

**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, 2019

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
6.375% Series A Cumulative Term Preferred Stock, \$0.001 par value per share	LANDP	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 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 checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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.

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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 6, 2019, was 20,810,067.

GLADSTONE LAND CORPORATION
FORM 10-Q FOR THE QUARTER ENDED
JUNE 30, 2019

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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, 2019	December 31, 2018
ASSETS		
Investments in real estate, net	\$ 587,969	\$ 538,953
Lease intangibles, net	5,039	5,686
Cash and cash equivalents	28,705	14,730
Other assets, net	7,010	5,750
TOTAL ASSETS	\$ 628,723	\$ 565,119
LIABILITIES AND EQUITY		
LIABILITIES:		
Borrowings under lines of credit	\$ 100	\$ 100
Notes and bonds payable, net	350,144	335,788
Series A cumulative term preferred stock, \$0.001 par value; \$25.00 per share liquidation preference; 2,000,000 shares authorized, 1,150,000 shares issued and outstanding as of June 30, 2019, and December 31, 2018, net	28,241	28,124
Accounts payable and accrued expenses	9,134	9,152
Due to related parties, net	364	945
Other liabilities, net	9,386	9,957
Total liabilities	397,369	384,066
Commitments and contingencies (Note 7)		
EQUITY:		
Stockholders' equity:		
Series B cumulative redeemable preferred stock, \$0.001 par value; \$25.00 per share liquidation preference; 6,500,000 shares authorized; 2,636,068 shares issued and outstanding as of June 30, 2019; 1,144,393 shares issued and outstanding as of December 31, 2018	3	1
Common stock, \$0.001 par value; 91,500,000 shares authorized; 20,532,770 shares issued and outstanding as of June 30, 2019; 17,891,340 shares issued and outstanding as of December 31, 2018	21	18
Additional paid-in capital	263,249	202,053
Distributions in excess of accumulated earnings	(31,919)	(25,826)
Total stockholders' equity	231,354	176,246
Non-controlling interests in Operating Partnership	—	4,807
Total equity	231,354	181,053
TOTAL LIABILITIES AND EQUITY	\$ 628,723	\$ 565,119

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
OPERATING REVENUES:				
Lease revenues	\$ 8,362	\$ 6,634	\$ 16,192	\$ 13,328
Other operating revenues	—	4,760	—	7,311
Total operating revenues	8,362	11,394	16,192	20,639
OPERATING EXPENSES:				
Depreciation and amortization	2,936	2,242	5,533	4,430
Property operating expenses	586	318	1,403	746
Base management fee	974	754	1,879	1,411
Administration fee	250	275	556	549
General and administrative expenses	469	367	1,018	921
Other operating expenses	—	5,140	—	7,498
Total operating expenses	5,215	9,096	10,389	15,555
Credits to fees from Adviser	(974)	(174)	(1,543)	(174)
Total operating expenses, net of credits to fees	4,241	8,922	8,846	15,381
OTHER INCOME (EXPENSE):				
Other income	48	9	874	323
Interest expense	(3,543)	(2,815)	(6,996)	(5,646)
Dividends declared on Series A cumulative term preferred stock	(458)	(458)	(916)	(916)
Gain (loss) on dispositions of real estate assets, net	13	—	(19)	—
Property and casualty loss, net	(7)	—	(7)	(129)
Loss on write-down of crop inventory	—	(1,060)	—	(1,060)
Total other expense, net	(3,947)	(4,324)	(7,064)	(7,428)
NET INCOME (LOSS)	174	(1,852)	282	(2,170)
Net (income) loss attributable to non-controlling interests	(1)	110	(3)	131
NET INCOME (LOSS) ATTRIBUTABLE TO THE COMPANY	173	(1,742)	279	(2,039)
Dividends declared on Series B cumulative redeemable preferred stock	(893)	(3)	(1,494)	(3)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (720)	\$ (1,745)	\$ (1,215)	\$ (2,042)
LOSS PER COMMON SHARE:				
Basic and diluted	\$ (0.04)	\$ (0.11)	\$ (0.07)	\$ (0.14)
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic and diluted	18,641,738	15,506,512	18,336,975	14,736,400

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)

	Six Months Ended June 30, 2019								
	Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Total Stockholders' Equity	Non- Controlling Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value					
Balance at December 31, 2018	1,144,393	\$ 1	17,891,340	\$ 18	\$202,053	\$ (25,826)	\$ 176,246	\$ 4,807	\$181,053
Issuance of Series B Preferred Stock, net	1,499,075	2	—	—	33,458	—	33,460	—	33,460
Redemptions of Series B Preferred Stock	(7,400)	—	—	—	(166)	—	(166)	—	(166)
Redemption of OP Units	—	—	570,879	1	4,714	—	4,715	(4,715)	—
Issuance of common stock, net	—	—	2,070,551	2	23,147	—	23,149	—	23,149
Net income	—	—	—	—	—	279	279	3	282
Dividends—Series B Preferred Stock	—	—	—	—	—	(1,494)	(1,494)	—	(1,494)
Distributions—OP Units and common stock	—	—	—	—	—	(4,878)	(4,878)	(52)	(4,930)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	43	—	43	(43)	—
Balance at June 30, 2019	2,636,068	\$ 3	20,532,770	\$ 21	\$263,249	\$ (31,919)	\$ 231,354	\$ —	\$231,354

	Three Months Ended June 30, 2019								
	Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Total Stockholders' Equity	Non- Controlling Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value					
Balance at March 31, 2019	1,891,709	\$ 2	18,462,219	\$ 18	\$223,480	\$ (28,731)	194,769	\$ —	\$194,769
Issuance of Series B Preferred Stock, net	751,159	1	—	—	16,755	—	16,756	—	16,756
Redemptions of Series B Preferred Stock	(6,800)	—	—	—	(153)	—	(153)	—	(153)
Issuance of common stock, net	—	—	2,070,551	3	23,167	—	23,170	—	23,170
Net income	—	—	—	—	—	174	174	—	174
Dividends—Series B Preferred Stock	—	—	—	—	—	(893)	(893)	—	(893)
Distributions—OP Units and common stock	—	—	—	—	—	(2,469)	(2,469)	—	(2,469)
Balance at June 30, 2019	2,636,068	\$ 3	20,532,770	21	263,249	(31,919)	231,354	\$ —	\$231,354

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)

	Six Months Ended June 30, 2018								
	Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value					
Balance at December 31, 2017	—	\$ —	13,791,574	\$ 14	\$ 129,705	\$ (19,802)	\$ 109,917	\$ 8,034	\$ 117,951
Issuance of Series B Preferred Stock, net	20,280	—	—	—	455	—	455	—	455
Redemption of OP Units	—	—	251,267	—	2,028	—	2,028	(2,549)	(521)
Issuance of common stock, net	—	—	1,981,031	2	23,601	—	23,603	—	23,603
Net loss	—	—	—	—	—	(2,039)	(2,039)	(131)	(2,170)
Dividends—Series B Preferred Stock	—	—	—	—	—	(3)	(3)	—	(3)
Distributions—OP Units and common stock	—	—	—	—	—	(3,919)	(3,919)	(245)	(4,164)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	(683)	—	(683)	683	—
Balance at June 30, 2018	20,280	\$ —	16,023,872	\$ 16	\$ 155,106	\$ (25,763)	\$ 129,359	\$ 5,792	\$ 135,151

	Three Months Ended June 30, 2018								
	Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
	Number of Shares	Par Value	Number of Shares	Par Value					
Balance at March 31, 2018	—	\$ —	15,216,199	\$ 15	\$ 145,990	\$ (21,950)	\$ 124,055	\$ 7,913	\$ 131,968
Issuance of Series B Preferred Stock, net	20,280	—	—	—	455	—	455	—	455
Redemption of OP Units	—	—	243,567	—	1,965	—	1,965	(2,086)	(121)
Issuance of common stock, net	—	—	564,106	1	6,887	—	6,888	—	6,888
Net loss	—	—	—	—	—	(1,742)	(1,742)	(110)	(1,852)
Dividends—Series B Preferred Stock	—	—	—	—	—	(3)	(3)	—	(3)
Distributions—OP Units and common stock	—	—	—	—	—	(2,068)	(2,068)	(116)	(2,184)
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	(191)	—	(191)	191	—
Balance at June 30, 2018	20,280	\$ —	16,023,872	\$ 16	\$ 155,106	\$ (25,763)	\$ 129,359	\$ 5,792	\$ 135,151

