

GLADSTONE LAND Corp
Form 424B5
December 11, 2018
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Filed pursuant to Rule 424(b)(5)
Registration No. 333-217042

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but the information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject To Completion Dated December 11, 2018

PRELIMINARY PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED APRIL 12, 2017)

Shares

Common Stock

We are offering _____ shares of common stock, par value \$0.001 per share, in this offering pursuant to this prospectus supplement and the accompanying prospectus. We are primarily in the business of owning and leasing farmland; we are not a grower, nor do we farm the properties we own. As of December 10, 2018, we owned 85 farms comprised of 73,205 total acres across 10 states in the U.S. Our common stock is traded on The Nasdaq Global Market (Nasdaq), under the symbol LAND. The last reported sale price of our common stock on December 10, 2018, was \$13.50 per share.

We have elected to be taxed as a real estate investment trust (REIT) for U.S. federal income tax purposes. To maintain our REIT status, our charter contains certain restrictions relating to the ownership and transfer of our capital stock, including an ownership limit of 3.3% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock by any person except for certain qualified institutional investors, which are limited to holding 9.8% of our common stock. See *Certain Provisions of Maryland Law and of Our Charter and Bylaws Restrictions on Ownership and Transfer* on page 37 of the accompanying prospectus for more information about these restrictions.

We are an emerging growth company under applicable federal securities laws, and, as such, we are subject to reduced public company reporting requirements. Investing in shares of our common stock involves substantial risks that are described in the Risk Factors sections beginning on page S-12 of this prospectus supplement and on page 8 of our Annual Report on Form 10-K for the year ended December 31, 2017, and other reports and information that we file from time to time with the U.S. Securities and Exchange Commission (the SEC) which

are incorporated by reference into this prospectus supplement and the accompanying prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to us	\$	\$

The underwriters expect to deliver the shares of common stock on or about December , 2018. We have granted the underwriters an option to purchase up to additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments, if any.

Janney Montgomery Scott

The date of this prospectus supplement is , 2018.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. We do not, and the underwriters and their affiliates do not, take any responsibility for, and can provide no assurances as to, the reliability of any information that others may provide to you. You should not assume that the information in

this prospectus supplement, the accompanying prospectus or any free writing prospectus we may authorize to be delivered to you, including any information incorporated by reference, is accurate as of any date other than their respective dates. If any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in this prospectus supplement or the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is presented in two parts. The first part is comprised of this prospectus supplement, which describes the specific terms of this offering and certain other matters relating to us. The second part, the accompanying prospectus, contains a description of our common stock and provides more general information, some of which does not apply to this offering, regarding securities that we may offer from time to time. To the extent that the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or documents that we previously filed with the SEC the information in this prospectus supplement will supersede such information.

This prospectus supplement is part of a registration statement on Form S-3 (Registration No. 333-217042) that we have filed with the SEC relating to the securities offered hereby. This prospectus supplement does not contain all of the information that we have included in the registration statement and the accompanying exhibits and schedules thereto in accordance with the rules and regulations of the SEC, and we refer you to such omitted information. It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus before making your investment decision. You should also read and consider the additional information incorporated by reference into this prospectus supplement and the accompanying prospectus. See *Where You Can Find More Information* in this prospectus supplement.

The distribution of this prospectus supplement and the accompanying prospectus and this offering of common stock in certain jurisdictions may be restricted by law. This prospectus supplement is not an offer to sell or a solicitation of an offer to buy shares of our common stock in any jurisdiction where such offer or any sale would be unlawful. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves of and observe any such restrictions.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements provide our current expectations or forecasts of future events and are not statements of historical fact. These forward-looking statements include information about possible or assumed future events, including, among other things, discussion and analysis of our future performance and financial condition, results of operations and funds from operations (FFO), our strategic plans and objectives, cost management, occupancy and leasing rates and trends, liquidity and ability to refinance our indebtedness as it matures, anticipated capital expenditures (and access to capital) required to complete projects, amounts of anticipated cash distributions to our stockholders in the future and other matters. Words such as anticipates, expects, intends, plans, believes, se estimates, may, will, could, should, would and variations of these words and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements will contain these words. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Statements regarding the following subjects, among others, are also forward-looking by their nature:

our business strategy;

our ability to implement our business plan, including our ability to continue to expand both geographically and by crop type;

pending and future transactions;

our projected operating results;

our ability to obtain future financing arrangements on favorable terms;

estimates relating to our future distributions;

estimates regarding potential rental rate increases and occupancy rates;

our understanding of our competition and our ability to compete effectively;

market and industry trends;

estimates of future operating expenses, including payments to our Adviser and Administrator (each as defined herein) under the terms of our Second Amended and Restated Advisory Agreement with our Adviser (the *Advisory Agreement*), and our Amended and Restated Administration Agreement with our Administrator (the *Administration Agreement*), respectively;

our compliance with tax laws, including our ability to maintain our qualification as a REIT for federal income tax purposes;

projected capital expenditures; and

use of the proceeds of this offering, availability of our line of credit, long-term borrowings, current and future stock offerings and other future capital resources, if any.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account information currently available to us. Forward-looking statements involve inherent uncertainty and may ultimately prove to be incorrect or false. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements.

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

our ability to successfully complete future property acquisitions;

general volatility of the capital markets and the market price of our common stock;

failure to maintain our qualification as a REIT and risks of change in laws that affect REITs;

risks associated with negotiation and consummation of future transactions;

changes in our business and investment strategy;

the adequacy of our cash reserves and working capital;

our failure to successfully integrate and operate acquired properties and operations;

defaults upon or non-renewal of leases by tenants;

decreased rental rates or increased vacancy rates;

the degree and nature of our competition, including other agricultural REITs;

availability, terms and deployment of capital, including the ability to maintain and borrow under our line of credit and mortgage loan facility, arrange for long-term mortgages on our properties and raise equity capital;

our Adviser's and our Administrator's ability to identify, hire and retain highly-qualified personnel in the future;

changes in the environment, our industry, interest rates or the general economy;

changes in real estate and zoning laws and increases in real property tax rates;

changes in governmental regulations, tax rates and similar matters;

environmental liabilities for certain of our properties and uncertainties and risks related to natural disasters or climatic changes impacting the regions in which our tenants operate; and

the loss of any of our key officers, such as Mr. David Gladstone, our chairman, president and chief executive officer, and Mr. Terry Lee Brubaker, our vice chairman and chief operating officer.

This list of risks and uncertainties, however, is only a summary of some of the most important factors to us and is not intended to be exhaustive. You should carefully review the risks and information contained in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, including, without limitation, the *Risk Factors* included herein and incorporated by reference herein and therein from our Annual Report on Form 10-K for the year ended December 31, 2017, and other reports and information that we file with the SEC. New factors may also emerge from time to time that could materially and adversely affect us.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary is not complete and may not contain all of the information that may be important to you in deciding whether to invest in shares of our common stock. To understand this offering fully prior to making an investment decision, you should carefully read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein, including the Risk Factors sections beginning on page S-12 of this prospectus supplement, our Annual Report on Form 10-K for the year ended December 31, 2017, and other reports and information that we file from time to time with the SEC, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. Unless otherwise expressly stated or the context otherwise requires, all information presented in this prospectus supplement assumes that the underwriters' over-allotment option to purchase additional shares is not exercised.

Unless the context otherwise requires or indicates, each reference in this prospectus supplement and the accompanying prospectus to (i) we, our, us and the Company means Gladstone Land Corporation, a Maryland corporation, and its consolidated subsidiaries, (ii) Operating Partnership means Gladstone Land Limited Partnership, a majority-owned subsidiary of the Company and a Delaware limited partnership, (iii) Adviser means Gladstone Management Corporation, the external adviser of the Company and a Delaware corporation, and (iv) Administrator means Gladstone Administration, LLC, the external administrator of the Company and a Delaware limited liability company.

