with respect to the foregoing (including without limitation with regard to responses and cures) shall be as set forth in Section 10 of the Agreement.

(b) Section 11 of the Agreement is modified and amended to include the following additional subsection:

(m) The Solar Lease is in full force and effect and has not been modified or amended in any respect. No default, event of default, or act or omission which with the giving of notice or passage of time would constitute an event of default exists under the Solar Lease.

(c) Exhibit F attached to this Amendment is hereby attached to and incorporated into the Agreement.

(d) No later than the expiration of the Inspection Period, Seller shall deliver to Purchaser a fully executed estoppel in the form attached hereto as Schedule 3(e). In addition, no later than ten (10) days prior to Closing (and no earlier than thirty (30) days prior to Closing), Seller shall deliver to Purchaser a fully executed updated estoppel in the same form (the "Updated Estoppel"). In the event of any material change in the certifications given by the landlord under the Solar Lease in such Updated Estoppel, Purchaser shall be entitled select from one of the following as its sole remedy:

(i) terminate the Agreement by written notice to Seller and payment of the Earnest Money to Seller;

(ii) proceed to close the Escrow with no adjustment to the Purchase Price and waive the right to acquire an assignment of the Solar Lease or right to acquire the solar equipment that is land leased under the Solar Lease; or

(iii) proceed to close the Escrow with no adjustment to the Purchase Price subject to the Seller's agreement to use its reasonable best efforts (which obligation shall survive the Close of Escrow), to restore the changes made to, or cure any default(s) raised by the Updated Estoppel. In the event Seller succeeds in restoring such changes and/or curing such default(s), Purchaser will accept the assignment of the Solar Lease. In the event Seller cannot restore such changes and/or cure such default(s), Purchaser shall have the option (at its election), to (A) accept the Updated Estoppel as submitted by the Solar Lease Landlord or (B) with no adjustment to the Purchase Price, waive the right to acquire an assignment of the Solar Lease or right and acquire the solar equipment that is land leased under the Solar Lease.

4. Counterparts. This Amendment may be executed in one or more counterparts and such counterparts taken together shall constitute one and the same document. For purposes of

this Agreement a facsimile or electronic signature shall be deemed as valid and enforceable as an original.

5. Reaffirmation. Except as expressly amended by this Amendment, the parties hereby reaffirm the terms and provisions of the Agreement all of which remain in full force and effect.

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed on the day and year first above written.

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: /s/David Gladstone

Name: David Gladstone

Title: President & CEO

SELLER:

V LIONS FARMING, LLC, a California limited liability company

By: V Lions Management, LLC, a Nevada limited liability company
(authorized to do business in the State of California as
Gardiner V Lions Management, LLC)
Its: Manager

By: /s/Keith Gardiner
Keith Gardiner, Co-Manager

GARDINER FAMILY, LLC, a California limited liability company

By: /s/Keith Gardiner
Keith Gardiner, Manager¹

SCHEDULE 1

Consent Letter

May 19, 2021

Mr. Jason Gianquinto, General Manager
Semitropic Water Storage District
1101 Central Avenue, P.O. Box 8043
Wasco, CA 93280

Dear Mr. Gianquinto,

Following up on our recent discussions, the purpose of this letter is to authorize the transfer of (A) options to purchase a total of 45,000 acre feet of banked water (“**Water**”) currently governed by that certain Letter Agreement between Semitropic Water Storage District (“**SWSD**”) and Gardiner Family LLC (“**Gardiner**”) dated February 19, 2019 (“**Letter Agreement**”) (a copy of which is attached hereto as Exhibit A for reference), together with (B) portions of the balance of the \$1 million Gardiner credit contemplated by Section 8 of the Letter Agreement in the amounts set forth below (each an “**Existing Credit Amount**”) to the Landowner Banking Account(s) of Gladstone Land Corporation, a Maryland corporation (“**LAND**”) or one or more of its affiliates, including but not limited to Gladstone Land Advisors, Inc., a Delaware corporation (“**Land Advisors**”) and/or Lerdo Highway Shafter CA, LP, a Delaware limited partnership (“**Lerdo Highway**”, together with LAND, Land Advisors and other affiliates of LAND, individually and collectively, “**Gladstone**”) as allowed under Section 9.b of the Letter Agreement.