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,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 282	\$ (2,170)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,533	4,430
Amortization of debt issuance costs	299	289
Amortization of deferred rent assets and liabilities, net	(157)	(180)
Bad debt expense	6	31
Loss on dispositions of real estate assets, net	19	—
Property and casualty loss	7	129
Loss on write-down of crop inventory	—	1,060
Changes in operating assets and liabilities:		
Crop inventory and other assets, net	21	(237)
Accounts payable and accrued expenses and Due to related parties, net	(1,344)	317
Other liabilities, net	(410)	813
Net cash provided by operating activities	<u>4,256</u>	<u>4,482</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of new real estate assets	(48,004)	(5,036)
Capital expenditures on existing real estate assets	(5,549)	(11,356)
Proceeds from dispositions of real estate assets	—	132
Change in deposits on real estate acquisitions and investments, net	(1,050)	(300)
Net cash used in investing activities	<u>(54,603)</u>	<u>(16,560)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of preferred and common equity	61,394	25,113
Offering costs	(4,521)	(935)
Payments for redemptions of OP Units	—	(521)
Redemption of Series B Preferred Stock	(166)	—
Borrowings from mortgage notes and bonds payable	18,072	2,733
Repayments of mortgage notes and bonds payable	(4,247)	(3,777)
Borrowings from lines of credit	14,900	9,100
Repayments of lines of credit	(14,900)	(15,600)
Payments of financing fees	(115)	(225)
Dividends paid on Series B cumulative redeemable preferred stock	(1,165)	—
Distributions paid on common stock	(4,878)	(3,919)
Distributions paid to non-controlling interests in Operating Partnership	(52)	(246)
Net cash provided by financing activities	<u>64,322</u>	<u>11,723</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,975	(355)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,730	2,938
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 28,705</u>	<u>\$ 2,583</u>

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

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

	For the Six Months Ended June 30,	
	2019	2018
NON-CASH OPERATING, INVESTING, AND FINANCING INFORMATION:		
Operating lease right-of-use assets included in Other assets, net	\$ 198	\$ —
Operating lease liabilities included in Other liabilities, net	169	—
Real estate additions included in Accounts payable and accrued expenses and Due to related parties, net	2,465	4,120
Loss on dispositions of real estate assets, net included in Accounts payable and accrued expenses and Due to related parties, net	—	8
Real estate additions included in Other liabilities, net	—	136
Stock offering and OP Unit issuance costs included in Accounts payable and accrued expenses and Due to related parties, net	99	194
Financing fees included in Accounts payable and accrued expenses and Due to related parties, net	20	2
Lender holdback on loan issuance	498	—

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 (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. Upon the pricing of our initial public offering on January 29, 2013, our shares of common stock began trading on the Nasdaq Global Market (“Nasdaq”) under the symbol “LAND.” 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, all of the 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, 2019, and December 31, 2018, the Company owned 100.0% and approximately 96.9%, 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 treated 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.

Subject to certain restrictions and limitations, and pursuant to contractual agreements, our business is managed by Gladstone Management Corporation (the “Adviser”), a Delaware corporation, and administrative services are provided to us by Gladstone Administration, LLC (the “Administrator”), a Delaware limited liability company. Our Adviser and Administrator are both affiliates of ours (see Note 6, “Related-Party Transactions,” for additional discussion regarding our Adviser and Administrator).

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Information

Our interim financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q in accordance with Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. In the opinion of our management, all adjustments (consisting solely of normal recurring accruals) necessary for the fair statement of financial statements for the interim period have been included. The interim financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the U.S. Securities and Exchange Commission (the “SEC”) on February 26, 2019 (the “Form 10-K”). The results of operations for the three and six months ended June 30, 2019, 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. Actual results could materially differ from those estimates.

Impairment of Real Estate Assets

We account for the impairment of our tangible and identifiable intangible real estate assets in accordance with Accounting Standards Codification (“ASC”) 360, “Property, Plant, and Equipment” (“ASC 360”), which requires us to periodically review the carrying value of each property to determine whether indicators of impairment exist. If circumstances support the

possibility of impairment, we prepare a projection of the total undiscounted future cash flows of the specific property (without interest charges), including proceeds from disposition, and compare them to the net book value of the property to determine whether the carrying value of the property is recoverable. If the carrying amount is more than the aggregate undiscounted future cash flows, we would recognize an impairment loss to the extent the carrying value exceeds the estimated fair value of the property.

We evaluate our entire 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, 2019, and December 31, 2018, we concluded that none of our properties were impaired. There have been no impairments recognized on our real estate assets since our inception.

Crop Inventory and Crop Sales

Crop Inventory

From October 17, 2017, through July 31, 2018, Land Advisers operated a 169-acre farm located in Ventura County, California, under a short-term lease (see Note 6, “*Related-Party Transactions—TRS Lease Assumption*” for further discussion on this lease assignment). Costs incurred by Land Advisers in operating the farm generally consisted of growing costs (including the costs of land preparation, plants, fertilizers and pesticides, and labor costs), harvesting and selling costs (including labor costs for harvesting, packaging and cooling costs, and sales commissions), and certain overhead costs (including management/oversight costs). Due to certain market conditions during the six months ended June 30, 2018 (primarily the existence of bumper crops in all of the strawberry-growing regions within California), we were unable to sell all of the crops and therefore assessed the market value of such unsold crops to be zero. Accordingly, we wrote down the cost of crop inventory to its estimated net realizable value of zero and recorded a loss during the six months ended June 30, 2018, of approximately \$1.1 million, included within Loss on write-down of crop inventory on the accompanying Condensed Consolidated Statements of Operations.

Crop Sales

Revenue from the sale of harvested crops was recognized when the harvested crops had been delivered to the facility and title had transferred and were recorded using the market price on the date of delivery. Accumulated costs were charged to cost of products sold (based on percentage of gross revenue from sales) as the related crops were harvested and sold.

Revenue from the sale of harvested crops and accumulated costs allocated to the crops sold during the three and six months ended June 30, 2018, are shown in the following table (dollars in thousands, except for footnotes):

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Sales revenue ⁽¹⁾	\$ 4,760	\$ 7,306
Cost of sales ⁽²⁾⁽³⁾⁽⁴⁾	(5,140)	(7,498)

⁽¹⁾ Included within Other operating revenues on the accompanying Condensed Consolidated Statements of Operations.

⁽²⁾ Included within Other operating expenses on the accompanying Condensed Consolidated Statements of Operations.

⁽³⁾ Excludes rent expense owed to the Company and interest expense owed on a loan from the Company to Land Advisers, both of which expenses were eliminated in consolidation.

⁽⁴⁾ Excludes the allocation of a fee earned by our Adviser from Land Advisers of approximately \$94,000 and \$161,000 during the three and six months ended June 30, 2018, respectively, which is included within Management Fee on the accompanying Condensed Consolidated Statements of Operations (see Note 6, “*Related-Party Transactions—TRS Fee Arrangements—TRS Expense Sharing Agreement*” for further discussion on this fee).

The lease to Land Advisers expired on July 31, 2018, after which we leased the farm to a new, unrelated third-party tenant under a 10-year lease that commenced on August 1, 2018.

Income Taxes

We have operated and intend to continue to operate in a manner that will allow us to qualify as a REIT under the Sections 856-860 of the Internal Revenue Code of 1986, as amended (the “Code”). As a REIT, we generally are not subject to federal corporate income taxes on amounts that we distribute to our stockholders (except income from any foreclosure property), provided that, on an annual basis, we distribute at least 90% of our REIT taxable income (excluding net capital gains) to our stockholders and meet certain other conditions. As such, in general, as long as we qualify as a REIT, no provision for federal income taxes will be necessary, except for taxes on undistributed REIT taxable income and taxes on the income generated by a TRS (such as Land Advisers), if any. From October 17, 2017, through July 31, 2018, Land Advisers, which is subject to federal and state income taxes, assumed the operations on one of our farms in California (see Note 6, “*Related-Party Transactions—TRS Lease Assumption*”). There was no taxable income or loss from Land Advisers for the tax year ended December 31, 2018, nor was there any for the six months ended June 30, 2019.