The Company

We are an externally-managed, agricultural REIT that was incorporated in Maryland on March 24, 2011. We are engaged primarily in the business of owning and leasing farmland; we are not a grower, nor do we typically farm the properties we own.

Prior to 2004, we were engaged in the owning and leasing of farmland, as well as an agricultural operating business whereby we engaged in the farming, contract growing, packaging, marketing and distribution of fresh berries, including commission selling and contract cooling services to independent berry growers. In 2004, we sold our agricultural operating business, and since then, our operations have generally consisted of leasing our farms to third-party tenants.

As of December 7, 2018, we owned 85 farms comprised of 73,205 total acres across 10 states in the U.S. (Arizona, California, Colorado, Florida, Michigan, Nebraska, North Carolina, Oregon, Texas, and Washington). We also own several farm-related facilities, such as cooling facilities, packinghouses, processing facilities, and various storage facilities. These farms and facilities are currently leased to 57 different, third-party tenants that are either independent or corporate farming operations. Historically, our farmland has predominantly been concentrated in locations where tenants are able to grow fresh produce annual row crops (e.g., certain berries and vegetables), which are typically planted and harvested annually. However, since our initial public offering (the IPO), we have diversified the variety of crops grown on our farms, and we now own several farms that grow permanent crops (e.g., almonds, blueberries, pistachios and wine vineyards), as well as some farms that grow commodity crops (e.g., corn and beans). While our focus remains on farmland growing fresh produce annual row crops, in the future, we expect to acquire additional farmland that grows permanent crops, and, to a lesser extent, commodity crops. We may also acquire more farm-related property, such as cooling facilities, freezer buildings, packinghouses, box barns, silos, storage facilities, greenhouses, processing plants and distribution centers.

Most of our properties are leased on a triple-net basis, an arrangement under which, in addition to rent, the tenant is required to pay the related taxes, insurance costs (including drought insurance if we were to acquire properties

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that depend upon rainwater for irrigation), maintenance and other operating costs. We may also elect to sell farmland at certain times, such as when the land could be developed by others for urban or suburban uses. We do not currently intend to enter into the business of growing, packing or marketing farmed products; however, if we do so in the future, we expect that it would again be through our TRS. We may also elect to sell farmland at certain times, such as when the land could be developed by others for urban or suburban uses.

We conduct substantially all of our business activities through an Umbrella Partnership Real Estate Investment Trust structure, by which all of our properties are held, directly or indirectly, by the Operating Partnership. We control the sole general partner of the Operating Partnership and currently own, directly or indirectly, approximately 96.1% of the common units of limited partnership interest in the Operating Partnership (OP Units). We have in the past, and may in the future, offer equity ownership in our Operating Partnership by issuing OP Units to farmland owners in consideration for acquiring their farms. See *Our Investment Process Types of Investments* below for additional information regarding OP Units.

On September 3, 2014, we filed our 2013 U.S. federal income tax return, on which we elected to be taxed as a REIT for federal tax purposes beginning with the year ended December 31, 2013. As a REIT, if we distribute at least 90% of our taxable income to our stockholders, we generally will not be subject to U.S. federal income tax on income that we distribute to our stockholders. In addition, we have elected for Gladstone Land Advisers, Inc. (Land Advisers), a wholly-owned subsidiary of our Operating Partnership, to be taxed as a TRS. We may own or manage our assets and engage in other activities through Land Advisers or another TRS we form or acquire when we deem it necessary or advisable. On October 17, 2017, Land Advisers took over the farming operations on one of our farms in California under a lease that expired on July 31, 2018. There was no taxable income from Land Advisers for the year ended December 31, 2017, nor is there expected to be any for the year ending December 31, 2018. However, any taxable income generated by Land Advisers or any other TRS in the future will be subject to regular corporate income taxes.

