

**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, 2022

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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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, 2022, was 34,210,013.

GLADSTONE LAND CORPORATION
FORM 10-Q FOR THE QUARTER ENDED
JUNE 30, 2022

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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, 2022	December 31, 2021
ASSETS		
Real estate, at cost	\$ 1,390,646	\$ 1,357,800
Less: accumulated depreciation	(89,706)	(74,002)
Total real estate, net	1,300,940	1,283,798
Lease intangibles, net	5,031	4,456
Cash and cash equivalents	48,444	16,708
Other assets, net	55,906	46,588
TOTAL ASSETS	\$ 1,410,321	\$ 1,351,550
LIABILITIES AND EQUITY		
LIABILITIES:		
Borrowings under lines of credit	\$ 100	\$ 100
Notes and bonds payable, net	661,846	667,882
Series D mandatorily-redeemable preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 3,600,000 shares authorized, 2,415,000 shares issued and outstanding as of June 30, 2022, and December 31, 2021, net	58,902	58,696
Accounts payable and accrued expenses	14,575	10,874
Due to related parties, net	2,974	4,224
Other liabilities, net	19,992	20,708
Total liabilities	758,389	762,484
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, 2022, and December 31, 2021	6	6
Series C cumulative redeemable preferred stock, \$0.001 par value, \$25.00 per share liquidation preference; 25,985,302 shares authorized, 6,529,895 shares issued and outstanding as of June 30, 2022; 25,989,942 shares authorized, 3,493,333 shares issued and outstanding as of December 31, 2021	7	3
Common stock, \$0.001 par value; 63,958,633 shares authorized, 34,520,068 shares issued and outstanding as of June 30, 2022; 63,953,993 shares authorized, 34,210,013 shares issued and outstanding as of December 31, 2021	35	34
Additional paid-in capital	742,070	668,275
Distributions in excess of accumulated earnings	(96,442)	(80,467)
Accumulated other comprehensive income (loss)	6,256	(1,036)
Total stockholders' equity	651,932	586,815
Non-controlling interests in Operating Partnership	—	2,251
Total equity	651,932	589,066
TOTAL LIABILITIES AND EQUITY	\$ 1,410,321	\$ 1,351,550

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,	
	2022	2021	2022	2021
OPERATING REVENUES:				
Lease revenue, net	\$ 20,293	\$ 16,893	\$ 40,236	\$ 32,927
Total operating revenues	20,293	16,893	40,236	32,927
OPERATING EXPENSES:				
Depreciation and amortization	8,392	6,285	16,738	12,336
Property operating expenses	695	906	1,398	1,336
Base management fee	2,043	1,376	4,079	2,746
Incentive fee	—	—	1,131	1,162
Administration fee	463	347	926	703
General and administrative expenses	567	581	1,253	1,119
Total operating expenses	12,160	9,495	25,525	19,402
OTHER INCOME (EXPENSE):				
Other income	63	20	2,829	2,255
Interest expense	(6,523)	(6,141)	(12,971)	(12,334)
Dividends declared on Series A and Series D cumulative term preferred stock	(755)	(755)	(1,509)	(1,559)
Loss on dispositions of real estate assets, net	(305)	(1,042)	(1,280)	(1,840)
Property and casualty recovery, net	—	—	49	—
Loss from investments in unconsolidated entities	—	(11)	(29)	(24)
Total other expense, net	(7,520)	(7,929)	(12,911)	(13,502)
NET INCOME (LOSS)	613	(531)	1,800	23
Net loss (income) attributable to non-controlling interests	3	1	(6)	—
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	616	(530)	1,794	23
Dividends declared on Series B and Series C cumulative redeemable preferred stock	(4,486)	(2,939)	(8,398)	(5,702)
Loss on extinguishment of Series C cumulative redeemable preferred stock	(3)	—	(6)	—
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (3,873)	\$ (3,469)	\$ (6,610)	\$ (5,679)
LOSS PER COMMON SHARE:				
Basic and diluted	\$ (0.11)	\$ (0.12)	\$ (0.19)	\$ (0.20)
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic and diluted	34,520,068	29,360,515	34,403,184	28,124,440
COMPREHENSIVE INCOME (LOSS):				
Net income (loss) attributable to the Company	\$ 616	\$ (530)	\$ 1,794	\$ 23
Change in fair value related to interest rate hedging instruments	2,562	(1,211)	7,292	156
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	\$ 3,178	\$ (1,741)	\$ 9,086	\$ 179

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, 2022											
	Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (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, 2022	5,956,065	\$ 6	5,045,023	\$ 5	34,520,068	\$ 35	\$ 713,805	\$ (87,868)	\$ 3,694	\$ 629,677	\$ 2,248	\$ 631,925
Issuance of Series C Preferred Stock, net	—	—	1,487,032	2	—	—	33,739	—	—	33,741	—	33,741
Redemptions of Series C Preferred Stock	—	—	(2,160)	—	—	—	(49)	(3)	—	(52)	—	(52)
Redemptions of OP Units	—	—	—	—	—	—	(3,700)	—	—	(3,700)	(3,970)	(7,670)
Net income	—	—	—	—	—	—	—	616	—	616	(3)	613
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(4,486)	—	(4,486)	—	(4,486)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(4,701)	—	(4,701)	—	(4,701)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	2,562	2,562	—	2,562
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	(1,725)	—	—	(1,725)	1,725	—
Balance at June 30, 2022	5,956,065	\$ 6	6,529,895	\$ 7	34,520,068	\$ 35	\$ 742,070	\$ (96,442)	\$ 6,256	\$ 651,932	\$ —	\$ 651,932

	Six Months Ended June 30, 2022											
	Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (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, 2021	5,956,065	\$ 6	3,493,333	\$ 3	34,210,013	\$ 34	\$ 668,275	\$ (80,467)	\$ (1,036)	\$ 586,815	\$ 2,251	\$ 589,066
Issuance of Series C Preferred Stock, net	—	—	3,041,202	4	—	—	69,019	—	—	69,023	—	69,023
Redemptions of Series C Preferred Stock	—	—	(4,640)	—	—	—	(105)	(6)	—	(111)	—	(111)
Redemptions of OP Units	—	—	—	—	—	—	(3,700)	—	—	(3,700)	(3,970)	(7,670)
Issuance of common stock, net	—	—	—	—	310,055	1	10,321	—	—	10,322	—	10,322
Net income	—	—	—	—	—	—	—	1,794	—	1,794	6	1,800
Dividends—Series B Preferred Stock and Series C Preferred Stock	—	—	—	—	—	—	—	(8,398)	—	(8,398)	—	(8,398)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	(9,365)	—	(9,365)	(27)	(9,392)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	7,292	7,292	—	7,292
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	(1,740)	—	—	(1,740)	1,740	—
Balance at June 30, 2022	5,956,065	\$ 6	6,529,895	\$ 7	34,520,068	\$ 35	\$ 742,070	\$ (96,442)	\$ 6,256	\$ 651,932	\$ —	\$ 651,932

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, 2021											
	Series B Preferred Stock		Series C Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (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 Income (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 CASH FLOWS
(In thousands)
(Unaudited)

	For the Six Months Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,800	\$ 23
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,738	12,336
Amortization of debt issuance costs	548	641
Amortization of deferred rent assets and liabilities, net	(93)	(294)
Amortization of right-of-use assets from operating leases and operating lease liabilities, net	46	(11)
Loss from investments in unconsolidated entities	29	24
Bad debt expense	67	6
Loss on dispositions of real estate assets, net	1,280	1,840
Property and casualty recovery, net	(49)	—
Changes in operating assets and liabilities:		
Other assets, net	(2,516)	(2,413)
Accounts payable and accrued expenses and Due to related parties, net	1,366	2,630
Other liabilities, net	139	2,183
Net cash provided by operating activities	19,355	16,965
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of new real estate assets	(24,320)	(81,752)
Capital expenditures on existing real estate assets	(10,118)	(2,423)
Deposits on prospective real estate acquisitions and investments	(709)	(775)
Net cash used in investing activities	(35,147)	(84,950)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred and common equity	85,356	109,720
Offering costs	(6,191)	(2,903)
Redemptions of cumulative redeemable preferred stock (Series B and Series C)	(111)	—
Payments for redemptions of OP Units	(7,670)	—
Proceeds from issuance of cumulative term preferred stock	—	60,375
Redemption of cumulative term preferred stock (Series A)	—	(28,750)
Borrowings from notes and bonds payable	9,932	9,903
Repayments of notes and bonds payable	(15,925)	(6,607)
Payments of financing fees	(743)	(2,221)
Dividends paid on cumulative redeemable preferred stock (Series B and Series C)	(7,728)	(6,283)
Distributions paid on non-controlling common interests in Operating Partnership	(27)	(37)
Distributions paid on common stock	(9,365)	(7,641)
Net cash provided by financing activities	47,528	125,556
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,736	57,571
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16,708	9,218
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 48,444	\$ 66,789

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,	
	2022	2021
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	4,182	997
Stock offering and OP Unit issuance costs included in Accounts payable and accrued expenses and Due to related parties, net	10	19
Financing fees included in Accounts payable and accrued expenses and Due to related parties, net	13	118
Unrealized gain related to interest rate hedging instruments	6,256	1,344
Dividends paid on Series C Preferred Stock via additional share issuances	170	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, 2022, and December 31, 2021, the Company owned 100.0% and approximately 99.4%, 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, 2022, and for the tax year ended December 31, 2021, 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. 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, 2021, as filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 22, 2022 (the “Form 10-K”). The results of operations for the three and six months ended June 30, 2022, 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, the results of which form the basis for making certain judgments. Actual results may materially differ from these estimates.

Recently-Issued Accounting Pronouncements

As of June 30, 2022, there were no recently-issued accounting pronouncements that had a material impact on our condensed consolidated financial statements.