The intent is to provide Gladstone with all the rights and privileges under our Letter Agreement for all transferred Water. The contemplated transfers will occur in three (3) transactions, as more particularly set forth below:

1. The first (1st) transaction will be a transfer Gardiner’s option to purchase 20,330 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:
 - a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **\$1,113,230.77** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
 - b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 20,330 \text{ acre feet} = \$1,245,822.40.$

- ii. $\$1,245,822.40 - \$132,591.63$ Existing Credit Amount = $\$1,113,230.77$.
 - iii. **Total payment required from Gladstone to SWSD = $\$1,113,230.77$.**
- c. Upon the receipt of such notice and payment amount, SWSD will transfer 20,330 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that 15,000 acre feet of this banked water be transferred into the Landowner Banking Account of Lerdo Highway, with the remaining 8,330 acre feet of banked water to be transferred into the Landowner Banking Account of Land Advisors.
2. The second (2nd) transaction will be a transfer Gardiner's option to purchase 5,000 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:
- a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **$\$272,123.08$** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
 - b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 5,000 \text{ acre feet} = \$306,400.00$.
 - ii. $\$306,400 - \$34,276.92$ Existing Credit Amount = $\$272,123.08$.
 - iii. **Total payment required from Gladstone to SWSD = $\$272,123.08$.**
 - c. Upon the receipt of such notice and payment amount, SWSD will transfer 5,000 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that all 5,000 acre feet of this banked water be transferred into the Landowner Banking Account of Land Advisors.
3. The third (3rd) transaction will be a transfer Gardiner's option to purchase 19,670 acre feet of banked water. Gardiner and/or Gladstone shall notify SWSD upon the closing of such transfer. Thereafter, Gladstone may exercise the option to purchase such banked water from SWSD as follows:

- a. Gladstone will deliver a notice of its intent to exercise its option to SWSD along with a payment of **\$1,088,492.31** (calculated as set forth in b. below) pursuant to wire transfer instructions to be provided by SWSD.
- b. The payment amount set forth above is calculated as follows:
 - i. $(\$51.28 \text{ per acre foot} + \$10.00 \text{ per acre foot administrative fee}) \times 19,670 \text{ acre feet} = \$1,205,377.60$.
 - ii. $\$1,205,377.60 - \$116,885.29 \text{ Existing Credit Amount} = \$1,088,492.31$.
 - iii. **Total payment required from Gladstone to SWSD = \$1,088,492.31.**
- c. Upon the receipt of such notice and payment amount, SWSD will transfer 19,670 acre feet of banked water into the Landowner Banking Account or accounts specified by Gladstone. At this time, Gladstone anticipates requesting that all 19,670 acre feet of this banked water be transferred into the Landowner Banking Account of Land Advisors.

As of December 31, 2020, Gardiner's existing credit with SWSD was \$630,769.23, and we understand that such credit will be reduced by the amount of each credit afforded to Gladstone (in the amounts specified above) in connection with these transactions.

Feel free to contact me with any questions or if I can provide any assistance. Please sign below, and return a copy of this executed letter agreement today indicating the acknowledgment, approval and agreement of SWSD to the transactions, and the terms and conditions of the same, described herein. By signing below SWSD acknowledges and agrees that Gladstone is entitled to rely on SWSD's approval of and agreement to the transactions, terms and conditions set forth herein.

Sincerely,

Mitch Millwee
Gardiner Family LLC

ACKNOWLEDGED, APPROVED AND AGREED:

Semitropic Water Storage District

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
LETTER AGREEMENT

See Attached

SCHEDULE 3(e)
ESTOPPEL LETTER

Effective Date: ____, 2021

To: Gladstone Land Corporation, a Maryland corporation, Lerdo Highway Shafter CA, LP, a Delaware limited partnership, and their successors and/or assigns (collectively "Buyer"), any lender of Buyer that hereafter has a lien or security interest in or on any property or interest of Buyer ("Lender"), V Lions Farming, LLC, a California limited liability company (f/k/a King and Gardiner Farms, LLC) ("Solar Lease Tenant"), together with Buyer and Lender, the "Beneficiaries", and Donald R. Palla and Catherine C. Palla, as Trustees of the Donald and Catherine Palla Family Trust dated March 30, 2006 ("Solar Lease Landlord")

Re: That certain Ground Lease for Solar Facility ("Solar Lease") dated February 16, 2016 by and between Donald R. Palla and Catherine C. Palla, as Trustees of the Donald and Catherine Palla Family Trust dated March 30, 2006 (as "Landlord") and Solar Lease Tenant

Gentlemen:

The undersigned Solar Lease Landlord understands that Buyer or its assigns intends to acquire from Solar Lease Tenant all of Solar Lease Tenant's right, title and interest under the Solar Lease (the date of such acquisition shall be the "Closing Date"). The undersigned Tenant does hereby certify to the Beneficiaries as follows as of the above-stated Effective Date:

- A. A true, correct and complete copy of the Lease is attached hereto as Schedule A. The Lease is in full force and effect and has not been modified, supplemented, or amended. There are no inducements, concessions or obligations other than as expressly set forth in the Solar Lease.
- B. Solar Lease Tenant is presently conducting solar operations at the property that is the subject of the Solar Lease (the "Solar Lease Property"). The undersigned represents and warrants that Solar Lease Tenant is the true and actual tenant under the Solar Lease.
- C. Neither Solar Lease Landlord nor Solar Lease Tenant is in default under any of the terms, covenants or conditions of the Lease and no event has occurred which, with either the passage of time, the giving of notice or both, would constitute an event of default by Solar Lease Landlord or Solar Lease Tenant under the Lease. To the extent that any obligation of Solar Lease Tenant predates the Closing Date, Solar Lease Landlord will seek recourse solely from Solar Lease Tenant (and not Beneficiaries) with respect to the same.

- D. Solar Lease Landlord expressly consents to the assignment of Solar Lease Tenant's leasehold interest under the Lease to Buyer. Solar Lease Landlord further acknowledges and agrees that Buyer intends to sublease the Solar Lease Property to Lerdo Farming, LLC, a California limited liability company ("Lerdo Farming"), which is an affiliate of the current Solar Lease Tenant. Solar Lease Landlord irrevocably approves and consents to the same. To the extent that Solar Lease Landlord suffers any loss, liability or damage as a result of any act or omission of Lerdo Farming, its agents, employees, guests, invitees or affiliates, Solar Tenant Landlord will seek recourse solely from Lerdo Farming (and not Beneficiaries) with respect to the same.
- E. No security deposit is required under the Solar Lease.
- F. Rent is due and payable under the lease in the amount of \$5,000.00 per calendar year, payable on or before February 1 of each calendar year during the term. Solar Lease Tenant has fully paid in full all rent and other financial obligations through December 31, 2021 but no further in advance. Solar Lease Tenant's next payment of rent (allocable to the full 2022 calendar year) is due and payable on or before February 1, 2022.
- G. The term of the lease will terminate on December 31, 2040.
- H. Solar Lease Landlord has not granted any license or other right to use any part of the Solar Lease Property, except as set forth in the Solar Lease.
- I. Solar Lease Landlord agrees that Buyer is entitled to grant a leasehold deed of trust or otherwise pledge a security interest to Lender encumbering its interest under the Solar Lease and expressly approves and consents to the same. Solar Lease Landlord shall from time to time execute reasonable consents and other instruments requested by Lender with respect to such pledge. In the event Lender becomes the tenant under the Solar Lease by foreclosure, conveyance in lieu of foreclosure, or otherwise, then Solar Lease Landlord shall attorn to and recognize Lender as the tenant under the Solar Lease for the remainder of the term thereof.
- J. The undersigned are authorized to execute this Estoppel Letter on behalf of Solar Lease Landlord, and the Beneficiaries (and any of their successors or assigns) are entitled to rely upon this certification by Solar Lease Landlord.

[Signature Page Follows]

Signature Page to Tenant Estoppel Letter

Executed effective as of the Effective Date first written above.

SOLAR LEASE LANDLORD:

Donald and Catherin Palla Family Trust dated March 30, 2006

By: _____
Donald R. Palla, Co-Trustee

By: _____
Catherine C. Palla, Co-Trustee

SCHEDULE A

(See attached.)

EXHIBIT F

Solar Lease

(See attached)

30628426.6

001/16597.001/Excrow Phase 3/2nd Amendment

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Gladstone, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 10, 2021

/s/ David Gladstone

David Gladstone
Chief Executive Officer 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 quarterly report on Form10-Q 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: August 10, 2021

/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 Quarterly Report on Form 10-Q for the period ended June 30, 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-Q 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: August 10, 2021

/s/ David Gladstone

David Gladstone

Chief Executive Officer 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 Quarterly Report on Form 10-Q for the period ended June 30, 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-Q 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: August 10, 2021

/s/ Lewis Parrish

Lewis Parrish
Chief Financial Officer and
Assistant Treasurer

Exhibit 99.1

Pursuant to FINRA Rule 2310(b)(5), Gladstone Land Corporation (the “Company”) determined the estimated value as of June 30, 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 Quarterly Report on Form 10-Q for the period ended June 30, 2021 (the “Form 10-Q”), 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-Q (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 state 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 June 30, 2021, is \$25.00 per share.