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

Reclassifications

On the accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019, operating rental revenue has been reclassified to be displayed in accordance with ASU 2016-02 (as defined below), which was adopted on January 1, 2019, and acquisition-related expenses have been reclassified to be included within general and administrative expenses. These reclassifications had no impact on previously-reported net income (loss), equity, or net change in cash and cash equivalents.

Recently-Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"), which was amended in each of March, April, May, and December of 2016. ASU 2014-09, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance and establishes a new, control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time and will expand disclosures about revenue. We adopted ASU 2014-09 on January 1, 2018, using the modified retrospective method, under which the cumulative effect of initially applying the guidance was recognized at the date of initial application. Our adoption of ASU 2014-09 did not have a material impact on our results of operations or financial condition, as the primary impact of this update is related to common area maintenance and other material tenant reimbursements, whereas the majority of our revenue is from rental income pursuant to net-lease agreements, with very little being attributed to tenant recoveries. The impact of ASU 2014-09 did not take effect until the new leasing standard (ASU 2016-02, as defined below) became effective on January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842): An Amendment of the FASB Accounting Standards Codification" ("ASU 2016-02"), which supersedes the previous leasing standard, ASC 840, "Leases." The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee, which classification determines whether lease expense is recognized based on an effective interest method or on a straight-line basis, respectively, over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months, regardless of the classification. Leases with a term of 12 months or less will be accounted for similarly to operating leases under the previous leasing standard. The new standard requires lessors to account for leases using an approach that is substantially equivalent to that under the previous standard for sales-type leases, direct financing leases, and operating leases. We adopted ASU 2016-02 on January 1, 2019, using the modified retrospective method, under which we recorded the cumulative effect of applying the new guidance as of the adoption date. We also elected the package of practical expedients permitted under the transition guidance (which included that: (i) an entity need not reassess whether any expired or existing contracts are or contain leases, (ii) an entity need not reassess the lease classification for any expired or existing leases, and (iii) an entity need not reassess initial direct costs for any existing leases), the land easement practical expedient to carry forward existing accounting treatment on existing land easements, and the lease and non-lease component combined practical expedient. In addition, we elected the short-term lease exception, which allows us to account for leases with a term of 12 months or less similar to existing operating leases. We currently have two operating ground lease arrangements with terms greater than one year for which we are the lessee. See Note 7, "Commitments and Contingencies—Ground Lease Obligations," for further discussion on the impact of our adoption of ASU 2016-02 and the assumptions used in determine the related right-of-use asset and lease liability.

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 90 farms we owned as of June 30, 2019 (dollars in thousands, except for footnotes):

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Location	No. of Farms	Total Acres	Farm Acres	Net Cost Basis ⁽¹⁾	Encumbrances ⁽²⁾
California	35	11,617	10,670	\$ 287,911	\$ 182,840
Florida	22	17,184	12,981	153,871	96,543
Arizona ⁽³⁾	6	6,280	5,228	56,031	22,008
Colorado	10	31,448	24,513	41,503	24,968
Nebraska	3	3,254	2,701	12,803	8,476
Michigan	7	962	682	12,723	2,740
Washington	1	746	417	8,573	5,145
Texas	1	3,667	2,219	8,363	5,280
Oregon	3	418	363	6,189	3,312
North Carolina	2	310	295	2,304	1,238
	90	75,886	60,069	\$ 590,271	\$ 352,550

⁽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. Includes Investments in real estate, net (excluding improvements paid for by the tenant) and Lease intangibles, net; plus net above-market lease values and lease incentives 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 \$2.3 million of debt issuance costs related to notes and bonds payable, included in Notes and bonds payable, net on the accompanying Condensed Consolidated Balance Sheet.

⁽³⁾ Includes two farms in which we own a leasehold interest via ground leases with the State of Arizona that expire in February 2022 and February 2025, respectively. In total, these two farms consist of 1,368 total acres and 1,221 farm acres and had an aggregate net cost basis of approximately \$2.4 million as of June 30, 2019 (included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheet).

Real Estate

The following table sets forth the components of our investments in tangible real estate assets as of June 30, 2019, and December 31, 2018 (dollars in thousands):

	June 30, 2019	December 31, 2018
Real estate:		
Land and land improvements	\$ 435,866	\$ 417,310
Irrigation and drainage systems	80,891	71,583
Horticulture	73,136	48,894
Farm-related facilities	20,249	18,510
Other site improvements	6,740	6,707
Real estate, at gross cost	616,882	563,004
Accumulated depreciation	(28,913)	(24,051)
Real estate, net	\$ 587,969	\$ 538,953

Real estate depreciation expense on these tangible assets was approximately \$2.6 million and \$4.9 million for the three and six months ended June 30, 2019, respectively, and \$2.0 million and \$3.9 million for the three and six months ended June 30, 2018, 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, 2019, and December 31, 2018, we recorded tenant improvements, net of accumulated depreciation, of approximately \$2.2 million and \$2.4 million, respectively. We recorded both depreciation expense and additional lease revenue related to these tenant improvements of approximately \$72,000 and \$146,000 for the three and six months ended June 30, 2019, respectively, and approximately \$74,000 and \$150,000 for the three and six months ended June 30, 2018, 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, 2019, and December 31, 2018 (dollars in thousands):

	June 30, 2019	December 31, 2018
Lease intangibles:		
Leasehold interest – land	\$ 3,498	\$ 3,498
In-place leases	2,046	2,046
Leasing costs	1,964	1,963
Tenant relationships	414	414
Lease intangibles, at cost	7,922	7,921
Accumulated amortization	(2,883)	(2,235)
Lease intangibles, net	\$ 5,039	\$ 5,686

Total amortization expense related to these lease intangible assets was approximately \$326,000 and \$650,000 for the three and six months ended June 30, 2019, respectively, and approximately \$253,000 and \$546,000 for the three and six months ended June 30, 2018, 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, 2019, and December 31, 2018 (dollars in thousands):

Intangible Asset or Liability	June 30, 2019		December 31, 2018	
	Deferred Rent Asset (Liability)	Accumulated (Amortization) Accretion	Deferred Rent Asset (Liability)	Accumulated (Amortization) Accretion
Above-market lease values and lease incentives ⁽¹⁾	\$ 216	\$ (84)	\$ 126	\$ (18)
Below-market lease values and other deferred revenue ⁽²⁾	(917)	279	(917)	202
	\$ (701)	\$ 195	\$ (791)	\$ 184

⁽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.

⁽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.

Total amortization related to above-market lease values and lease incentives was approximately \$33,000 and \$66,000 for the three and six months ended June 30, 2019, respectively, and approximately \$2,000 and \$4,000 for the three and six months ended June 30, 2018, respectively. Total accretion related to below-market lease values and other deferred revenue was approximately \$39,000 and \$77,000 for the three and six months ended June 30, 2019, respectively, and approximately \$17,000 and \$34,000 for the three and six months ended June 30, 2018, respectively.

Acquisitions

Upon our adoption of ASU 2017-01, “Business Combinations (Topic 805): Clarifying the Definition of a Business,” on October 1, 2016, most acquisitions, including those with a prior leasing history, are generally treated as an asset acquisition under ASC 360. For acquisitions accounted for as asset acquisitions under ASC 360, all acquisition-related costs, other than those costs that directly related to either originating new leases we execute upon acquisition or reviewing in-place leases we assumed upon acquisition, are capitalized and included as part of the fair value allocation of the identifiable tangible and intangible assets acquired or liabilities assumed. Upon our adoption of ASU 2016-02 on January 1, 2019, costs that directly related to either negotiating and originating new leases or reviewing assumed leases (generally, external legal costs) are expensed as incurred, whereas these costs were generally capitalized as part of leasing costs under the previous leasing standard. In addition, total consideration for acquisitions may include a combination of cash and equity securities, such as OP Units. When OP Units are issued in connection with acquisitions, we determine the fair value of the OP Units issued based on the number of units issued multiplied by the closing price of the Company’s common stock on the date of acquisition. Unless otherwise noted, all properties acquired during 2019 and 2018 were accounted for as asset acquisitions under ASC 360.