NOTE 3. REAL ESTATE AND INTANGIBLE ASSETS

All of our properties are wholly-owned on a fee-simple basis, except where noted. The following table provides certain summary information about the 165 farms we owned as of June 30, 2022 (dollars in thousands, except for footnotes):

Location	No. of Farms	Total Acres	Farm Acres	Net Cost Basis ⁽¹⁾	Encumbrances ⁽²⁾
California ⁽³⁾⁽⁴⁾⁽⁵⁾	63	34,401	31,951	\$ 871,999	\$ 414,453
Florida	26	22,606	17,639	223,674	126,624
Arizona ⁽⁶⁾	6	6,280	5,228	55,280	16,244
Colorado	12	32,773	25,577	46,872	28,907
Washington	3	1,384	1,001	36,583	24,463
Nebraska	9	7,782	7,050	30,648	12,156
Michigan	23	1,892	1,245	24,284	14,368
Oregon ⁽⁷⁾	5	726	606	21,585	11,903
Texas	1	3,667	2,219	8,213	4,940
Maryland	6	987	863	8,125	4,526
South Carolina	3	597	447	3,677	2,215
Georgia	2	230	175	2,809	1,710
North Carolina	2	310	295	2,182	1,172
New Jersey	3	116	101	2,153	1,273
Delaware	1	180	140	1,310	726
	165	113,931	94,537	\$ 1,339,394	\$ 665,680

⁽¹⁾ Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets acquired and liabilities assumed), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for accumulated depreciation and amortization. Specifically, includes Total real estate, net (excluding improvements paid for by the tenant) and Lease intangibles, net; plus long-term water assets, net above-market lease values, 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 \$3.7 million of debt issuance costs related to notes and bonds payable, included in Notes and bonds payable, net on the accompanying Condensed Consolidated Balance Sheets.

⁽³⁾ Includes ownership in a special-purpose LLC that owns a pipeline conveying water to certain of our properties. As of June 30, 2022, 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 Sheets.

⁽⁴⁾ Includes five acres in which we own a leasehold interest via a ground sublease with a California municipality that expires in December 2041. The ground sublease had a net cost basis of approximately \$744,000 as of June 30, 2022 (included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheets).

⁽⁵⁾ Includes 45,000 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California. See “—Investments in Water Assets” below for additional information on this water.

⁽⁶⁾ Includes two farms in which we own a leasehold interest via ground leases with the State of Arizona that expire in February 2025 and February 2032, 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 \$877,000 as of June 30, 2022 (included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheets).

⁽⁷⁾ Includes ownership in a special-purpose LLC that owns certain irrigation infrastructure that provides water to one of our farms. As of June 30, 2022, this investment had a net carrying value of approximately \$2.1 million and is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets.

Real Estate

The following table sets forth the components of our investments in tangible real estate assets as of June 30, 2022, and December 31, 2021 (dollars in thousands):

	June 30, 2022	December 31, 2021
Real estate:		
Land and land improvements	\$ 831,103	\$ 812,830
Permanent plantings	339,161	331,969
Irrigation and drainage systems	160,537	153,688
Farm-related facilities	46,808	46,804
Other site improvements	13,037	12,509
Real estate, at cost	1,390,646	1,357,800
Accumulated depreciation	(89,706)	(74,002)
Total real estate, net	\$ 1,300,940	\$ 1,283,798

Real estate depreciation expense on these tangible assets was approximately \$8.1 million and \$16.2 million for the three and six months ended June 30, 2022, respectively, and approximately \$6.0 million and \$11.6 million for the three and six months ended June 30, 2021, 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, 2022, and December 31, 2021, we recorded tenant improvements, net of accumulated depreciation, of approximately \$2.5 million and \$2.5 million, respectively. We recorded both depreciation expense and additional lease revenue related to these tenant improvements of approximately \$103,000 and \$207,000 for the three and six months ended June 30, 2022, respectively, and approximately \$97,000 and \$194,000 for the three and six months ended June 30, 2021 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, 2022, and December 31, 2021 (dollars in thousands):

	June 30, 2022	December 31, 2021
Lease intangibles:		
Leasehold interest – land	\$ 4,295	\$ 4,295
In-place lease values	2,534	2,174
Leasing costs	2,532	1,808
Other ⁽¹⁾	130	130
Lease intangibles, at cost	9,491	8,407
Accumulated amortization	(4,460)	(3,951)
Lease intangibles, net	\$ 5,031	\$ 4,456

⁽¹⁾ Other consists primarily of acquisition-related costs allocated to miscellaneous lease intangibles.

Total amortization expense related to these lease intangible assets was approximately \$245,000 and \$511,000 for the three and six months ended June 30, 2022, respectively, and approximately \$304,000 and \$687,000 for the three and six months ended June 30, 2021, 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, 2022, and December 31, 2021 (dollars in thousands):

Intangible Asset or Liability	June 30, 2022		December 31, 2021	
	Deferred Rent Asset (Liability)	Accumulated (Amortization) Accretion	Deferred Rent Asset (Liability)	Accumulated (Amortization) Accretion
Above-market lease values and lease incentives ⁽¹⁾	\$ 625	\$ (215)	\$ 65	\$ (12)
Below-market lease values and other deferred revenue ⁽²⁾	(2,010)	429	(2,010)	340
	\$ (1,385)	\$ 214	\$ (1,945)	\$ 328

⁽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 \$122,000 and \$203,000 for the three and six months ended June 30, 2022, respectively, and approximately \$44,000 and \$0 for the three and six months ended June 30, 2021, respectively. Total accretion related to below-market lease values and other deferred revenue was approximately \$44,000 and \$89,000 for the three and six months ended June 30, 2022, respectively, and approximately \$63,000 and \$99,000 for the three and six months ended June 30, 2021, respectively.

Acquisitions

2022 Acquisitions

During the six months ended June 30, 2022, we completed the following acquisitions, 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	Annualized Straight-line Rent ⁽¹⁾
Farm Road ⁽²⁾	Charlotte, FL	5/20/2022	15	0	Adjacent parcel	N/A	N/A	\$ 54	\$ 15	\$ —
County Road 35	Glenn, CA	6/16/2022	1,374	1	Olives for Olive Oil	14.5 years	1 (5 years)	24,500	54	1,714
			<u>1,389</u>	<u>1</u>				<u>\$ 24,554</u>	<u>\$ 69</u>	<u>\$ 1,714</u>

⁽¹⁾ 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.

⁽²⁾ Represents the acquisition of a parcel of land adjacent to an existing farm, providing additional road access to such farm. No new lease was executed related to this acquisition.

During each of the three and six months ended June 30, 2022, in the aggregate, we recognized operating revenues of approximately \$71,000, and net income of approximately \$38,000, related to the above acquisitions.

2021 Acquisitions

During the six months ended June 30, 2021, we completed the following acquisitions, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acres	No. of Farms	Primary Crop(s) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
Palmer Mill Road	Dorchester, MD	3/3/2021	228	2	Sod	10.0 years	2 (5 years)	\$ 1,600	\$ 56	\$ 89
Eight Mile Road – Port Facility	San Joaquin, CA	3/11/2021	5	—	Cooling facility and storage	9.8 years	3 (5 years)	3,977	50	189
South Avenue	Tehama, CA	4/5/2021	2,285	1	Olives for olive oil	14.7 years	1 (5 years)	37,800	149	2,555
Richards Avenue	Atlantic, NJ	6/3/2021	116	3	Blueberries	14.9 years	2 (5 years)	2,150	63	129
Lerdo Highway (Phase I) ⁽³⁾⁽⁴⁾	Kern, CA	6/4/2021	639	1	Conventional & organic almonds and banked water	10.4 years	3 (10 years)	26,492	111	974
Almena Drive	Van Buren & Eaton, MI	6/9/2021	930	8	Blueberries	14.7 years	2 (5 years)	13,300	51	785
			<u>4,203</u>	<u>15</u>				<u>\$ 85,319</u>	<u>\$ 480</u>	<u>\$ 4,721</u>

⁽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.

Purchase Price Allocations

The allocation of the aggregate purchase price for the farms acquired during the six months ended June 30, 2022, and 2021 respectively, is as follows (dollars in thousands):

Assets (Liabilities) Acquired	2022 Acquisitions	2021 Acquisitions
Land and land improvements	\$ 16,237	\$ 39,092
Permanent plantings	5,933	18,075
Irrigation & drainage systems	1,298	3,411
Farm-related facilities	—	9,134
Other site improvements	—	136
Leasehold interest—land	—	787
In-place lease values	359	687
Leasing costs	727	509
Below-market lease values ⁽¹⁾	—	(1,321)
Water purchase contracts ⁽²⁾⁽³⁾	—	13,563
Total Purchase Price	\$ 24,554	\$ 84,073

⁽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.

⁽³⁾ 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. In addition, in connection with the acquisition of certain farmland located in Umatilla County, Oregon, we also acquired an ownership in a related limited liability company (the “Umatilla LLC”), the sole purpose of which is to own and maintain an irrigation system providing water to our and other neighboring properties.

As of June 30, 2022, our aggregate ownership interest in the Fresno LLC and the Umatilla LLC was 50.0% and 9.1%, respectively. As our investments in the Fresno LLC and Umatilla LLC are both deemed to constitute “significant influence,” we have accounted for these investments under the equity method.

We recorded an aggregate loss of approximately \$0 and \$29,000 during the three and six months ended June 30, 2022, respectively, and approximately \$11,000 and \$24,000 during the three and six months ended June 30, 2021, respectively (included in Loss from investments in unconsolidated entities on our Condensed Consolidated Statements of Operations and Comprehensive Income), which represents our pro-rata share of the aggregate loss recognized by the Fresno LLC and Umatilla LLC. Our combined ownership interest in the Fresno LLC and Umatilla LLC, which had an aggregate carrying value of approximately \$3.1 million, as of both June 30, 2022, and December 31, 2021, is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets.

Investments in Water Assets

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

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

As of June 30, 2022, the investment in banked water had a carrying value of approximately \$34.0 million, which includes the subsequent cost to execute the contracts, and is included within Other assets, net on our Condensed Consolidated Balance Sheets.

Each quarter, we will review the investment in banked water for any indicators of impairment and perform an impairment analysis if there are any such indicators. As of June 30, 2022, we concluded that there were no such indicators and that the water was not impaired.

Portfolio Concentrations

Credit Risk

As of June 30, 2022, 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, 2022.