Subject to certain restrictions and limitations, and pursuant to contractual agreements, our business is managed by the Adviser, an affiliate of ours, a Delaware corporation and a registered investment adviser with the SEC; and administrative services are provided to us by our Administrator. Our Adviser and our Administrator are indirectly 100% owned and controlled by David Gladstone, our chief executive officer, president, chairman of our Board of Directors and our largest stockholder. Our Adviser and our Administrator collectively employ the personnel engaged in our activities and pay directly their salaries, benefits and general expenses.

Upon the pricing of our IPO, on January 29, 2013, our shares of common stock began trading on Nasdaq under the symbol LAND. Our shares of 6.375% Series A Cumulative Term Preferred Stock (the Term Preferred Stock) are traded on Nasdaq under the symbol LANDP.

Gladstone Securities, LLC is a privately-held broker-dealer registered with the Financial Industry Regulatory Authority and insured by the Securities Investor Protection Corporation. Gladstone Securities is an affiliate of ours, as its parent company is controlled by David Gladstone, our chairman, chief executive officer, and president. Mr. Gladstone also serves on the board of managers of Gladstone Securities. On January 10, 2018, in connection with the continuous offering of our newly-designated 6.00% Series B Cumulative Redeemable Preferred Stock (the Series B Preferred Stock), we entered into a dealer-manager agreement (the Dealer-Manager Agreement) with Gladstone Securities, which was amended and restated on May 31, 2018, whereby Gladstone Securities will serve as our exclusive dealer-manager in connection with the offering of our Series B Preferred Stock (the Series B Offering). Pursuant to the Dealer-Manager Agreement, Gladstone Securities will provide certain sales, promotional and marketing services to us in connection with the Series B Offering. See Note 6, *Related-Party Transactions Dealer-Manager Agreement*, within the accompanying notes to our condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, for more details

on the Dealer-Manager Agreement.

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Our executive offices are located at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102, and our telephone number is (703) 287-5800. Our website address is www.GladstoneLand.com. However, the information located on, or accessible from, our website is not, and shall not be deemed to be, a part of this prospectus supplement, the accompanying prospectus or any free writing prospectus or incorporated into any other filings that we make with the SEC.

Our Investment Objectives and Our Strategy

Our principal business objective is to maximize stockholder returns through a combination of: (i) monthly cash distributions to our stockholders, which we hope to sustain and increase through long-term growth in cash flows from increased rents; (ii) appreciation of our land; and (iii) capital gains derived from the sale of our properties. Our primary strategy to achieve our business objective is to invest in and diversify our current portfolio of majority triple-net-leased farmland and properties related to farming operations. This strategy includes the following components:

Owning Farms and Farm-Related Real Estate for Income. We own and intend to acquire additional farms and farm-related properties and lease them to independent and corporate farming operations, including sellers who desire to continue farming the land after we acquire the property from them. We expect to hold most acquired properties for many years and to generate stable and increasing rental income from leasing these properties.

Owning Farms and Farm-Related Real Estate for Appreciation. We intend to lease acquired properties over the long term. However, from time to time, we may sell one or more properties if we believe it to be in the best interests of our stockholders and best to maintain the overall value of our farmland portfolio. Potential purchasers may include real estate developers desiring to develop the property or financial purchasers seeking to acquire property for investment purposes. Accordingly, we will seek to acquire properties that we believe have potential for long-term appreciation in value. To date, we have sold two farms for an aggregate net gain of approximately \$6.5 million.

Continue Expanding our Operations Geographically. Our properties are currently located in 10 states across the U.S., and we expect that we will acquire properties in other farming regions of the U.S. in the future. While our primary regions of focus are the Pacific West and the Southeastern regions of the United States, we believe other regions of the U.S., such as the Northwest and Mid-Atlantic regions, offer attractive locations for expansion, and, to a lesser extent, we also expect to seek farmland acquisitions in certain regions of the Midwest, as well as other areas in the U.S.