2019 Acquisitions

During the six months ended June 30, 2019, we acquired five new 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	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾	New Long-term Debt
Somerset Road	Lincoln, NE	1/22/2019	695	1	Popcorn & edible beans	4.9 years	1 (5 years)	\$ 2,400	\$ 33	\$ 126	\$ 1,440
Greenhills Boulevard ⁽³⁾	Madera, CA	4/9/2019	928	1	Pistachios	10.6 years	2 (5 years)	28,550	141	1,721	17,130
Van Buren Trail ⁽⁴⁾	Van Buren, MI	5/29/2019	159	1	Blueberries & cranberries	10.6 years	2 (5 years)	2,682	24	206	—
Blue Star Highway ⁽⁴⁾	Allegan & Van Buren, MI	6/4/2019	357	1	Blueberries	10.6 years	2 (5 years)	5,100	29	390	—
Yolo County Line Road ⁽⁴⁾	Yolo, CA	6/13/2019	542	1	Olives for olive oil	14.6 years	1 (5 years)	9,190	68	624	—
			2,681	5				\$ 47,922	\$ 295	\$ 3,067	\$ 18,570

⁽¹⁾ Includes approximately \$18,000 of aggregate external legal fees associated with negotiating and originating the leases associated with these acquisitions, which costs were expensed in the period incurred.

⁽²⁾ Annualized straight-line rent is based on the minimum cash rental payments guaranteed under the applicable lease, as required under GAAP, and excludes contingent rental payments, such as participation rents.

⁽³⁾ Lease provides for a 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⁾ See Note 11, “Subsequent Events—Financing Activity,” for information on loans secured by these properties that were obtained subsequent to June 30, 2019.

During the three and six months ended June 30, 2019, we recognized operating revenues of approximately \$503,000 and \$527,000, respectively, and net income of approximately \$218,000 and \$220,000, respectively, related to the above acquisitions.

2018 Acquisitions

During the six months ended June 30, 2018, we acquired two new farms, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acreage	No. of Farms	Primary Crop(s)	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs	Annualized Straight-line Rent ⁽¹⁾	New Long-term Debt
Taft Highway ⁽²⁾	Kern, CA	1/31/2018	161	1	Potatoes and Melons	N/A	N/A	\$ 2,945	\$ 32	\$ —	\$ 1,473
Cemetery Road	Van Buren, MI	3/13/2018	176	1	Blueberries	9.6 years	None	2,100	39	150	1,260
			337	2				\$ 5,045	\$ 71	\$ 150	\$ 2,733

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

⁽²⁾ Farm was purchased with no lease in place at the time of acquisition.

During the three and six months ended June 30, 2018, in the aggregate, we recognized operating revenues of approximately \$41,000 and \$49,000, respectively, and a net loss of approximately \$23,000 and \$28,000, respectively, related to the above acquisitions.

Purchase Price Allocations

The allocation of the aggregate purchase price for the farms acquired during each of the six months ended June 30, 2019 and 2018 is as follows (dollars in thousands):

Acquisition Period	Land and Land Improvements	Irrigation & Drainage Systems	Horticulture	Farm-related Facilities	In-place Leases	Leasing Costs	Total Purchase Price
2019 Acquisitions	\$ 18,209	\$ 4,022	\$ 23,989	\$ 1,702	\$ —	\$ —	\$ 47,922
2018 Acquisitions	3,256	582	961	123	76	47	5,045

Acquired Intangibles and Liabilities

The following table shows the weighted-average amortization periods (in years) for the intangible assets acquired and liabilities assumed in connection with new real estate acquired during the six months ended June 30, 2018. There were no intangible

assets acquired or liabilities assumed in connection with new real estate acquired during the six months ended June 30, 2019:

Intangible Assets and Liabilities	Weighted-Average Amortization Period (in Years)
	2018
Leasehold interest – land	0
In-place leases	9.6
Leasing costs	9.6
Above-market lease values	0
Below-market lease values and deferred revenue	0
All intangible assets and liabilities	9.6

Significant Existing Real Estate Activity

Leasing Activity

The following table summarizes certain leasing activity that occurred on our existing properties during the six months ended June 30, 2019 (dollars in thousands, except 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) ⁽⁴⁾	Total Annualized Straight-line Rent ⁽³⁾	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN) ⁽⁴⁾
AZ, CA, FL, MI, NE	15	6,817	\$ 3,385	1	10 / 5	\$ 3,648	3.9	3	10 / 5

⁽¹⁾ Includes a farm that was previously vacant.

⁽²⁾ In connection with certain of these leases, we committed to provide aggregate capital of up to \$420,000 for certain improvements on these farms.

⁽³⁾ Annualized straight-line rent is 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, and “NN” refers to leases under partial-net lease arrangements. For a description of each of these types of lease arrangements, see “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview—Leases—General.”

See Note 11, “Subsequent Events—Leasing Activity” for additional leasing activity that occurred subsequent to June 30, 2019.

Project Completion

During the year ended December 31, 2018, we replaced 23 irrigation pivots on one of our properties in Colorado at a total cost of approximately \$1.4 million. Pursuant to a lease amendment executed during the six months ended June 30, 2019, in connection with this project, we will earn additional straight-line rental income of approximately \$117,000 per year throughout the remaining term of the lease, which expires on February 28, 2021.

Future Minimum Lease Payments

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

The following table summarizes the future lease payments to be received under non-cancelable leases as of June 30, 2019, and December 31, 2018 (dollars in thousands):

Period	Future Lease Payments ⁽¹⁾	
	June 30, 2019	December 31, 2018
2019	\$ 14,703	\$ 30,290
2020	31,478	26,917
2021	23,889	20,980
2022	23,221	19,775
2023	22,827	19,413
Thereafter	85,436	59,934
	\$ 201,554	\$ 177,309

⁽¹⁾ Excludes variable rent payments, such as potential rent increases that are based on CPI or future contingent rents based on a percentage of the gross revenues earned on the respective farms.

Portfolio Diversification and Concentrations

Diversification

The following table summarizes the geographic locations (by state) of our farms owned and with leases in place as of and for the six months ended June 30, 2019 and 2018 (dollars in thousands):

State	As of and For the six months ended June 30, 2019					As of and For the six months ended June 30, 2018				
	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⁾	35	11,617	15.3%	\$ 7,906	48.8%	29	8,241	13.0%	\$ 6,065	45.5%
Florida	22	17,184	22.6%	4,689	29.0%	16	10,980	17.3%	3,530	26.5%
Colorado	10	31,448	41.4%	1,411	8.7%	10	31,450	49.7%	1,372	10.3%
Arizona	6	6,280	8.3%	1,077	6.7%	6	6,280	9.9%	959	7.2%
Texas	1	3,667	4.8%	263	1.6%	—	—	—%	—	—%
Oregon	3	418	0.6%	257	1.6%	4	2,313	3.7%	618	4.6%
Washington	1	746	1.0%	245	1.5%	1	746	1.2%	242	1.8%
Nebraska	3	3,254	4.3%	162	1.0%	2	2,559	4.0%	290	2.2%
North Carolina	2	310	0.4%	93	0.6%	2	310	0.5%	82	0.6%
Michigan	7	962	1.3%	89	0.5%	5	446	0.7%	170	1.3%
TOTALS	90	75,886	100.0%	\$ 16,192	100.0%	75	63,325	100.0%	\$ 13,328	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 five of these growing regions.

Concentrations

Credit Risk

As of June 30, 2019, our farms were leased to 64 different, unrelated third-party tenants, with certain tenants leasing more than one farm. One unrelated third-party tenant (“Tenant A”) leases five of our farms, and aggregate lease revenue attributable to Tenant A accounted for approximately \$2.2 million, or 13.6%, of the total lease revenue recorded during the six months ended June 30, 2019. If Tenant A fails to make rental payments, elects to terminate its leases prior to their expirations, or does not renew its leases (and we cannot re-lease the farms on satisfactory terms), there could be a material adverse effect on our financial performance and ability to continue operations. No other individual tenant represented greater than 10.0% of the total lease revenue recorded during the six months ended June 30, 2019.

Geographic Risk

Farms located in California and Florida accounted for approximately \$7.9 million (48.8%) and \$4.7 million (29.0%), respectively, of the total lease revenue recorded during the six months ended June 30, 2019. Though we seek to continue to further diversify geographically, as may be desirable or feasible, should an unexpected natural disaster occur where our properties are located, there could be a material adverse effect on our financial performance and ability to continue operations. No other single state accounted for more than 10.0% of our total lease revenue recorded during the six months ended June 30, 2019.