Geographic Risk

Farms located in California and Florida accounted for approximately \$26.8 million (66.5%) and \$7.2 million (17.9%), respectively, of the total lease revenue recorded during the six months ended June 30, 2022. 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, with respect to 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, 2022.

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, 2022, and December 31, 2021, 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, 2022, and December 31, 2021, are summarized below (dollars in thousands):

	Carrying Value as of		As of June 30, 2022	
	June 30, 2022	December 31, 2021	Stated Interest Rates ⁽¹⁾ (Range; Wtd. Avg)	Maturity Dates (Range; Wtd. Avg)
Notes and bonds payable:				
Fixed-rate notes payable	\$ 583,114	\$ 582,665	2.44%–5.70%; 3.74%	7/1/2022–7/1/2051; December 2032
Variable-rate notes payable	1,124	2,856	3.25%	5/1/2044
Fixed-rate bonds payable	81,342	86,052	2.13%–4.57%; 3.46%	12/22/2022–12/30/2030; June 2025
Total notes and bonds payable	665,580	671,573		
Debt issuance costs – notes and bonds payable	(3,734)	(3,691)	N/A	N/A
Notes and bonds payable, net	\$ 661,846	\$ 667,882		
Variable-rate revolving lines of credit	\$ 100	\$ 100	2.97%	4/5/2024
Total borrowings, net	\$ 661,946	\$ 667,982		

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

As of June 30, 2022, the above borrowings were collateralized by certain of our farms with an aggregate net book value of approximately \$1.3 billion. The weighted-average stated interest rate charged on the above borrowings (excluding the impact of debt issuance costs and before any interest patronage, or refunded interest) was 3.75% and 3.73% for the three and six months ended June 30, 2022, respectively, as compared to 3.73% and 3.71% for the three and six months ended June 30, 2021, respectively. In addition, 2021 interest patronage from our Farm Credit Notes Payable (as defined below) resulted in a 29.9% reduction (approximately 137 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, 2022, we were in compliance with all covenants applicable to the above borrowings.

MetLife Facility

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

The 2022 MetLife Term Note is scheduled to mature on January 5, 2032, and the interest rates on future disbursements under the 2022 MetLife Term Note will be based on the 10-year U.S. Treasury at the time of such disbursements, with the initial disbursement priced based on the 10-year U.S. Treasury plus a spread to be determined by the lender. In addition, through December 31, 2024, the 2022 MetLife Term Note is also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the 2022 MetLife Term Note). If the full commitment of \$100.0 million is not utilized by December 31, 2024, MetLife has no obligation to disburse the remaining funds under the 2022 MetLife Term Note. All other material items of the 2020 MetLife Facility remained unchanged.

The following table summarizes the pertinent terms of the 2022 MetLife Facility as of June 30, 2022 (dollars in thousands, except for footnotes):

Issuance	Aggregate Commitment	Maturity Dates	Principal Outstanding	Interest Rate Terms	Undrawn Commitment ⁽¹⁾
MetLife Lines of Credit	\$ 75,000	4/5/2024	\$ 100	3-month LIBOR + 2.00% ⁽²⁾	\$ 74,900
2020 MetLife Term Note	75,000 ⁽³⁾	1/5/2030	36,900	2.75%, fixed through 1/4/2030 ⁽⁴⁾	38,100
2022 MetLife Term Note	100,000 ⁽⁵⁾	1/5/2032	—	⁽⁶⁾	100,000
Totals	\$ 250,000		\$ 37,000		\$ 213,000

⁽¹⁾ Based on the properties that were pledged as collateral under the 2022 MetLife Facility, as of June 30, 2022, the maximum additional amount we could draw under the facility was approximately \$110.3 million.

⁽²⁾ 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).

⁽³⁾ If the aggregate commitment under the 2020 MetLife Term Note is not fully utilized by December 31, 2022, MetLife has no obligation to disburse the remaining funds under the 2020 MetLife Term Note.

⁽⁴⁾ Interest rates on future disbursements under the 2020 MetLife Term Note will be based on prevailing market rates at the time of such disbursements. In addition, through December 31, 2022, the 2020 MetLife Term Note is also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the 2020 MetLife Term Note).

⁽⁵⁾ If the aggregate commitment under the 2022 MetLife Term Note is not fully utilized by December 31, 2024, MetLife has no obligation to disburse the remaining funds under the 2022 MetLife Term Note.

⁽⁶⁾ Interest rates on future disbursements under the 2022 MetLife Term Note will be based on prevailing market rates at the time of such disbursements. In addition, through December 31, 2024, the 2022 MetLife Term Note is also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the 2022 MetLife Term Note).

Farmer Mac Facility

Through certain subsidiaries of our Operating Partnership, we have 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 (the “Farmer Mac Facility”). As amended from time to time, the Farmer Mac Facility currently provides for bond issuances up to an aggregate amount of \$225.0 million. Pursuant to the Bond Purchase Agreement, we may issue new bonds through May 31, 2023, and the final maturity date for new bonds issued under the Farmer Mac Facility will be December 31, 2030.

During the six months ended June 30, 2022, we issued two new bonds under the Farmer Mac Facility, the pertinent terms of which are summarized in the following table

Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate	Interest Rate Terms
1/11/2022	\$ 1,980	12/30/2030	20.0 years	3.31%	Fixed throughout term
2/25/2022	1,710	12/30/2030	25.0 years	3.68%	Fixed throughout term

(dollars in thousands):

As of June 30, 2022, we had approximately \$81.3 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, 2022, we entered into the following loan agreement with Farm Credit (dollars in thousands):

Issuer	Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate ⁽¹⁾	Interest Rate Terms
Northwest Farm Credit Services, FLCA	1/31/2022	\$1,442	2/1/2032	20.1 years	4.65%	Fixed throughout term
Farm Credit of Central Florida, ACA	4/5/2022	4,800	2/1/2046	23.8 years	4.36%	Fixed through 2/28/2027; variable thereafter

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

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, 2022, we recorded interest patronage of approximately \$2.8 million related to interest accrued on the Farm Credit Notes Payable during the year ended December 31, 2021, which resulted in a 29.9% reduction (approximately 137 basis points) to the interest rates on such borrowings.

Debt Service – Aggregate Maturities

Scheduled principal payments of our aggregate notes and bonds payable as of June 30, 2022, for the succeeding years are as follows (dollars in thousands):

Period	Scheduled Principal Payments
For the remaining six months ending December 31: 2022	\$ 35,268 ⁽¹⁾
For the fiscal years ending December 31: 2023	44,904
2024	41,224
2025	38,278
2026	17,446
2027	50,678
Thereafter	437,782
	\$ 665,580

⁽¹⁾ Subsequent to June 30, 2022, we repaid approximately \$16.9 million of expiring loans. See Note 11, “Subsequent Events—Financing Activity—Debt Activity,” for additional information on these repayments.

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, 2022, the aggregate fair value of our notes and bonds payable was approximately \$621.9 million, as compared to an aggregate carrying value (excluding unamortized related debt issuance costs) of approximately \$665.6 million. The fair value of our 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 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, 2022, is deemed to approximate their aggregate carrying value of \$100,000.

Interest Rate Swap Agreements

In order to hedge our exposure to variable interest rates, we have entered into various interest rate swap agreements in connection with certain of our mortgage financings. In accordance with these swap agreements, we will pay our counterparty a fixed interest rate on a quarterly basis and receive payments from our counterparty 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. In accordance with the FASB's fair value measurement guidance, we have made an accounting policy election to measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. As of June 30, 2022, our interest rate swaps were valued using Level 2 inputs.

In addition, we have designated our interest rate swaps as cash flow hedges. For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is initially recorded in Accumulated other comprehensive income (loss) on the accompanying Condensed Consolidated Balance Sheets and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects. During the next 12 months, we estimate that an additional \$1.1 million will be reclassified as a reduction to interest expense.

We had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk as of June 30, 2022, and December 31, 2021 (dollars in thousands):

Period	Number of Instruments	Aggregate Notional Amount
As of June 30, 2022	5	\$ 81,489
As of December 31, 2021	5	82,980

The following table presents the fair value of our interest rate swaps as well as their classification on the Condensed Consolidated Balance Sheets as of June 30, 2022, and

Derivative Type	Balance Sheet Location	Derivative Asset (Liability) Fair Value	
		June 30, 2022	December 31, 2021
Derivatives Designated as Hedging Instruments:			
Interest rate swaps	Other assets, net	\$ 6,256	\$ —
Interest rate swaps	Other liabilities, net	—	(1,036)
Total		\$ 6,256	\$ (1,036)

December 31, 2021 (dollars in thousands):

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, 2022 and 2021 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
Derivative in cash flow hedging relationship:				
Interest rate swaps	\$ 2,562	\$ (1,211)	\$ 7,292	\$ 156
Total	\$ 2,562	\$ (1,211)	\$ 7,292	\$ 156

Credit-risk-related Contingent Features

We have agreements with each of our derivative counterparties that contain a provision where if we default on any of our indebtedness, then we could also be declared in default on our derivative obligations. As of June 30, 2022, we did not have any derivatives in a net liability position, nor have we posted any collateral related to these agreements.

NOTE 5. CUMULATIVE TERM 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, 2022, the fair value of our Series D Term Preferred Stock was approximately \$60.1 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, 2022, of \$24.90.

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, 2022, see Note 8, “*Equity—Distributions.*”

NOTE 6. RELATED-PARTY TRANSACTIONS

Our Adviser and Administrator

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

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

Advisory Agreements

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

Base Management Fee

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

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

Incentive Fee

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

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

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

Capital Gains Fee

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

Administration Agreement

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

As approved by our Board of Directors, 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

We have 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, a member of its board of managers, and a managing principal.