Continue Expanding our Crop Varieties. Currently, the majority of tenants who farm our properties grow annual row crops dedicated to fresh produce, such as berries (e.g., strawberries and raspberries) and fresh vegetables (e.g., tomatoes, lettuce and bell peppers). We have also expanded further into certain permanent crops (e.g., almonds, pistachios, blueberries and wine grape vineyards) and, to a lesser extent, commodity crops (e.g., corn and beans). We will seek to continue our recent expansion into other permanent crops and, to a lesser extent, commodity crops, while maintaining our focus on annual row-crop farms growing fresh produce.

Using Leverage. To maximize our number of investments, we intend to borrow through loans secured by long-term mortgages on our properties, and we may also borrow funds on a short-term basis or incur other indebtedness.

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

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Our Investment Process

Types of Investments

We expect that substantially all of our investments will be in income-producing agricultural real property and, to a much lesser extent, mortgages on agricultural real estate. We expect that the majority of our leases will continue to be structured as triple-net leases.

Investments will not be restricted to our existing geographical areas, but we expect that most of our investments in farmland real estate will continue to be made within the United States. Currently, our properties are located across 10 states in the U.S. If we make mortgage loans, we expect the ratio of loan amount to value of the real estate to be greater than ratios for conventional mortgage loans on farms and the interest rate to be higher than those for conventional loans. We do not currently have any mortgage loans outstanding. In addition, some of our investments may also be made through joint ventures that would permit us to own interests in large properties without restricting the diversity of our portfolio.

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

Property Acquisitions and Leasing

We anticipate that many of the farms and farm-related properties we purchase will be acquired from independent farmers or agricultural companies and that they will simultaneously lease the properties back from us. These transactions will provide the tenants with an alternative to other financing sources, such as borrowing, mortgaging real property or selling securities. We anticipate that some of our transactions will be in conjunction with acquisitions, recapitalizations or other corporate transactions affecting our tenants. We also expect that many of the farms and farm-related properties we acquire will be purchased from owners that do not farm the property but rather lease the property to tenant farmers. In situations such as these, we intend to have a lease in place prior to or simultaneously with acquiring the property.

We intend to own primarily single-tenant, agricultural real property. Generally, we will lease properties to tenants that our Adviser deems creditworthy under triple-net leases that will be full-recourse obligations of our tenants or their affiliates. Most of our agricultural leases have original terms ranging from 3 to 10 years for farms growing annual row crops and 5 to 15 years for properties growing permanent crops, often with options to extend the lease further. Rent is generally payable to us on either an annual or semi-annual basis. Further, most of our leases contain provisions that provide for annual increases in the rental amounts payable by the tenants, often referred to as escalation clauses. The escalation clauses may specify fixed dollar amounts or percentage increases each year, or they may be variable, based on standard cost of living or inflation indices. In addition, some leases that are longer-term in nature may require a regular survey of comparable land rents, with the rent owed per the lease being adjusted to reflect then-current market rents. We also have leases that include variable rents based on the success of the harvest each year. In these types of agreements, we will generally require the lease to include the guarantee of a minimum amount of rental income that satisfies our investment return criteria. Currently, other than two farms that are vacant, our farms are leased under agricultural leases with original terms ranging from 1 to 20 years, with 58 farms leased on a pure triple-net basis, 23 farms leased on a partial-net basis (with the landlord responsible for all or a portion of the related property taxes), and

two farms leased on a gross basis (with the landlord responsible for the related property taxes, insurance, and maintenance on the property). Additionally, 20 of our farms are leased under agreements that include a variable rent component.