NOTE 4. BORROWINGS

Our borrowings as of June 30, 2019, and December 31, 2018, are summarized below (dollars in thousands):

	Carrying Value as of		As of June 30, 2019	
	June 30, 2019	December 31, 2018	Stated Interest Rates ⁽¹⁾ (Range; Wtd Avg)	Maturity Dates (Range; Wtd Avg)
Notes and bonds payable:				
Fixed-rate notes payable	\$ 261,821	\$ 247,249	3.16%–5.70%; 3.97%	6/1/2020–12/1/2043; November 2031
Fixed-rate bonds payable	90,629	90,877	2.80%–4.57%; 3.55%	12/11/2019–9/13/2028; November 2022
Total notes and bonds payable	352,450	338,126		
Debt issuance costs – notes and bonds payable	(2,306)	(2,338)	N/A	N/A
Notes and bonds payable, net	\$ 350,144	\$ 335,788		
Variable-rate revolving lines of credit	\$ 100	\$ 100	4.59%–4.84%; 4.72%	4/5/2024
Total borrowings, net	\$ 350,244	\$ 335,888		

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

As of June 30, 2019, the above borrowings were collateralized by 87 farms with an aggregate net book value of approximately \$573.2 million. The weighted-average interest rate charged on the above borrowings (excluding the impact of debt issuance costs and before any interest patronage, or refunded interest) was 3.93% for each of the three and six months ended June 30, 2019, respectively, and 3.60% and 3.56% for three and six months ended June 30, 2018, respectively. In addition, 2018 interest patronage from our Farm Credit Notes Payable (as defined below), which we recorded during the three months ended March 31, 2019, resulted in a 21.2% reduction (approximately 95 basis points) to the stated interest rates on such borrowings. We are unable to estimate the amount of interest patronage to be received, if any, related to interest accrued during 2019 on our Farm Credit Notes Payable.

As of June 30, 2019, we were in compliance with all covenants applicable to the above borrowings.

MetLife Borrowings

MetLife Facility

On May 9, 2014, we closed on a credit facility (the “MetLife Facility”) with Metropolitan Life Insurance Company (“MetLife”). As a result of subsequent amendments, the MetLife Facility currently consists of an aggregate of \$200.0 million of term notes (the “MetLife Term Notes”) and \$75.0 million of revolving equity lines of credit (the “MetLife Lines of Credit”). The following table summarizes the pertinent terms of the MetLife Facility as of June 30, 2019 (dollars in thousands, except for footnotes):

Issuance	Aggregate Commitment	Maturity Dates	Principal Outstanding	Interest Rate Terms	Undrawn Commitment
MetLife Term Notes	\$ 200,000 ⁽¹⁾	1/5/2029	\$ 124,283	3.30%, fixed through 1/4/2027 ⁽²⁾	\$ 64,374 ⁽³⁾
MetLife Lines of Credit	75,000	4/5/2024	100	3-month LIBOR + 2.00%–2.25% ⁽⁴⁾	74,900 ⁽³⁾
Total principal outstanding			\$ 124,383		

⁽¹⁾ If the aggregate commitment under this facility is not fully utilized by December 31, 2019, MetLife has the option to be relieved of its obligation to disburse the additional funds under the MetLife Term Notes.

⁽²⁾ Represents the blended interest rate as of June 30, 2019. Interest rates for subsequent disbursements will be based on then-prevailing market rates. The interest rate on all then-outstanding disbursements will be subject to adjustment on January 5, 2027. Through December 31, 2019, the MetLife Term Notes are also subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the MetLife Term Notes).

⁽³⁾ Based on the properties that were pledged as collateral under the MetLife Facility, as of June 30, 2019, the maximum additional amount we could draw under the facility was approximately \$20.5 million.

⁽⁴⁾ The interest rate on the MetLife Lines of Credit is subject to a minimum annualized rate of 2.50%, plus an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under each line of credit). The interest rate spreads will be subject to adjustment on October 5, 2019.

Farm Credit Notes Payable

From time to time since September 2014 through June 30, 2019, we, through certain subsidiaries of our Operating Partnership, have entered into various loan agreements (collectively, the “Farm Credit Notes Payable”) with eight different Farm Credit

associations (collectively, “Farm Credit”). During the six months ended June 30, 2019, we entered into the following loan agreement with Farm Credit (dollars in thousands):

Issuer	Date of Issuance	Amount	Maturity Date	Principal Amortization	Interest Rate Terms ⁽¹⁾
Premier Farm Credit, FLCA	2/7/2019	\$ 1,440	11/1/2043	25.0 years	5.45%, fixed through October 31, 2023 (variable thereafter)

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

Interest patronage, or refunded interest, on our borrowings from the various Farm Credit associations is generally recorded upon receipt and is included within Other income on our Condensed Consolidated Statements of Operations. Receipt of interest patronage typically occurs in the first half of the calendar year following the calendar year in which the respective interest payments are made. During the three months ended March 31, 2019, we recorded interest patronage of approximately \$700,000 related to interest accrued on loans from Farm Credit during the year ended December 31, 2018, which resulted in a 21.2% reduction (approximately 95 basis points) to the stated interest rates on such borrowings.

Prudential Note Payable

On June 17, 2019, we entered into a loan agreement with PGMI Real Estate Finance, LLC (“Prudential”), the terms of which are summarized in the following table as of June 30, 2019 (dollars in thousands):

Date of Issuance	Amount	Maturity Date	Principal Amortization	Interest Rate Terms
6/17/2019	\$ 17,130	7/1/2029	25.0 years	4.00%, fixed throughout term

Debt Service – Aggregate Maturities

Scheduled principal payments of our aggregate notes and bonds payable as of June 30, 2019, for the succeeding years are as follows (dollars in thousands):

Period	Scheduled Principal Payments
For the remaining six months ending December 31: 2019	\$ 8,108
For the fiscal years ending December 31: 2020	28,177
2021	16,544
2022	39,327
2023	33,099
2024	24,189
Thereafter	203,006
	\$ 352,450

Fair Value

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, “Fair Value Measurements and Disclosures,” 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, 2019, the aggregate fair value of our long-term, fixed-rate notes and bonds payable was approximately \$355.6 million, as compared to an aggregate carrying value (excluding unamortized related debt issuance costs) of approximately \$352.5 million. The fair value of our long-term, fixed-rate notes and bonds payable is valued using Level 3 inputs under the hierarchy established by ASC 820-10 and is calculated based on a discounted cash flow analysis, using discount rates based on

management's estimates of market interest rates on long-term debt with comparable terms. Further, due to the revolving nature of the MetLife Lines of Credit and the lack of changes in market credit spreads, their aggregate fair value as of June 30, 2019, is deemed to approximate their aggregate carrying value of \$100,000.

NOTE 5. 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. The Series A Term Preferred Stock is traded under the ticker symbol "LANDP" on Nasdaq.

Generally, we were not permitted to redeem shares of the Series A Term Preferred Stock prior to September 30, 2018, except in limited circumstances to preserve our qualification as a REIT. Since September 30, 2018, we have been permitted to 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. The shares of the Series A Term Preferred Stock have a mandatory redemption date of September 30, 2021, and are not convertible into our common stock or any other securities. As of June 30, 2019, no shares of Series A Term Preferred Stock have been redeemed.

We incurred approximately \$1.2 million in total offering costs related to this issuance, which have been recorded net of the Series A 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. The Series A 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.

As of June 30, 2019, the fair value of our Series A Term Preferred Stock was approximately \$29.9 million, as compared to the carrying value (exclusive of unamortized offering costs) of approximately \$28.8 million. The fair value of our Series A Term Preferred Stock is valued using Level 1 inputs under the hierarchy established by ASC 820-10, "Fair Value Measurements and Disclosures," and is calculated based on the closing per-share price as of June 30, 2019, of \$25.98.

For information on the dividends declared by our Board of Directors and paid by us on the Series A Term Preferred Stock during the six months ended June 30, 2019 and 2018, 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, serves as our Administrator's president, general counsel, and secretary. We have entered into an investment advisory agreement with our Adviser, as amended from time to time (the "Advisory Agreement"), and an administration agreement with our Administrator (the "Administration Agreement"). A summary of the compensation terms for each of the Advisory Agreement and the Administration Agreement is below.