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 \$94,000 during each of the three and six months ended June 30, 2022, and approximately \$35,000 and \$52,000 during the three and six months ended June 30, 2021, respectively. Through June 30, 2022, 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

Pursuant to a dealer-manager agreement that became effective on February 20, 2020 (the “Dealer-Manager Agreement”), 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 \$2.9 million and \$6.1 million during the three and six months ended June 30, 2022, respectively, and approximately \$808,000 and \$2.0 million during the three and six months ended June 30, 2021, respectively. 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,	
	2022	2021	2022	2021
Base management fee ⁽¹⁾⁽²⁾	\$ 2,043	\$ 1,376	\$ 4,079	\$ 2,746
Incentive fee ⁽¹⁾⁽²⁾	—	—	1,131	1,162
Total fees to our Adviser, net	\$ 2,043	\$ 1,376	\$ 5,210	\$ 3,908
Administration fee⁽¹⁾⁽²⁾	\$ 463	\$ 347	\$ 926	\$ 703
Selling Commissions and Dealer-Manager Fees ⁽¹⁾⁽³⁾	\$ 2,891	\$ 808	\$ 6,069	\$ 1,952
Financing fees ⁽¹⁾⁽⁴⁾	—	35	94	52
Total fees to Gladstone Securities	\$ 2,891	\$ 843	\$ 6,163	\$ 2,004

(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) 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, 2022, and December 31, 2021, were as follows (dollars in thousands):

	June 30, 2022	December 31, 2021
Base management fee	\$ 2,043	\$ 1,836
Incentive fee	—	1,793
Other, net ⁽¹⁾	179	95
Total due to Adviser	2,222	3,724
Administration fee	463	411
Cumulative accrued but unpaid portion of prior Administration Fees ⁽²⁾	289	89
Total due to Administrator	752	500
Total due to related parties⁽³⁾	\$ 2,974	\$ 4,224

(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) Reflected as a line item on our accompanying Condensed Consolidated Balance Sheets.

NOTE 7. COMMITMENTS AND CONTINGENCIES

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 (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. Through June 30, 2022, we have issued a total of 6,544,593 shares of Series C Preferred Stock for gross proceeds of approximately \$162.1 million, 2,415,000 shares of Series D Term Preferred Stock for gross proceeds of approximately \$60.4 million, and 13,173,610 shares of common stock (including common stock issued to redeem OP Units) for gross proceeds of approximately \$256.0 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 sales of our Series C Preferred Stock during the three and six months ended June 30, 2022 and 2021 (dollars in thousands, except per-share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Number of shares sold ⁽¹⁾	1,479,544	404,049	3,028,475	939,020
Weighted-average offering price per share	\$ 24.70	\$ 24.75	\$ 24.75	\$ 24.83
Gross proceeds	\$ 36,551	\$ 10,000	\$ 74,967	\$ 23,315
Net proceeds ⁽²⁾	\$ 33,660	\$ 9,192	\$ 68,898	\$ 21,363

⁽¹⁾ Excludes shares issued pursuant to the DRIP. We issued approximately 7,488 and 12,727 shares of the Series C Preferred Stock pursuant to the DRIP during the three and six months ended June 30, 2022, respectively, and approximately 1,293 and 2,001 shares of the Series C Preferred Stock pursuant to the DRIP during the three and six months ended June 30, 2021, respectively.

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

In addition, during the three and six months ended June 30, 2022, 2,160 and 4,640 shares, respectively, of Series C Preferred Stock, were tendered for optional redemption, which we satisfied with an aggregate cash payment of approximately \$52,000 and \$111,000, respectively. There were no redemptions during the three and six months ended June 30, 2021.

As of June 30, 2022, excluding Selling Commissions and Dealer-Manager Fees, we have incurred approximately \$1.2 million 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, 2022.

Common Stock

At-the-Market Program

On May 12, 2020, we entered into equity distribution agreements (commonly referred to as “at-the-market 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 the Sales Agents, shares of our common stock having an aggregate offering price of up to \$100.0 million (the “ATM Program”). On May 18, 2021, we entered into separate amendments to the existing equity distribution agreements to allow us to sell up to \$160.0 million of additional shares of our common stock, expanding the aggregate offering price to up to \$260.0 million.

The following table provides information on shares of common stock sold by the Sales Agents under the ATM Program during the three and six months ended June 30, 2022 and 2021 (dollars in thousands, except per-share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Number of shares sold	—	2,946,113	310,055	4,259,045
Weighted-average offering price per share	\$ —	\$ 21.68	\$ 33.64	\$ 20.29
Gross proceeds	\$ —	\$ 63,868	\$ 10,431	\$ 86,405
Net proceeds ⁽¹⁾	\$ —	\$ 63,229	\$ 10,327	\$ 85,541

⁽¹⁾ Net of underwriting commissions.

Non-Controlling Interests in Operating Partnership

We consolidate our Operating Partnership, which is a majority-owned partnership. As of June 30, 2022, and December 31, 2021, we owned 100.0% and approximately 99.4%, respectively, of the outstanding OP Units. There were 0 and 204,778 OP Units held by non-controlling OP Unitholders as of June 30, 2022, and December 31, 2021, 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.

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

During the six months ended June 30, 2021, we issued 204,778 OP Units to noncontrolling OP Unitholders representing an aggregate value of approximately \$4.0 million, or \$19.42 per OP Unit. During the three and six months ended June 30, 2022, we redeemed those 204,778 OP Units with a cash payment of approximately \$7.7 million, or \$37.45 per OP Unit.

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, 2022 and 2021 are reflected in the table below.

Issuance	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Series A Term Preferred Stock ⁽¹⁾⁽²⁾	\$ —	\$ —	\$ —	\$ 0.1815104
Series B Preferred Stock	0.375	0.375	0.750	0.750
Series C Preferred Stock	0.375	0.375	0.750	0.750
Series D Term Preferred Stock ⁽¹⁾⁽³⁾	0.312501	0.312501	0.625002	0.559029
Common Stock ⁽⁴⁾	0.13620	0.13500	0.27210	0.26985

⁽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 revenue for the three and six months ended June 30, 2022 and 2021 (dollars in thousands, except for footnotes):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Fixed lease payments ⁽¹⁾	\$ 20,273	\$ 16,836	\$ 40,210	\$ 32,816
Variable lease payments ⁽²⁾	20	57	26	111
Lease revenue, net⁽³⁾	\$ 20,293	\$ 16,893	\$ 40,236	\$ 32,927

⁽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, 2022, we recorded participation rents of approximately \$20,000 during each period and reimbursements of certain property operating expenses by tenants of approximately \$0 and \$6,000, respectively. 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.

⁽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, 2022 and 2021, 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,	
	2022	2021	2022	2021
<i>(Dollars in thousands, except per-share amounts):</i>				
Net loss attributable to common stockholders	\$ (3,873)	\$ (3,469)	\$ (6,610)	\$ (5,679)
Weighted average shares of common stock outstanding – basic and diluted	34,520,068	29,360,515	34,403,184	28,124,440
Loss per common share – basic and diluted	\$ (0.11)	\$ (0.12)	\$ (0.19)	\$ (0.20)

The weighted-average number of OP Units held by non-controlling OP Unitholders was 45,006 and 124,451 for the three and six months ended June 30, 2022, respectively, and 204,778 and 126,713 for the three and three and six months ended June 30, 2021, respectively.

NOTE 11. SUBSEQUENT EVENTS

Acquisition Activity

Subsequent to June 30, 2022, 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) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
Reagan Road ⁽³⁾	Cochise, AZ	7/13/2022	40	0	Corn	12.5 years	None	\$ 120	\$ 14	\$ 39
North Columbia River Road and Prunedale Road ⁽⁴⁾	Franklin & Grant, WA, and Umatilla, OR	7/21/2022	1,317	4	Wine Grapes	8.6 years	None	37,250	94	2,569
			1,357	4				\$ 37,370	\$ 108	\$ 2,608

⁽¹⁾ Acquisitions will be accounted for as asset acquisitions in accordance with ASC 360. The figures above represent only costs paid or accrued for as of the date of this filing.

⁽²⁾ Annualized straight-line rent is 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⁾ Represents the acquisition of a parcel of farmable land adjacent to an existing farm.

⁽⁴⁾ Upon acquisition, we executed four new leases with the existing tenants on these farms. The lease terms above represent the weighted-average lease term and aggregate annualized straight-line rent of these four leases.

Financing Activity

Debt Activity

Subsequent to June 30, 2022, we repaid approximately \$16.9 million of maturing loans. On a weighted-average basis, these borrowings bore interest at a stated rate of 4.47% and an effective interest rate (after interest patronage) of 2.89%.

Equity Activity

The following table provides information on equity sales that have occurred subsequent to June 30, 2022 (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⁾	1,579,580	\$ 24.80	\$ 39,178	\$ 35,935

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

⁽²⁾ Excludes approximately 6,365 shares issued pursuant to the DRIP.

Distributions

On July 12, 2022, our Board of Directors authorized and we declared the following monthly cash distributions to holders of our preferred and common stock:

Issuance	Record Date	Payment Date	Distribution per Share
Series B Preferred Stock:	July 22, 2022	July 29, 2022	\$ 0.125
	August 23, 2022	August 31, 2022	0.125
	September 22, 2022	September 30, 2022	0.125
	Total Series B Preferred Stock Distributions:		\$ 0.375
Series C Preferred Stock:	July 27, 2022	August 5, 2022	\$ 0.125
	August 25, 2022	September 6, 2022	0.125
	September 27, 2022	October 5, 2022	0.125
	Total Series C Preferred Stock Distributions:		\$ 0.375
Series D Term Preferred Stock:	July 22, 2022	July 29, 2022	\$ 0.104167
	August 23, 2022	August 31, 2022	0.104167
	September 22, 2022	September 30, 2022	0.104167
	Total Series D Term Preferred Stock Distributions:		\$ 0.312501
Common Stock⁽¹⁾:	July 22, 2022	July 29, 2022	\$ 0.0456
	August 23, 2022	August 31, 2022	0.0456
	September 22, 2022	September 30, 2022	0.0456
	Total Common Stock Distributions:		\$ 0.1368

⁽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, 2021 (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 169 farms comprised of 115,288 acres located across 15 states in the U.S. We also own several farm-related facilities, such as cooling facilities, packinghouses, processing facilities, and various storage facilities.