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We believe that we can acquire farmland that we will be able to lease at annual rental rates providing initial net capitalization rates ranging from 5.0% to 6.0% or more of the properties' market values. However, there can be no assurance that we will be able to achieve this level of rental rates. Since rental contracts in the farming business for annual row crops are customarily short-term agreements, rental rates are typically renegotiated regularly to then-current market rates.

Our Competitive Strengths

We believe that the following strengths differentiate us from our competitors:

Experienced Management Team: We are managed by an investment adviser registered with the SEC with over \$2.5 billion of assets currently under management. Our management team has a successful track record of underwriting agricultural real estate and conducting extensive due diligence on the management teams, cash flows, financial statements and risk ratings of our respective tenants. In addition, our chief executive officer has unique industry knowledge as a prior owner of Coastal Berry Company (from 1997-2004) one of the largest integrated berry and vegetable growers, marketers and shippers in California at the time.

Innovative Business Strategy: First public company formed primarily to own and lease farmland with the goal of providing investors with steady income and capital appreciation, as well as a hedge against inflation.

Focused Business Model: Our business model seeks to foster investment opportunities that are generated from our strategic relationships with agricultural real estate brokers and corporate and independent farmers.

Attractive Market Opportunities: We believe that attractive investment opportunities currently exist that will allow us to capitalize on investing in farmland that has demonstrated relatively steady appreciation in value and increases in rental rates with relatively low volatility.

Conservative Dual Underwriting Strategy: When underwriting a tenant's farming operations and the real estate it occupies, we focus on the cash flow of the tenant and management of the farming operations as well as the intrinsic value of the property, including evaluation of access to water and other attributes.

Proven Ability to Execute Business Model: Since our IPO, in January 2013, we have invested approximately \$504.7 million into the acquisition of 75 new farms, and an additional \$38.4 million has been invested in the form of capital improvements on existing farms.

Distribution Stability: Since our IPO in January 2013, we have made 70 consecutive monthly distributions on our common stock. We pay monthly distributions (declared quarterly) to holders of shares of our common stock at a current rate of \$0.0444 per share.

Table of Contents**Recent Developments****Investing and Leasing Activities***Investment, Leasing, and Other Portfolio Activity**Completed Acquisitions*

Since September 30, 2018, through the date of this filing, we have acquired three farms, which are summarized in the table below (dollars in thousands):

Property Name	Property Location	Acquisition Date	Total Acreage	No. of Farms	Primary Crop(s)	Lease Term	Renewal Options	Total Purchase Price	Annualized Straight-line Rent⁽¹⁾
Sunnyside Avenue	Madera, CA	11/1/2018	951	1	Figs & Pistachios	8.0 yrs	2 (5 yrs)	\$ 23,000	\$ 1,237
Bunker Hill Road	Hartley, TX	11/20/2018	3,667	1	Potatoes	1.1 yrs	1 (5 yrs)	8,400 ⁽²⁾	531 ⁽²⁾
Olsen Road	Merced, CA	12/6/2018	761	1	Almonds	0.9 yrs	3 (5 yrs) + 1 (3 yrs)	8,181	471
			5,379	3				\$ 39,681	\$ 2,239

(1) Annualized straight-line rent is based on the minimum cash rental payments guaranteed under the lease, as required by GAAP, and excludes contingent rental payments, such as participation rents.

(2) The purchase price of this farm was \$8.5 million, less a rent credit of \$100,000. The rent credit was used to approximate the below-market lease value attributed to the lease assumed in connection with the acquisition, which amount is included in the annualized straight-line rent.

Pending Acquisitions

As of the date of this filing, we have entered into separate purchase agreements to acquire two farms consisting of 785 total acres in Nebraska and North Carolina for an aggregate proposed purchase price of \$3.7 million. Closing on these acquisitions is subject to customary conditions and termination rights for transactions of this type, including a due diligence inspection period and financing, and there can be no assurance with respect to the timing of the closing of these acquisitions or whether the acquisitions will be completed on the currently-contemplated terms, other terms, or at all.