Advisory Agreement

Pursuant to the Advisory Agreement, 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. Each of these fees is described below. See Note 11, "Subsequent Events—Amendment to Advisory Agreement," for a discussion of an amendment to the Advisory Agreement, which will impact the calculations of the base management fee and the incentive fee beginning with the three months ending September 30, 2019.

Base Management Fee

A base management fee is paid quarterly and is calculated as 2.0% per annum (0.50% per quarter) of the prior calendar quarter's total adjusted equity, which, through the three months ended June 30, 2019, was defined as total equity plus total mezzanine equity, 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 (“Total Adjusted Equity”). During the three and six months ended June 30, 2019, our Adviser granted us non-contractual, unconditional, and irrevocable waivers, which were applied as credits against the base management fees for the respective periods, as detailed in the table below under “—*Related-Party Fees*.”

Incentive Fee

An incentive fee is calculated and payable quarterly in arrears if the Pre-Incentive Fee FFO for a particular quarter exceeds a hurdle rate of 1.75% (7.0% annualized) of the prior calendar quarter’s Total Adjusted 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 paid on preferred stock securities that are not treated as a liability for GAAP purposes. Our Adviser will receive: (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

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

Termination Fee

In the event of our termination of the Amended Advisory Agreement for any reason, 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 separately for our allocable portion of the Administrator’s overhead 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.

TRS Lease Assumption

On October 17, 2017, Land Advisers entered into an Assignment and Assumption of Agricultural Lease (the “Assigned TRS Lease”) with the previously-existing tenant on a 169-acre farm located in Ventura County, California. The Assigned TRS Lease, as amended, expired on July 13, 2018. In addition, in connection with the initial operations on the farm, on October 17, 2017, Land Advisers issued a 1.7 million unsecured promissory note to the Company that matured in July 31, 2018, and bore interest at a rate equal to the prime rate plus a spread of 5.0% per annum. All inter-company amounts related to the Assigned TRS Lease and the promissory note were eliminated in consolidation, and, as a result, no rental or interest income from Land Advisers was recorded by us on the Consolidated Statements of Operations during the three or six months ended June 30, 2018. Effective August 1, 2018, this farm was leased to a new, unrelated third-party tenant under a 10-year lease.

TRS Fee Arrangements

In connection with the assumption of the Assigned TRS Lease, in exchange for services provided by our Adviser to Land Advisers, our Adviser and Land Advisers entered into an Expense Sharing Agreement (the “TRS Expense Sharing Agreement”). In addition, to account for the time our Administrator’s staff spends on activities related to Land Advisers, we adopted a policy wherein a portion of the fee paid by the Company to our Administrator pursuant to the Administration Agreement would be allocated to Land Advisers (the “TRS Administration Fee Allocation”). No such fees were incurred during the three or six months ended June 30, 2019.

TRS Expense Sharing Agreement

Pursuant to the TRS Expense Sharing Agreement, our Adviser was responsible for maintaining the day-to-day operations on the farm leased to Land Advisers from October 17, 2017, through July 31, 2018. In exchange for such services, Land Advisers compensated our Adviser through reimbursement of certain expenses incurred by our Adviser, including Land Advisers' pro-rata share of our Adviser's payroll and related benefits (based on the percentage of each employee's time devoted to matters related to Land Advisers in relation to the time such employees devoted to all affiliated funds, collectively, advised by our Adviser) and general overhead expenses (based on the total general overhead expenses incurred by our Adviser multiplied by the ratio of hours worked by our Adviser's employees on matters related to Land Advisers to the total hours worked by our Adviser's employees).

Costs incurred by our Adviser, while payable by Land Advisers, were initially accumulated and deferred and then allocated to costs of sales as the related crops were harvested and sold. During the three and six months ended June 30, 2018, approximately \$94,000 and \$161,000, respectively, of the total accumulated costs incurred by our Adviser was allocated to the costs of crops sold and is included within Base management fee on the accompanying Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018. In addition, during the three months ended June 30, 2018, our Adviser granted Land Advisers a non-contractual, unconditional, and irrevocable waiver to be applied against a portion of the fees incurred by our Adviser on behalf of Land Advisers pursuant to the TRS Expense Sharing Agreement.

TRS Administration Fee Allocation

Under to the TRS Administration Fee Allocation, a portion of the fee owed by us to our Administrator under the Administration Agreement was allocated to Land Advisers based on the percentage of each employee's time devoted to matters related to Land Advisers in relation to the total time such employees devoted to the Company.

During the three and six months ended June 30, 2018, approximately \$17,000 and \$30,000, respectively, of the administration fee paid by us was allocated to Land Advisers. This allocation is included within Administration fee on the accompanying Condensed Consolidated Statement of Operations for the three and six months ended June 30, 2018.

Gladstone Securities

On April 11, 2017, we entered into an agreement with Gladstone Securities for it to act as our non-exclusive agent to assist us with arranging financing for our properties (the "Financing Arrangement Agreement"). 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.

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 is payable upon closing of the respective financing, ranges 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 \$26,000 and \$28,000 during the three and six months ended June 30, 2019, respectively, and approximately \$2,000 during each of the three and six months ended June 30, 2018. Through June 30, 2019, the total amount of financing fees paid to Gladstone Securities represented approximately 0.12% of the total financings secured since the Financing Arrangement Agreement has been in place.

Dealer-Manager Agreement

On January 10, 2018, we entered into a dealer-manager agreement, which was amended and restated on May 31, 2018 (the "Dealer-Manager Agreement"), with Gladstone Securities, whereby Gladstone Securities serves as our exclusive dealer-manager in connection with the offering of our Series B Preferred Stock (as defined in Note 8, "Equity—Series B Preferred Stock"). 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 B Preferred Stock, and we generally will pay Gladstone Securities: (i) selling commissions of up to 7.0% of the gross proceeds from sales of Series B Preferred Stock in the offering (the "Selling Commissions"), and (ii) a dealer-manager fee of 3.0% of the gross proceeds from sales of Series B Preferred Stock in the offering (the "Dealer-Manager Fee"). Gladstone Securities may, in its sole discretion, remit all or a portion of the Selling Commissions and may also reallow all or a portion of the Dealer-Manager Fees to participating broker-dealers and wholesalers in support of the offering. The terms of the Dealer-Manager Agreement were approved by our board of directors, including all of its independent directors.

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During the three and six months ended June 30, 2019, we paid total Selling Commissions and Dealer-Manager Fees to Gladstone Securities in connection with sales of the Series B Preferred Stock of approximately \$1.7 million and \$3.3 million, respectively, of which approximately \$1.6 million and \$3.1 million, respectively, were then remitted by Gladstone Securities to unrelated third-parties involved in the offering, including participating broker-dealers and wholesalers. During each of the three and six months ended June 30, 2018, we paid total Selling Commissions and Dealer-Manager Fees to Gladstone Securities of \$50,000, of which approximately \$47,000 was remitted to unrelated third-parties involved in the offering. Through June 30, 2019, approximately 94.0% of the total Selling Commissions and Dealer-Manager Fees paid to Gladstone Securities have been remitted to unrelated third-parties involved in the offering.

Total Selling Commissions and Dealer-Manager Fees paid to Gladstone Securities are netted against the gross proceeds received from sales of the Series B Preferred Stock 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,	
	2019	2018	2019	2018
Base management fee ⁽¹⁾⁽²⁾	\$ 974	\$ 754 ⁽³⁾	\$ 1,879	\$ 1,411 ⁽³⁾
Credits from non-contractual, unconditional, and irrevocable waiver granted by Adviser's board of directors ⁽²⁾	(974)	(174)	(1,543)	(174)
Total fees to our Adviser, net	\$ —	\$ 580	\$ 336	\$ 1,237
Administration fee⁽¹⁾⁽²⁾	\$ 250	\$ 275 ⁽⁴⁾	\$ 556	\$ 549 ⁽⁴⁾
Selling Commissions and Dealer-Manager Fees ⁽¹⁾⁽⁵⁾	\$ 1,659	\$ 50	\$ 3,313	\$ 50
Financing fees ⁽¹⁾⁽⁶⁾	26	2	28	2
Total fees to Gladstone Securities	\$ 1,685	\$ 52	\$ 3,341	\$ 52

⁽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.