We conduct substantially all of our activities through, and all of our properties are held, directly or indirectly, by, Gladstone Land Limited Partnership (the “Operating Partnership”). Gladstone Land Corporation controls the sole general partner of the Operating Partnership and currently owns, directly or indirectly, 100.0% 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 Diversification

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 169 farms leased to 90 different, unrelated third-party tenants who grow over 60 different types of crops on our farms. Our investment focus is in farmland suitable for growing either fresh produce annual row crops (e.g., certain berries and vegetables) or certain permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes), with an ancillary focus on farmland growing certain commodity crops (e.g., beans and corn).

The acquisition of additional farms since our IPO has also allowed us to further diversify our portfolio geographically. The following table summarizes the different geographic locations (by state) of our farms owned as of and for the six months ended June 30, 2022 and 2021 (dollars in thousands):

State	As of and For the six months ended June 30, 2022					As of and For the six months ended June 30, 2021				
	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⁾	63	34,401	30.2%	\$ 26,775	66.5%	58	28,126	26.7%	\$ 20,616	62.6%
Florida	26	22,606	19.8%	7,189	17.9%	23	20,770	19.7%	6,748	20.5%
Washington	3	1,384	1.2%	1,199	3.0%	3	1,384	1.3%	1,187	3.6%
Colorado	12	32,773	28.8%	1,082	2.7%	12	32,773	31.1%	1,370	4.2%
Arizona	6	6,280	5.5%	1,016	2.5%	6	6,280	6.0%	968	2.9%
Michigan	23	1,892	1.7%	783	1.9%	23	1,892	1.8%	262	0.8%
Oregon	5	726	0.6%	734	1.8%	3	418	0.4%	268	0.8%
Nebraska	9	7,782	6.8%	596	1.5%	9	7,782	7.4%	794	2.4%
Texas	1	3,667	3.2%	225	0.6%	1	3,667	3.5%	225	0.7%
Maryland	6	987	0.9%	222	0.5%	6	987	0.9%	231	0.7%
South Carolina	3	597	0.5%	122	0.3%	3	597	0.6%	122	0.4%
Georgia	2	230	0.2%	112	0.3%	—	—	—%	—	—%
North Carolina	2	310	0.3%	81	0.2%	2	310	0.3%	85	0.3%
New Jersey	3	116	0.1%	64	0.2%	3	116	0.1%	10	—%
Delaware	1	180	0.2%	36	0.1%	1	180	0.2%	41	0.1%
TOTALS	165	113,931	100.0%	\$ 40,236	100.0%	153	105,282	100.0%	\$ 32,927	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, 126 of our farms are leased on a pure, triple-net basis, 40 farms are leased on a partial-net basis (with us, as landlord, responsible for all or a portion of the related property taxes), and 3 farms are leased on a single-net basis (with us, as landlord, responsible for the related property taxes, as well as certain maintenance, repairs, and insurance costs). Additionally, 35 of our farms are leased under agreements that include a variable rent component, called “participation rents,” that are based on the gross revenues earned on the respective farms.

Lease Expirations

Agricultural leases are often shorter term in nature (relative to leases of other types of real estate assets), so in any given year, we may have multiple leases up for extension or renewal. The following table summarizes the lease expirations by year for the farms owned and with leases in place as of June 30, 2022 (dollars in thousands):

Year	Number of Expiring Leases ⁽¹⁾	Expiring Leased Acreage	% of Total Acreage	Lease Revenues for the Six Months Ended June 30, 2022	% of Total Lease Revenues
2022 ⁽²⁾	4	3,720	3.3%	\$ 2,467	6.1%
2023	14	13,915	12.2%	3,411	8.5%
2024	8	10,219	9.0%	3,363	8.3%
2025	7	12,259	10.7%	2,899	7.2%
2026	11	15,247	13.4%	2,767	6.9%
Thereafter	52	58,571	51.4%	25,174	62.6%
Other ⁽³⁾	6	—	—%	155	0.4%
Totals	102	113,931	100.0%	\$ 40,236	100.0%

⁽¹⁾ Certain lease agreements encompass multiple farms.

- (2) Includes one lease that was renewed subsequent to June 30, 2022 (see “Recent Development—Portfolio Activity—Existing Properties—Leasing Activity” below for a summary of this and certain other recent leasing activities), one lease in which the tenant termination option expired subsequent to June 30, 2022, without such option being exercised, resulting in the minimum lease term being extended through 2028, and one lease with a tenant termination option that we do not currently expect to be exercised.
- (3) Consists of ancillary leases (e.g., renewable energy leases; oil, gas, and mineral leases; telecommunications leases; etc.) with varying expirations on certain of our farms.

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

Recent Developments

Portfolio Activity

Property Acquisitions

Since April 1, 2022, through the date of this filing, we acquired five 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	Annualized Straight-line Rent ⁽¹⁾
Farm Road ⁽²⁾	Charlotte, FL	5/20/2022	15	0	Adjacent parcel	N/A	N/A	\$ 54	\$ 15	\$ —
County Road 35	Glenn, CA	6/16/2022	1,374	1	Olives for Olive Oil	14.5 years	1 (5 years)	24,500	54	1,714
Reagan Road ⁽³⁾	Cochise, AZ	7/13/2022	40	0	Corn	12.5 years	None	120	14	39
North Columbia River Road and Prunedale Road ⁽⁴⁾	Franklin & Grant, WA, and Umatilla, OR	7/21/2022	1,317	4	Wine Grapes	8.6 years	None	37,250	94	2,569
			2,746	5				\$ 61,924	\$ 177	\$ 4,322

- (1) 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.
- (2) Represents the acquisition of a parcel of land adjacent to an existing farm, providing additional road access to such farm. No new lease was executed related to this acquisition.
- (3) Represents the acquisition of a parcel of farmable land adjacent to an existing farm.
- (4) Upon acquisition, we executed four new leases with the existing tenants on these farms. The lease terms above represent the weighted-average lease term and aggregate annualized straight-line rent of these four leases.

Existing Properties

Leasing Activity

The following table summarizes certain leasing activity that has occurred on our existing properties since April 1, 2022, through the date of this filing (dollars in thousands, except for footnotes):

Farm Locations	Number of Leases	Total Farm Acres	PRIOR LEASES ⁽¹⁾			NEW LEASES ⁽²⁾			
			Total Annualized Straight-line Rent ⁽³⁾	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N) ⁽⁴⁾	Total Annualized Straight-line Rent ⁽³⁾	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N) ⁽⁴⁾
CA & CO	2	11,905	\$ 631	1	1 / 1 / 0	\$ 853	6.5	0	0 / 2 / 0

- (1) Prior leases include certain leases that were terminated early during the six months ended June 30, 2022. In connection with these early terminations, during the six months ended June 30, 2022, we wrote off aggregate deferred rent and rent receivable balances of approximately \$20,000 against lease revenue. Upon termination of these leases, we entered into new leases with new tenants, effective immediately, which are included in the above table.
- (2) In connection with certain of these leases, we committed to provide capital for certain improvements on these farms. See “Liquidity and Capital Resources—Operating Commitments and Obligations—Operating Obligations” below for additional information on these and other commitments.
- (3) Based on the minimum cash rental payments guaranteed under the applicable leases (presented on an annualized basis), as required under GAAP, and excludes contingent rental payments, such as participation rents.
- (4) “NNN” refers to leases under triple-net lease arrangements, “NN” refers to leases under partial-net lease arrangements, and “N” refers to leases under single-net lease arrangements, in each case, as described above under “Leases—General.”

In addition to the above renewals, we also entered into a renewable energy lease to allow for the development of both wind and solar energy facilities on 16,595 acres in Colorado. During the development period, which runs through June 2026, the lease is expected to provide for annual rental payments of approximately \$332,000.

Financing Activity

Debt Activity

From April 1, 2022, through the date of this filing, we entered into the following loan agreement (dollars in thousands):

Issuer	Date of Issuance	Amount	Maturity Date	Principal Amortization	Stated Interest Rate	Expected Effective Interest Rate ⁽¹⁾	Interest Rate Terms
Farm Credit of Central Florida, ACA	4/5/2022	\$ 4,800	2/1/2046	23.8 years	4.36%	2.89%	Fixed through 2/28/2027; variable thereafter

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

In connection with securing the above borrowings, Gladstone Securities, LLC (“Gladstone Securities”), an affiliate of ours, earned total financing fees of approximately \$7,000.

In addition, subsequent to June 30, 2022, we repaid approximately \$16.9 million of maturing loans. On a weighted-average basis, these borrowings bore interest at a stated rate of 4.47% and an effective interest rate (after interest patronage) of 2.89%.

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, 2022, 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⁾
3,059,124	\$ 24.75	\$ 75,728	\$ 69,595

⁽¹⁾ Excludes share redemptions and shares issued pursuant to the DRIP. From April 1, 2022, through the date of this filing, we redeemed 8,034 shares and issued approximately 13,853 shares of the Series C Preferred Stock pursuant to the DRIP.

⁽²⁾ Net of underwriting discounts and selling commissions and dealer-manager fees borne by us. Aggregate selling commissions and dealer-manager fees paid to Gladstone Securities as a result of these sales was approximately \$6.1 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.

LIBOR Transition

The majority of our debt is at fixed rates, and we currently have very limited exposure to variable-rate debt based upon the London Interbank Offered Rate (“LIBOR”), which is currently being phased out and is anticipated to be completely phased out by June 2023. LIBOR is currently expected to transition to a new standard rate, the Secured Overnight Financing Rate (“SOFR”), which will incorporate certain overnight repo market data collected from multiple data sets. SOFR was formally adopted by the Alternative Reference Rates Committee in July 2021. The current intent is to adjust the SOFR to minimize the differences between the interest that a borrower would be paying using LIBOR versus what it will be paying SOFR. We are currently monitoring the transition and cannot yet assess whether SOFR will become the standard rate for all of our variable-rate debt. Our lines of credit with MetLife and five term loans with Rabo AgriFinance, LLC, (which are effectively fixed through our entry into interest swap agreements) are currently based upon 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”), was amended and restated effective July 1, 2021 (as amended, the “Current Advisory Agreement,” and together with the Prior Advisory Agreement, the “Advisory Agreements”). The Current Advisory Agreement revised the calculation of the base management fee beginning with the three months ended September 30, 2021, while all other terms of the Prior Advisory Agreement remained the same. Each of the Advisory Agreements and the current administration agreement with our Administrator (the “Administration Agreement”) were approved unanimously by our board of directors, including, specifically, our independent directors.