*Existing Properties*Leasing Activity

Since September 30, 2018, through the date of this filing, we have had the following leasing activity on our existing properties:

In October 2018, the tenant on our 119-acre farm in Van Buren County, Michigan, informed us of its intent to vacate the premises, effective October 31, 2018. While the tenant was current in its rental payments through the date of his vacating the premises, the lease was originally scheduled to expire on April 20, 2020. We are currently in discussions with other potential tenants to operate the farm, and we are also exploring other options to recover the lost rental income that may be available to us. During the three and nine months ended September 30, 2018, we recorded rental income related to this property of approximately \$28,000 and \$85,000, respectively (including approximately \$7,000 and \$20,000 respectively, of accretion attributable to tenant-funded improvements on the property recorded in prior years).

In October 2018, we reached an agreement with the current tenant on our 61-acre farm in Hillsborough County, Florida, to terminate the lease (which was originally scheduled to expire on June 30, 2020) as

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of June 30, 2018, and entered into a new, one-year lease with a new tenant. The new lease, which commenced on July 1, 2018, and expires on June 30, 2019, provides for minimum straight line rent of \$15,000 which represents a decrease of approximately \$56,000 (approximately 78.8%) from that of the prior lease (before its termination).

Our lease on three farms in Van Buren County, Michigan, totaling 151 acres expired on November 4, 2018, and we have reached an agreement with the current tenant to extend the term of the lease for an additional three years (through November 4, 2021) and amend the rental terms. The new lease is expected to provide for annualized minimum, straight-line rents of approximately \$56,000, which represents a decrease of approximately \$76,000 (approximately 57.4%) from that of the prior lease; however, the new lease is also expected to provide for a variable rent component based on the gross crop revenues earned on the farm over a certain threshold. In addition, we anticipate committing to provide up to \$100,000 of total capital for certain improvements to the blueberry bushes and irrigation systems on the farm.

Property Improvements

In December 2018, we agreed to fund certain irrigation improvements on our 6,189-acre farm in Saguache County, Colorado, the construction of which is expected to be completed by December 31, 2018. The total cost of the improvements is expected to be approximately \$1.4 million, 90% of which will be financed with a loan from Diversified Financial Services, LLC (DFS). We will begin earning additional rent on the cost of the improvements as the funds are disbursed at an initial annual return of 7.0%, which rate is subject to annual escalations. As of the date of this filing, approximately \$765,000 of these improvements have been funded by either us or DFS (see *Financing Activity Debt Activity* below).

Financing Activity***Debt Activity***

Since September 30, 2018, through the date of this filing, we have incurred the following new, long-term borrowings (dollars in thousands):

Lender	Date of Issuance	Principal Amount	Maturity Date	Principal Amortization	Stated Interest Rate⁽¹⁾	Interest Rate Terms
Farm Credit West, FLCA	11/1/2018	\$ 13,800	11/1/2043	25.0 years	5.61% ⁽²⁾	Fixed through 10/31/2028 (variable thereafter)
Plains Land Bank, FLCA	11/20/2018	5,280	12/1/2043	25.0 years	5.40%	Fixed through 11/30/2023 (variable thereafter)
DFS	12/3/2018	689	11/27/2025	7.0 years	5.70%	Fixed throughout term

(1) Where applicable, rate is before interest patronage, or refunded interest.

(2) In February 2018, we received interest patronage of approximately \$126,000 related to interest accrued on loans from Farm Credit West during the year ended December 31, 2017, which resulted in a 19.7% reduction (approximately 75 basis points) to the stated interest rates on such borrowings.

Subsequent to September 30, 2018, through the date of this filing, we have incurred additional aggregate net borrowings on our lines of credit with Metropolitan Life Insurance Company (MetLife) of \$15.8 million, which was used for the acquisition of Olsen Road and for general corporate purposes.