⁽³⁾ Includes the allocation of approximately \$94,000 and \$161,000 of the total accumulated costs incurred by our Adviser as a result of the crops harvested and sold on the farm operated by Land Advisers during the three and six months ended June 30, 2018, respectively, as further described above under "TRS Expense Sharing Agreement."

⁽⁴⁾ Includes the portion of administration fee that was allocated to Land Advisers (approximately \$17,000 and \$30,000 for the three and six months ended June 30, 2018, respectively), as further described above under "TRS Administration Fee Allocation."

⁽⁵⁾ Included within Additional paid-in capital on the accompanying Condensed Consolidated Balance Sheets. Through June 30, 2019, Gladstone Securities has remitted approximately 94.0% of these fees to unrelated third-parties involved in the offering (including participating broker-dealers and wholesalers).

⁽⁶⁾ 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. Through June 30, 2019, the total amount of financing fees paid to Gladstone Securities represented approximately 0.12% of the total financings secured during since the Financing Arrangement Agreement has been in place.

Related-Party Fees Due

Amounts due to related parties on our accompanying Condensed Consolidated Balance Sheets as of June 30, 2019, and December 31, 2018, were as follows (dollars in thousands):

	June 30, 2019	December 31, 2018
Due from Gladstone Securities⁽¹⁾	\$ —	\$ 20
Base management fee	974	736
Capital gains fee ⁽²⁾	—	(150)
Credits to fees ⁽³⁾	(974)	(44)
Other ⁽⁴⁾	18	63
Total due to Adviser	18	605
Administration fee	250	340 ⁽⁵⁾
Total due to Administrator	250	340
Selling Commissions and Dealer-Manager Fees	96	—
Due to Gladstone Securities	96	—
Total due to related parties⁽⁶⁾	\$ 364	\$ 945

⁽¹⁾ Other amounts due from Gladstone Securities represent costs for certain sales, promotional, or marketing services related to the offering of the Series B Preferred Stock paid for by us on behalf of Gladstone Securities. At December 31, 2018, such amounts are included within Other assets, net on our accompanying Condensed Consolidated Balance Sheets.

⁽²⁾ The credit to the capital gains fee as of December 31, 2018, was a result of capital losses recorded in connection with dispositions of certain real estate assets during year ended December 31, 2018, which resulted in a reduction of the capital gains fee accrued for earlier in fiscal year 2018.

⁽³⁾ The credits received from our Adviser during the three months ended June 30, 2019, and December 31, 2018, were granted as non-contractual, unconditional, and irrevocable waivers to be applied as credits against the base management fee.

⁽⁴⁾ 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. The balance owed to our Adviser as of December 31, 2018, includes premium payments for certain insurance policies made by our Adviser on our behalf.

⁽⁵⁾ Includes approximately \$9,000 owed by Land Advisers to our Administrator as of December 31, 2018, in accordance with the TRS Administration Fee Allocation, as discussed above.

⁽⁶⁾ Reflected as a line item on our accompanying Condensed Consolidated Balance Sheets.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Operating Obligations

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

Farm Location	Farm Gross Acreage	Total Commitment	Expected Completion Date	Amount Expended or Accrued as of June 30, 2019
Marion, OR	218	\$ 250 ⁽¹⁾	Q3 2019	\$ 235
Santa Barbara, CA	361	4,000 ⁽¹⁾	Q1 2020	1,553
Madera, CA	928	500 ⁽¹⁾	Q2 2020	61
Columbia, OR	200	1,800 ⁽¹⁾	Q4 2020	1,023
Collier & Hendry, FL	5,630	2,000 ⁽¹⁾	Q2 2025	—

⁽¹⁾ 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 two farms acquired on June 1, 2017, through a leasehold interest, we assumed two ground lease arrangements under which we are the lessee (with the State of Arizona as the lessor). These two operating ground leases expire in February 2022 and February 2025, and neither lease contains any extension, renewal, or termination options. Upon our adoption of ASU 2016-02 on January 1, 2019, we recognized an operating lease right-of-use asset of approximately \$218,000 and an operating lease liability of approximately \$213,000 as a result of these ground leases. These values were determined by discounting the respective future minimum lease payments using a discount rate equivalent to treasury rates with similar terms plus a spread ranging from 2.47% to 2.53%.

As of June 30, 2019, we had recorded the following as a result of these operating ground leases (dollars in thousands, except for footnotes):

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Operating lease right-of-use assets ⁽¹⁾	\$	198
Operating lease liabilities ⁽²⁾	\$	169
Weighted-average remaining lease term (years)		5.1
Weighted-average discount rate		4.20 %

⁽¹⁾ Operating lease right-of-use assets are shown net of accrued lease payments of approximately \$30,000 and are included within Other assets, net on the accompanying Condensed Consolidated Balance Sheet.

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

As a result of these ground leases, we recorded lease expense (included within Property operating expenses on the accompanying Condensed Consolidated Statement of Operations) of approximately \$15,000 and \$27,000 during the three and six months ended June 30, 2019, respectively, and approximately \$12,000 and \$24,000 during the three and six months ended June 30, 2018, respectively. Future lease payments due under the remaining non-cancelable terms of these leases as of June 30, 2019, and December 31, 2018, are as follows (dollars in thousands):

Period	Future Lease Payments ⁽¹⁾	
	June 30, 2019	December 31, 2018
2019	\$ —	\$ 47
2020	47	47
2021	47	47
2022	30	30
2023	30	30
Thereafter	31	31
Total undiscounted lease payments	185	232
Less: imputed interest	(16)	—
Present value of lease payments	\$ 169	\$ 232

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

Litigation

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

NOTE 8. EQUITY

Amendment to Articles of Incorporation

On January 10, 2018, we filed with the Maryland Department of Assessments and Taxation Articles Supplementary to reclassify and designate 6,500,000 shares of our authorized and unissued shares of capital stock as shares of Series B Preferred Stock (as defined below). The reclassification decreased the number of shares classified as common stock from 98,000,000 to 91,500,000.

Stockholders' Equity

As of June 30, 2019, there were 6,500,000 shares of Series B Preferred Stock (as defined below), par value \$0.001 per share, authorized, with 2,636,068 shares issued and outstanding worth an aggregate liquidation value of approximately \$65.9 million; and 91,500,000 shares of common stock, par value \$0.001 per share, authorized, with 20,532,770 shares issued and outstanding. As of December 31, 2018, there were 6,500,000 shares of Series B Preferred Stock (as defined below), par value \$0.001 per share, authorized, with 1,144,393 shares issued and outstanding worth an aggregate liquidation value of approximately \$28.6 million; and 91,500,000 shares of common stock, par value \$0.001 per share, authorized, with 17,891,340 shares issued and outstanding.

Non-Controlling Interests in Operating Partnership

We consolidate our Operating Partnership, which is a majority-owned partnership. As of June 30, 2019, and December 31, 2018, we owned 100.0% and approximately 96.9%, respectively, of the outstanding OP Units.

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

Information related to OP Units tendered for redemption is provided in the table below:

Fiscal Year	Three months ended June 30,					Six months ended June 30,				
	OP Units Tendered for Redemption	Shares of Common Stock Issued	OP Units Redeemed with Cash	Aggregate Cash Payment	Aggregate Cash Paid per OP Unit	OP Units Tendered for Redemption	Shares of Common Stock Issued	OP Units Redeemed with Cash	Aggregate Cash Payment	Aggregate Cash Paid per OP Unit
2019	0	0	0	\$ —	\$ —	570,879	570,879	0	\$ —	\$ —
2018	253,182	243,567	9,615	121,000	12.54	290,682	251,267	39,415	521,000	13.21

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

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

As of June 30, 2019, and December 31, 2018, there were 0 and 570,879 OP Units held by non-controlling limited partners outstanding, respectively. See Note 11, “*Subsequent Events—Acquisition Activity*,” for information regarding the issuance of OP Units in connection with the acquisition of a farm in Martin, Florida, subsequent to June 30, 2019.