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

Advisory Agreements

Pursuant to each of the Advisory Agreements, our Adviser is compensated in the form of a base management fee and, each as applicable, an incentive fee, a capital gains fee, and a termination fee. Our Adviser does not charge acquisition or disposition fees when we acquire or dispose of properties, as is common in other externally-managed REITs. The base management and incentive fees are described below. For information on the capital gains and termination fees, refer to Note 6, “*Related-Party Transactions—Our Adviser and Administrator—Advisory Agreements*,” within the accompanying notes to our 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 Current Advisory Agreement, beginning with the three months ended September 30, 2021, a base management fee is paid quarterly and is calculated at an annual rate of 0.60% (0.15% per quarter) of the prior calendar quarter’s Gross Tangible Real Estate.

Incentive Fee

Pursuant to each of the Advisory Agreements, an incentive fee is calculated and payable quarterly in arrears if the Pre-Incentive Fee FFO for a particular quarter 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, 2022, 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 of the last business day of our previous second fiscal quarter. As a smaller reporting company, we are permitted to take advantage of reduced disclosure requirements for our public filings. We currently anticipate that we will no longer qualify as a smaller reporting company beginning with the year ending December 31, 2022, due to our public float as of the last business day of our current second fiscal quarter exceeding the \$700 million threshold.

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, 2022.

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, 2022 versus 2021:
 - Same-property basis represents farms owned as of March 31, 2021, 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, 2021. From April 1, 2021, through June 30, 2022, we acquired 26 new farms and did not have any farm dispositions.
- With regard to the comparison between the six months ended June 30, 2022 versus 2021:
 - Same-property basis represents farms owned as of December 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 December 31, 2020. From January 1, 2021, through June 30, 2022, we acquired 28 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, 2022 or 2021.

A comparison of results of components comprising our operating income for the three and six months ended June 30, 2022 and 2021 is below (dollars in thousands):

	For the Three Months Ended June 30,		\$ Change	% Change
	2022	2021		
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 20,273	\$ 16,836	\$ 3,437	20.4%
Variable lease payments – participation rents	20	19	1	5.3%
Variable lease payments – tenant reimbursements	—	38	(38)	(100.0)%
Total operating revenues	20,293	16,893	3,400	20.1%
Operating expenses:				
Depreciation and amortization	8,392	6,285	2,107	33.5%
Property operating expenses	695	906	(211)	(23.3)%
Base management and incentive fees	2,043	1,376	667	48.5%
Administration fee	463	347	116	33.4%
General and administrative expenses	567	581	(14)	(2.4)%
Total operating expenses	12,160	9,495	2,665	28.1%
Operating income	\$ 8,133	\$ 7,398	\$ 735	9.9%

	For the Six Months Ended June 30,		\$ Change	% Change
	2022	2021		
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 40,210	\$ 32,816	\$ 7,394	22.5%
Variable lease payments – participation rents	20	45	(25)	(55.6)%
Variable lease payments – tenant reimbursements	6	66	(60)	(90.9)%
Total operating revenues	40,236	32,927	7,309	22.2%
Operating expenses:				
Depreciation and amortization	16,738	12,336	4,402	35.7%
Property operating expenses	1,398	1,336	62	4.6%
Base management and incentive fees	5,210	3,908	1,302	33.3%
Administration fee	926	703	223	31.7%
General and administrative expenses	1,253	1,119	134	12.0%
Total operating expenses	25,525	19,402	6,123	31.6%
Operating income	\$ 14,711	\$ 13,525	\$ 1,186	8.8%

Operating Revenues

Lease revenues

The following table provides a summary of our lease revenues during the three and six months ended June 30, 2022 and 2021 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
Same-property basis:								
Fixed lease payments	\$ 16,201	\$ 16,095	\$ 106	0.7%	\$ 31,960	\$ 31,941	\$ 19	0.1%
Participation rents	20	19	1	5.3%	20	45	(25)	(55.6)%
Total – Same-property basis	16,221	16,114	107	0.7%	31,980	31,986	(6)	—%
Properties acquired or disposed of	4,072	741	3,331	449.5%	8,250	875	7,375	842.9%
Tenant reimbursements ⁽¹⁾	—	38	(38)	(100.0)%	6	66	(60)	(90.9)%
Total Lease revenues	\$ 20,293	\$ 16,893	\$ 3,400	20.1%	\$ 40,236	\$ 32,927	\$ 7,309	22.2%

⁽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. Similar amounts are also recorded as property operating expenses during the respective periods.

Same-property Basis – 2022 compared to 2021

Lease revenues from fixed lease payments increased primarily due to certain new leases, amendments, and renewals executed at higher rental rates. The increase in fixed lease payments as a result of these leases was partially offset by a decrease due to certain lease amendments and renewals executed, through which we decreased the fixed base rent component in exchange for either adding a participation rent component to the lease structure or reducing certain operating expenses for which the landlord was previously responsible for. Participation rents related to certain lease renewals and amendments, if any, are expected to be recorded during the second half of 2022.

Other – 2022 compared to 2021

Lease revenue from properties acquired or disposed of increased primarily due to additional revenues earned on new farms acquired subsequent to December 31, 2020.

Tenant reimbursements decreased primarily due to additional payments made during the prior-year period by certain tenants on our behalf (pursuant to the lease agreements) to unconsolidated entities of ours that convey water to the respective properties.

Operating Expenses

Depreciation and amortization

Depreciation and amortization expense increased primarily due to additional depreciation and amortization expense incurred on new farms acquired subsequent to December 31, 2020, as well as an increase in depreciation associated with additional capital expenditure on certain of our farms. This increase was partially offset by a decrease attributable to the expiration of certain lease intangible amortization periods.

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, 2022 and 2021 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2022	2021	\$ Change	% Change	2022	2021	\$ Change	% Change
Same-property basis	\$ 667	\$ 829	\$ (162)	(19.5)%	\$ 1,330	\$ 1,224	\$ 106	8.7%
Properties acquired or disposed of	16	29	(13)	(44.8)%	45	34	11	32.4%
Tenant-reimbursed property operating expenses ⁽¹⁾	12	48	(36)	(75.0)%	23	78	(55)	(70.5)%
Total Property operating expenses	\$ 695	\$ 906	\$ (211)	(23.3)%	\$ 1,398	\$ 1,336	\$ 62	4.6%

⁽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. Similar amounts are also recorded as lease revenue when earned in accordance with the lease.

Same-property Basis – 2022 compared to 2021

Property operating expenses decreased for the three months ended June 30, 2022, primarily due to a decrease in costs associated with our limited obligation to reimburse one of our tenants for certain water usage in accordance with the lease terms during the prior-year period. We were not obligated to reimburse the tenant for such costs subsequent to December 31, 2021. This decrease was partially offset by additional miscellaneous property operating costs incurred on certain properties and higher

property tax expenses due to certain lease renewals recently executed converting the leases from a triple-net structure to a partial-net structure, with us, as landlord, now responsible for the property taxes on these properties.

Property operating expenses increased for the six months ended June 30, 2022, primarily due to higher property tax expenses, as well as additional legal fees incurred in connection with protecting water rights on certain farms in California and higher miscellaneous property operating expenses on certain properties. This increase was partially offset by a decrease in costs associated with our limited obligation to reimburse one of our tenants for certain water usage in accordance with the lease terms during the prior-year period, which obligation expired on December 31, 2021.

Other – 2022 compared to 2021

Tenant reimbursement expense decreased primarily due to a decrease in miscellaneous property operating costs incurred by us in connection with our ownership interests in an unconsolidated entity, for which our tenants are contractually obligated to reimburse us under the terms of the respective leases.

Related-Party Fees

The following table provides the calculations of the base management and incentive fees due to our Adviser pursuant to the Prior Advisory Agreement (which was in effect from January 1, 2020, through June 30, 2021) and the Current Advisory Agreement (which has been in effect since July 1, 2021) for each of the three and six months ended June 30, 2022 and 2021 (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):

	Quarter Ended		Year to Date
	March 31	June 30	
FY 2022 Fee Calculations:			
Base Management Fee:			
Gross Tangible Real Estate ⁽¹⁾⁽²⁾	\$ 1,357,800	\$ 1,361,757	
Quarterly rate	0.150 %	0.150 %	
Base management fee⁽³⁾	\$ 2,036	\$ 2,043	\$ 4,079
Incentive Fee:			
Total Adjusted Common Equity ⁽¹⁾⁽²⁾	\$ 378,299	\$ 381,201	
First hurdle quarterly rate	1.750 %	1.750 %	
First hurdle threshold	\$ 6,620	\$ 6,671	
Second hurdle quarterly rate	2.1875 %	2.1875 %	
Second hurdle threshold	\$ 8,275	\$ 8,339	
Pre-Incentive Fee FFO ⁽¹⁾	\$ 7,751	\$ 4,819	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	\$ 1,131	\$ —	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	—	—	
Total Incentive fee⁽³⁾	\$ 1,131	\$ —	\$ 1,131
Total fees due to Adviser, net	\$ 3,167	\$ 2,043	\$ 5,210
FY 2021 Fee Calculations:			
Base Management Fee:			
Gross Tangible Real Estate ⁽¹⁾⁽²⁾	\$ 1,095,440	\$ 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

(1) As defined in the Advisory Agreements.

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

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

The base management fee increased primarily due to additional assets acquired since December 31, 2020, and an increase in the annual rate applied to the prior calendar quarter's Gross Tangible Real Estate Assets (from 0.50% pursuant to the Prior Advisory Agreement to 0.60% pursuant to the Current Advisory Agreement), effective July 1, 2021.

Our Adviser earned incentive fees during each of the three months ended March 31, 2022 and 2021 due to our Pre-Incentive Fee FFO (as defined in the Advisory Agreements) exceeding the required hurdle rate of the applicable equity base during each of the periods. No incentive fee was earned by our Advisor during either of the three months ended June 30, 2022 or 2021.

The administration fee paid to our Administrator increased primarily due to hiring additional personnel and us using a higher overall share of our Administrator's resources in relation to those used by other funds and affiliated companies serviced by our Administrator.