Equity Activity

Series B Preferred Stock Offering

On January 10, 2018, we filed a prospectus supplement with the SEC for a continuous public offering of 6.00% Series B Cumulative Redeemable Preferred Stock, which terminated on May 31, 2018, with no shares being sold.

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On May 31, 2018, we filed a new prospectus supplement with the SEC for a continuous public offering of up to 6,000,000 shares (the *Primary Offering*) of our newly-designated 6.00% Series B Cumulative Redeemable Preferred Stock (the *Series B Preferred Stock*) at an offering price of \$25.00 per share for gross proceeds of up to \$150.0 million and net proceeds (after deducting dealer-manager fees, selling commissions, and estimated expenses of the offering payable by us) of up to approximately \$131.3 million, assuming all shares of the Series B Preferred Stock are sold in the Primary Offering. The Series B Preferred Stock is being offered on a continuous, reasonable best efforts basis by Gladstone Securities, LLC, our dealer-manager for the Primary Offering. Gladstone Securities, an affiliate of ours, is a privately-held broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. See Note 6, *Related-Party Transactions Dealer-Manager Agreement*, within the accompanying notes to our condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, for more details on the Dealer-Manager Agreement.

The offering of the Series B Preferred Stock will terminate on the date (the *Termination Date*) that is the earlier of either June 1, 2023 (unless terminated earlier or extended by our Board of Directors), or on the date on which all 6,000,000 shares offered in the Primary Offering are sold. There is currently no public market for shares of the Series B Preferred Stock; however, we intend to apply to list the Series B Preferred Stock on Nasdaq or another national securities exchange within one calendar year after the offering's Termination Date, though there can be no assurance that a listing will be achieved in such timeframe, or at all.

From September 30, 2018, through the date of this filing, we sold 381,279 shares of the Series B Preferred Stock for gross proceeds of approximately \$9.5 million and net proceeds (after deducting selling commissions and dealer-manager fees borne by us) of approximately \$8.6 million. Aggregate selling commissions and dealer-manager fees paid to Gladstone Securities as a result of these sales were approximately \$931,000 (of which approximately \$884,000 was remitted by Gladstone Securities to unrelated third parties involved in the offering, such as participating broker-dealers and wholesalers).

At-the-Market Program

On August 7, 2015, we entered into equity distribution agreements (*Sales Agreements*) with Cantor Fitzgerald & Co. and Ladenburg Thalmann & Co., Inc. (each a *Sales Agent*), under which we may issue and sell, from time to time and through the Sales Agents, shares of our common stock having an aggregate offering price of up to \$30.0 million (the *ATM Program*). On April 13, 2017, we amended the Sales Agreements to reference the new universal registration statement on Form S-3 (File No. 333-217042) (the *2017 Registration Statement*), filed with the SEC on March 31, 2017, and declared effective on April 12, 2017. All other material terms of the Sales Agreements remained the same.

Since September 30, 2018, through the date of this filing, we have sold 270,724 shares of our common stock under the ATM Program at an average sales price of \$13.08 per share for gross and net proceeds (after deducting offering expenses borne by us) of approximately \$3.5 million. To date, we have sold 1,595,591 shares of our common stock at an average sales price of \$12.87 per share under the ATM Program for gross proceeds of approximately \$20.5 million and net proceeds (after deducting offering expenses borne by us) of approximately \$20.2 million.

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On October 9, 2018, our Board of Directors declared the following monthly cash distributions to holders of our preferred and common stock:

Issuance	Record Date	Payment Date	Distribution per Share
Series A Term Preferred Stock:	October 19, 2018	October 31, 2018	\$ 0.1328125
	November 20, 2018	November 30, 2018	0.1328125
	December 20, 2018	December 31, 2018	0.1328125
	Total Series A Term Preferred Stock Distributions:		\$ 0.3984375
Series B Preferred Stock:	October 23, 2018	October 31, 2018	\$ 0.125
	November 20, 2018	November 30, 2018	0.125