Other Operating Expenses

General and administrative expenses consist primarily of professional fees, director fees, stockholder-related expenses, overhead insurance, acquisition-related costs for investments no longer being pursued, and other miscellaneous expenses. General and administrative expenses increased for the six months ended June 30, 2022, as compared to the prior-year period, primarily due to increased professional fees (driven by higher audit fees and appraisal costs) and additional director fees expensed during the period. This increase was partially offset by a decrease in acquisition-related costs for investments no longer being pursued.

A comparison of results of other components contributing to net loss attributable to common stockholders for the three and six months ended June 30, 2022 and 2021 is below (dollars in thousands):

	For the Three Months Ended June 30,		\$ Change	% Change
	2022	2021		
Operating income	\$ 8,133	\$ 7,398	\$ 735	9.9%
Other income (expense):				
Other income	63	20	43	215.0%
Interest expense	(6,523)	(6,141)	(382)	6.2%
Dividends declared on Series A and Series D cumulative term preferred stock	(755)	(755)	—	—%
Loss on dispositions of real estate assets, net	(305)	(1,042)	737	(70.7)%
Loss from investments in unconsolidated entities	—	(11)	11	(100.0)%
Total other expense, net	(7,520)	(7,929)	409	(5.2)%
Net income (loss)	613	(531)	1,144	(215.4)%
Net loss attributable to non-controlling interests	3	1	2	200.0%
Net income (loss) attributable to the Company	616	(530)	1,146	(216.2)%
Dividends declared on and charges related to Series B and Series C cumulative redeemable preferred stock	(4,489)	(2,939)	(1,550)	52.7%
Net loss attributable to common stockholders	\$ (3,873)	\$ (3,469)	\$ (404)	11.6%

	For the Six Months Ended June 30,		\$ Change	% Change
	2022	2021		
Operating income	\$ 14,711	\$ 13,525	\$ 1,186	8.8%
Other income (expense):				
Other income	2,829	2,255	574	25.5%
Interest expense	(12,971)	(12,334)	(637)	5.2%
Dividends declared on Series A and Series D cumulative term preferred stock	(1,509)	(1,559)	50	(3.2)%
Loss on dispositions of real estate assets, net	(1,280)	(1,840)	560	(30.4)%
Property and casualty recovery, net	49	—	49	NM
Loss from investments in unconsolidated entities	(29)	(24)	(5)	20.8%
Total other expense, net	(12,911)	(13,502)	591	(4.4)%
Net income	1,800	23	1,777	7,726.1%
Net income attributable to non-controlling interests	(6)	—	(6)	NM
Net income attributable to the Company	1,794	23	1,771	7,700.0%
Dividends declared on and charges related to Series B and Series C cumulative redeemable preferred stock	(8,404)	(5,702)	(2,702)	47.4%
Net loss attributable to common stockholders	\$ (6,610)	\$ (5,679)	\$ (931)	16.4%

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, increased primarily driven by additional interest patronage received from Farm Credit (primarily due to increased borrowings from Farm Credit) and higher interest rates earned on short-term investments.

During the three months ended March 31, 2022, we recorded approximately \$2.8 million of interest patronage from Farm Credit related to interest accrued during 2021, compared to approximately \$2.2 million of interest patronage recorded during the prior-year period.

Interest expense increased, 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, 2022, was approximately \$666.9 million and \$665.6 million, respectively, as compared to approximately \$631.5 million and \$629.8 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, 2022, was 3.75% and 3.73%, respectively, as compared to 3.73% and 3.71% for the respective prior-year periods.

Losses on dispositions of real estate assets related to the disposals of certain irrigation and other improvements on certain of our farms.

The aggregate dividends paid on our Series B Preferred Stock and Series C Preferred Stock increased 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 credit facility with Metropolitan Life Insurance Company “MetLife”), and issuances of additional equity securities. Our current available liquidity is approximately \$133.3 million, consisting of approximately \$21.0 million in cash on hand and, based on the current level of collateral pledged, approximately \$112.3 million of availability under our credit facility with MetLife (subject to compliance with covenants) and other undrawn notes or bonds. In addition, we currently have certain properties valued at a total of approximately \$129.4 million that are unencumbered and eligible to be pledged as collateral.

Over 99% of our borrowings are currently at fixed rates, and on a weighted-average basis, these rates are fixed at an effective interest rate of 3.26% for another five-plus years. So with respect to our current borrowings, we have experienced minimal

impact from the recent increases in interest rates, and we believe we are well-protected against any future interest rate increases. Despite ongoing volatility in the markets, based on discussions with our lenders, we do not believe there will be a credit freeze on agricultural lending 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.

Future Capital Needs

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

We believe that our current and short-term cash resources will be sufficient to fund our distributions to stockholders (including non-controlling OP Unitholders, if any), 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 “at-the-market program” (the “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.

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 we have several properties that are in various stages of our due diligence process. However, all potential acquisitions will be subject to our due diligence investigation of such properties, and there can be no assurance that we will be successful in identifying or acquiring any properties in the future.

Operating Commitments and Obligations

Operating Obligations

In connection with the execution of certain lease agreements, we have committed to provide capital improvements on certain of our farms. Below is a summary of certain of those projects for which we have incurred or accrued costs as June 30, 2022 (dollars in thousands):

Farm Location(s)	Farm Acreage	Total Commitment	Obligated Completion Date ⁽¹⁾	Amount Expended or Accrued as of June 30, 2022
St. Lucie, FL	549	\$ 230	Q3 2022	\$ 148
Hillsborough, FL	55	2,250 ⁽²⁾	Q4 2022	1,575
Charlotte, FL	975	3,000 ⁽²⁾	Q4 2022	2,457
Napa, CA	270	1,548 ⁽²⁾	Q3 2023	1,019
Umatilla, OR	135	2,750 ⁽²⁾	Q4 2023	1,352
Columbia, OR	157	1,800 ⁽²⁾	Q3 2024	1,146
Monterey, CA	304	950 ⁽²⁾	Q4 2025	546
Wicomico & Caroline, MD, and Sussex, DE	833	115	Q3 2030	49

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

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

Ground Lease Obligations

In connection with certain farms acquired through a leasehold interest, we assumed certain ground lease arrangements under which we are the lessee. Future minimum lease payments due under the remaining non-cancelable terms of these leases as of June 30, 2022, is as follows (dollars in thousands):

Period	Future Lease Payments ⁽¹⁾
For the remaining six months ending December 31: 2022	\$ 40
For the fiscal years ending December 31: 2023	92
2024	92
2025	62
2026	62
2027	62
Thereafter	693
Total undiscounted lease payments	1,103
Less: imputed interest	(468)
Present value of lease payments	\$ 635

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

As a result of these ground leases, we recorded lease expense (included within Property operating expenses on the accompanying Condensed Consolidated Statement of Operations and Comprehensive Income) of approximately \$23,000 and \$46,000 during the three and six months ended June 30, 2022, respectively, and approximately \$22,000 and \$36,000 during the three and six months ended June 30, 2021, respectively.

Cash Flow Resources

The following table summarizes total net cash flows from operating, investing, and financing activities for the three and six months ended June 30, 2022 and 2021 (dollars in thousands):

	For the Six Months Ended June 30,		\$ Change	% Change
	2022	2021		
Net change in cash from:				
Operating activities	\$ 19,355	\$ 16,965	\$ 2,390	14.1%
Investing activities	(35,147)	(84,950)	49,803	(58.6)%
Financing activities	47,528	125,556	(78,028)	(62.1)%
Net change in Cash and cash equivalents	<u>\$ 31,736</u>	<u>\$ 57,571</u>	<u>\$ (25,835)</u>	<u>(44.9)%</u>

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 primarily due to additional rental payments received from recent acquisitions and interest patronage received from Farm Credit, partially offset by an increase in fees paid to our Adviser and increases in the amount of interest payments made.

Investing Activities

The decrease in cash used in investing activities was primarily due to a decrease in aggregate cash paid for acquisitions of new farms, partially offset by an increase in the amount of cash paid for capital improvements on existing farms during the current-year period.

Financing Activities

The decrease in cash provided by financing activities was primarily due to the issuance of our Series D Term Preferred Stock in the first quarter of 2021 (which, after voluntarily redeeming our Series A Term Preferred Stock in full, resulted in net cash proceeds of approximately \$31.6 million), a decrease in aggregate net cash proceeds received from equity offerings (including our common stock and the Series C Preferred Stock) of approximately \$27.7 million, and a decrease in aggregate net borrowings of approximately \$9.3 million. In addition, during the six months ended June 30, 2022, we paid approximately \$7.7 million to redeem 204,778 OP Units.

Debt Capital

MetLife Facility

As amended in February 2022, our facility with MetLife currently consists of \$75.0 million of revolving equity lines of credit and an aggregate of \$175.0 million of term notes (the “2022 MetLife Facility”). We currently have \$100,000 outstanding under the lines of credit and \$36.9 million outstanding on the term notes. While \$213.0 million of the full commitment amount under the 2022 MetLife Facility remains undrawn, based on the current level of collateral pledged, we currently have approximately \$110.3 million of availability under the 2022 MetLife Facility. The draw period for the 2020 MetLife Term Note expires on December 31, 2022, and the draw period for the 2022 MetLife Term Note expires on December 31, 2024 (see Note 8, “Borrowings—MetLife Facility,” within the accompanying notes to our condensed consolidated financial statements for information on certain defined terms). After these dates, MetLife has no obligation to disburse any additional undrawn funds under the term notes.

Farmer Mac Facility

As amended in December 2020, our agreement with Federal Agricultural Mortgage Corporation (“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 has no obligation to purchase additional bonds under this facility. To date, we have issued aggregate bonds of approximately \$100.1 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 have borrowing relationships with several other agricultural lenders and are continuously reaching out to other lenders to establish prospective new relationships. As such, 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, 2022 (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⁾	4,608,055	\$ 24.77	\$ 114,145	\$ 104,833
Common Stock – ATM Program	310,055	33.64	10,431	10,327

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

⁽²⁾ Excludes share redemptions.

⁽³⁾ Excludes approximately 19,092 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 \$201.5 million of Series C Preferred Stock (including approximately \$617,000 issued pursuant to the DRIP), \$60.4 million of Series D Term Preferred Stock, and \$256.0 million of common stock (including 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, 2022, 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.

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, 2022 and 2021 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,	
	2022	2021	2022	2021
Net income	\$ 613	\$ (531)	\$ 1,800	\$ 23
Less: Aggregate dividends declared on Series B Preferred Stock and Series C Preferred Stock ⁽¹⁾	(4,489)	(2,939)	(8,404)	(5,702)
Net loss attributable to common stockholders and non-controlling OP Unitholders	(3,876)	(3,470)	(6,604)	(5,679)
Plus: Real estate and intangible depreciation and amortization	8,392	6,285	16,738	12,336
Plus: Losses on dispositions of real estate assets, net	305	1,042	1,280	1,840
Adjustments for unconsolidated entities ⁽²⁾	(2)	10	25	18
FFO available to common stockholders and non-controlling OP Unitholders	4,819	3,867	11,439	8,515
(Less) plus: Acquisition- and disposition-related (credits) expenses, net	(88)	71	21	140
(Less) plus: Other nonrecurring (receipts) charges, net ⁽³⁾	—	13	(49)	56
CFFO available to common stockholders and non-controlling OP Unitholders	4,731	3,951	11,411	8,711
Net rent adjustment	(731)	(515)	(1,450)	(1,005)
Plus: Amortization of debt issuance costs	277	252	548	641
Plus: Other non-cash charges ⁽⁴⁾	192	38	342	63
AFFO available to common stockholders and non-controlling OP Unitholders	4,469	3,726	10,851	8,410
Weighted-average common stock outstanding—basic and diluted	34,520,068	29,360,515	34,403,184	28,124,440
Weighted-average common non-controlling OP Units outstanding	45,006	204,778	124,451	126,713
Weighted-average total common shares outstanding	34,565,074	29,565,293	34,527,635	28,251,153
Diluted FFO per weighted-average total common share	\$ 0.14	\$ 0.13	\$ 0.33	\$ 0.30
Diluted CFFO per weighted-average total common share	\$ 0.14	\$ 0.13	\$ 0.33	\$ 0.31
Diluted AFFO per weighted-average total common share	\$ 0.13	\$ 0.13	\$ 0.31	\$ 0.30
Distributions declared per total common share	\$ 0.14	\$ 0.14	\$ 0.27	\$ 0.27

- (1) Includes (i) cash dividends paid on our Series B Preferred Stock and Series C Preferred Stock, (ii) the value of additional shares of Series C Preferred Stock issued pursuant to the DRIP, and (iii) the pro-rata write-off of offering costs related to shares of Series C Preferred Stock that were redeemed during the respective periods.
- (2) Represents our pro-rata share of depreciation expense recorded in unconsolidated entities during the respective periods.
- (3) Consists primarily of (i) net property and casualty recoveries recorded, net of the cost of related repairs expensed, as a result of the damage caused to certain irrigation improvements by natural disasters on certain of our properties, (ii) one-time listing fees related to our Series D Term Preferred Stock, and (iii) certain one-time costs related to the early redemption of our Series A Term Preferred Stock.
- (4) Consists of (i) the amount of dividends on the Series C Preferred Stock paid via issuing new shares pursuant to the DRIP, (ii) the pro-rata write-off of offering costs related to shares of Series C Preferred Stock that were redeemed, which were noncash charges, and (iii) our remaining pro-rata share of (income) loss recorded from investments in unconsolidated entities during the respective periods.

Net Asset Value

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

Determination of Fair Value

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

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

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

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

in nature and in the same region (as applicable) as the property being valued, market conditions and trends we observe in our due diligence process, and conversations with appraisers, brokers, and farmers.

A breakdown of the methodologies used to value our properties and the aggregate value as of June 30, 2022, 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	Acre-feet of Water	Net Cost Basis ⁽¹⁾	Current Fair Value	% of Total Fair Value
Purchase Price	11	6,879	6,167	45,000	\$ 211,729	\$ 198,722	13.2%
Internal Valuation	3	6,189	4,730	—	20,840	36,000	2.4%
Third-party Appraisal ⁽²⁾	151	100,863	83,640	—	1,106,825	1,267,158	84.4%
Total	165	113,931	94,537	45,000	\$ 1,339,394	\$ 1,501,880	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 June 2021 and June 2022.

Some of the significant assumptions used by appraisers and the Valuation Team in valuing our portfolio as of June 30, 2022, include land values per farmable acre, market rental rates per farmable acre and the resulting net operating income (“NOI”) at the property level, and capitalization rates, among others. These assumptions were applied on a farm-by-farm basis and were selected based on several factors, including comparable land sales, surveys of both existing and current market rates, discussions with other brokers and farmers, soil quality, size, location, and other factors deemed appropriate. A summary of these significant assumptions is provided in the following table:

	Appraisal Assumptions		Internal Valuation Assumptions	
	Range (Low - High)	Weighted Average	Range (Low - High)	Weighted Average
Land Value (per farmable acre)	\$707 – \$128,781	\$ 33,781	\$5,504 – \$5,504	\$ 5,504
Market NOI (per farmable acre)	\$25 – \$4,215	\$ 2,102	\$214 – \$214	\$ 214
Market Capitalization Rate	3.75% – 10.50%	5.67%	4.00% – 4.00%	4.00%

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

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

Management believes that the purchase prices of the farms acquired during the previous 12 months and the most recent appraisals available for the farms acquired prior to the previous 12 months fairly represent the current market values of the properties as of June 30, 2022, 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, 2022, from the prior value basis as of March 31, 2022, is provided in the table below (dollars in thousands):

Total portfolio fair value as of March 31, 2022	\$ 1,476,836
Plus: Acquisition of new farms during the three months ended June 30, 2022	24,554
<i>Plus net value appreciation during the three months ended June 30, 2022:</i>	
Farms valued via third-party appraisals	\$ 490
Total net appreciation for the three months ended June 30, 2022	490
Total portfolio fair value as of June 30, 2022	\$ 1,501,880

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, 2022, was approximately \$621.9 million, as compared to a carrying value (excluding unamortized related debt issuance costs) of approximately \$665.6 million. The fair values of our Series B Preferred Stock and Series D Term Preferred Stock were determined using the closing stock prices as of June 30, 2022, of \$26.30 per share and \$24.90 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, 2022 (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, 2022, we estimate the NAV per common share to be \$15.60. 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	\$ 651,932
<i>Fair value adjustment for long-term assets:</i>	
Less: net cost basis of tangible and intangible real estate holdings ⁽¹⁾	\$ (1,339,394)
Plus: estimated fair value of real estate holdings ⁽²⁾	1,501,880
Net fair value adjustment for real estate holdings	162,486
<i>Fair value adjustment for long-term liabilities:</i>	
Plus: book value of aggregate long-term indebtedness ⁽³⁾	725,955
Less: fair value of aggregate long-term indebtedness ⁽³⁾⁽⁴⁾	(682,002)
Net fair value adjustment for long-term indebtedness	43,953
Estimated NAV	858,371
Less: aggregate fair value of Series B Preferred Stock and Series C Preferred Stock ⁽⁵⁾	(319,892)
Estimated NAV available to common stockholders and non-controlling OP Unitholders	\$ 538,479
Total common shares and non-controlling OP Units outstanding ⁽⁶⁾	34,520,068
Estimated NAV per common share and OP Unit	\$ 15.60

⁽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, 2022.

⁽⁵⁾ The Series B Preferred Stock was valued based on its closing stock price as of June 30, 2022, while the Series C Preferred Stock was valued at its liquidation value, as discussed above.

⁽⁶⁾ Includes 34,520,068 shares of common stock and 0 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, 2022, is provided below:

Estimated NAV per common share and non-controlling OP Unit as of March 31, 2022	\$ 15.54
Less net loss attributable to common stockholders and non-controlling OP Unitholders	(0.11)
<i>Adjustments for net change in valuations:</i>	
Net change in unrealized fair value of farmland portfolio ⁽¹⁾	\$ 0.10
Net change in unrealized fair value of long-term indebtedness	0.43
Net change in valuations	0.53
Less distributions on common stock and non-controlling OP Units	(0.14)
Less net dilutive effect of equity issuances	(0.22)
Estimated NAV per common share and non-controlling OP Unit as of June 30, 2022	\$ 15.60

⁽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, 2022, (ii) an increase of \$0.24 per share due to the aggregate depreciation and amortization expense recorded during the three months ended June 30, 2022, and (iii) a decrease of \$0.15 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 \$15.60 as of June 30, 2022, based on the calculation above, the closing price of our common stock on June 30, 2022, was \$22.16 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, 2022, 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, 2022, 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, 2022, 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, 2021. 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

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.
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).
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, 2022 (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, 2022, and December 31, 2021, (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2022 and 2021, (iii) the Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2022 and 2021, (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2022 and 2021, 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 9, 2022

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

Date: August 9, 2022

By: /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, 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 9, 2022

/s/ David Gladstone

David Gladstone
Chief Executive Officer, President, and
Chairman of the Board of Directors

CERTIFICATION
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Lewis Parrish, certify that:

1. I have reviewed this 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 9, 2022

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

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Executive Officer of Gladstone Land Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the period ended June 30, 2022 ("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 9, 2022

/s/ David Gladstone

David Gladstone

Chief Executive Officer, President and
Chairman of the Board of Directors

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, the Chief Financial Officer and Assistant Treasurer of Gladstone Land Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the period ended June 30, 2022 ("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 9, 2022

/s/ Lewis Parrish

Lewis Parrish
Chief Financial Officer

Exhibit 99.1

Pursuant to FINRA Rule 2310(b)(5) and 2231(c), Gladstone Land Corporation (the “Company”) determined the estimated value as of June 30, 2022, 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 Condensed Consolidated Balance Sheet within its Quarterly Report on Form 10-Q for the period ended June 30, 2022 (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 stated value of the Company’s Series C Preferred Stock, the Company has determined that the estimated value of its Series C Preferred Stock as of June 30, 2022, is \$25.00 per share.