Registration Statement

On March 30, 2017, we filed a universal registration statement on Form S-3 (File No. 333-217042) with the SEC (the “2017 Registration Statement”) to replace our previous registration statement, which expired on April 1, 2017. The 2017 Registration Statement, which was declared effective by the SEC on April 12, 2017, permits us to issue up to an aggregate of \$300.0 million in securities, consisting of common stock, preferred stock, warrants, debt securities, depository shares, subscription rights, and units, including through separate, concurrent offerings of two or more of such securities. Through June 30, 2019, we have issued a total of 7,466,581 shares of common stock (excluding 1,215,565 shares of common stock issued in exchange for certain OP Units that were tendered for redemption) for gross proceeds of approximately \$91.9 million, and 2,643,468 shares of Series B Preferred Stock (as defined below) for gross proceeds of approximately \$65.1 million under the 2017 Registration Statement.

2018 Equity Issuances

Series B Preferred Stock

On May 31, 2018, we filed a prospectus supplement with the SEC for a continuous public offering of up to 6,000,000 shares 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 expected 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 offering. The Series B Preferred Stock is being offered on a continuous, “reasonable best efforts” basis by Gladstone Securities, the dealer-manager for the offering. See Note 6, “*Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreement*,” for a discussion of the fees and commissions to be paid to Gladstone Securities in connection with the offering of the Series B Preferred Stock.

During the six months ended June 30, 2019, we sold 1,499,075 shares of the Series B Preferred Stock for gross proceeds of approximately \$37.0 million and net proceeds (after deducting selling commissions and dealer-manager fees borne by us) of approximately \$33.7 million. In addition, 7,400 shares of the Series B Preferred Stock were tendered for redemption at a cash redemption price of \$22.50 per share. As a result, we paid a total redemption price of approximately \$166,000 to redeem and retire these shares. As of June 30, 2019, excluding selling commissions and dealer-manager fees, we have incurred approximately \$995,000 of total costs related to this 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 the gross proceeds received from the offering through additional paid-in capital as shares of the Series B Preferred Stock are sold. See Note 11, “Subsequent Events—Equity Activity—Series B Preferred Stock,” for sales of Series B Preferred Stock completed subsequent to June 30, 2019.

The offering of the Series B Preferred Stock will terminate on the date that is the earlier of either June 1, 2023 (unless terminated earlier or extended by our Board of Directors), or the date on which all 6,000,000 shares offered are sold (the “Termination Date”). 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.

Common Stock

Secondary Offering

On June 20, 2019, we completed a public offering of 2,000,000 shares of our common stock at a public offering price of \$11.73 per share (the “June 2019 Offering”). The June 2019 Offering settled on June 24, 2019, and resulted in gross proceeds of approximately \$23.5 million and net proceeds (after deducting underwriting discounts and direct offering expenses borne by us) of approximately \$22.3 million. See Note 11, “Subsequent Events—Equity Activity—June 2019 Offering Over-allotment,” for information regarding the underwriters’ exercise of a portion of the over-allotment option in connection with the June 2019 Offering.

At-the-Market Program

On August 7, 2015, we entered into equity distribution agreements (commonly referred to as “at-the-market agreements,” or our “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”). During the six months ended June 30, 2019, we issued and sold 70,551 shares of our common stock at an average sales price of \$12.65 per share under the ATM Program for gross proceeds of approximately \$893,000 and net proceeds (after deducting offering expenses borne by us) of approximately \$879,000. Through June 30, 2019, we have issued and sold a total of 1,666,142 shares of our common stock at an average sales price of \$12.86 per share for gross proceeds of approximately \$21.4 million and net proceeds of approximately \$21.1 million.

Distributions

The per-share distributions to preferred and common stockholders declared by our Board of Directors and paid by us (except as noted) during the three and six months ended June 30, 2019 and 2018 are reflected in the table below.

Issuance	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Series A Term Preferred Stock ⁽¹⁾	\$ 0.3984375	\$ 0.3984375	\$ 0.7968750	\$ 0.7968750
Series B Preferred Stock ⁽²⁾	0.375	0.125	0.750	0.125
Common Stock ⁽³⁾	0.13350	0.13290	0.26685	0.26565

⁽¹⁾ Treated similar to interest expense on the accompanying Condensed Consolidated Statements of Operations.

⁽²⁾ Of the dividends declared on the Series B Preferred Stock by our Board of Directors on April 9, 2019, approximately \$330,000 was paid (as scheduled) by us on July 5, 2019. The resulting dividend payable is included within Accounts payable and accrued expenses on the accompanying Condensed Consolidated Balance Sheets as of June 30, 2019.

⁽³⁾ The same amounts were paid as distributions on each OP Unit held by non-controlling limited partners of the Operating Partnership.

NOTE 9. LEASE REVENUES

The following table sets forth the components of our lease revenues for the three and six months ended June 30, 2019 and 2018 (dollars in thousands, except for footnotes):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Fixed lease payments ⁽¹⁾	\$ 8,332	\$ 6,632	\$ 16,105	\$ 13,303
Variable lease payments ⁽²⁾	30	2	87	25
Lease revenues, net⁽³⁾	\$ 8,362	\$ 6,634	\$ 16,192	\$ 13,328

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- (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 reimbursements of certain property operating expenses by tenants and participation rents, which are generally based on a percentage of the gross crop revenues earned on the farm. 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, 2019, we recorded reimbursements of certain property operating expenses by tenants of approximately \$30,000 and \$60,000, respectively, and participation rents of approximately \$0 and \$27,000, respectively. During the three and six months ended June 30, 2018, we recorded reimbursements of certain property operating expenses by tenants approximately \$2,000 and \$8,000, respectively, and participation rents of approximately \$0 and \$17,000, respectively.
- (3) Reflected as a line item on our accompanying Condensed Consolidated Statements of Operations.

NOTE 10. LOSS PER SHARE OF COMMON STOCK

The following table sets forth the computation of basic and diluted loss per common share for the three and six months ended June 30, 2019 and 2018, computed using the weighted average number of shares outstanding during the respective periods. Net loss 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 loss per share calculation, as there would be no effect on the amounts since the non-controlling limited partners' share of loss would also be added back to net loss.

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
(Dollars in thousands, except per-share amounts)				
Net loss attributable to common stockholders	\$ (720)	\$ (1,745)	\$ (1,215)	\$ (2,042)
Weighted average shares of common shares outstanding – basic and diluted	18,641,738	15,506,512	18,336,975	14,736,400
Loss per common share – basic and diluted	\$ (0.04)	\$ (0.11)	\$ (0.07)	\$ (0.14)

The weighted-average number of OP Units held by non-controlling limited partners was 0 and 215,499 for the three and six months ended June 30, 2019, respectively, and 913,552 and 945,236 for the three and six months ended June 30, 2018, respectively.

NOTE 11. SUBSEQUENT EVENTS

Acquisition Activity

Subsequent to June 30, 2019, through the date of this filing, we have acquired two farms, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acreage	No. of Farms	Primary Crop(s) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
San Juan Grade Road ⁽³⁾	Monterey, CA	7/11/2019	324	1	Strawberries & vegetables	0.3 years	None	\$ 9,000	\$ 62	\$ 575
West Citrus Boulevard ⁽⁴⁾	Martin, FL	7/22/2019	3,586	1	Water retention	8.4 years	2 (10 years)	57,790	434	3,696
			3,910	2				\$ 66,790	\$ 496	\$ 4,271

- (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 lease, as required under GAAP, and excludes contingent rental payments, such as participation rents.
- (3) In connection with the acquisition of this property, we executed a 6-year, follow-on lease with a new tenant that begins upon the expiration of the 4-month lease executed on the date of acquisition. The follow-on lease includes one, 4-year extension option and provides for minimum annualized straight-line rents of approximately \$606,000.
- (4) As partial consideration for the acquisition of this property, we issued 288,303 OP Units, constituting an aggregate fair value of approximately \$3.3 million as of the acquisition date.

Leasing Activity

The following table summarizes certain leasing activity that occurred on our existing properties during the six months ended June 30, 2019 (dollars in thousands, except footnotes):

Farm Locations	Number of Leases	Total Farm Acres	PRIOR LEASES			NEW LEASES			
			Total Annualized Straight-line Rent ⁽¹⁾	# of Leases with Participation Rents	Lease Structures (# of NNN / NN) ⁽²⁾	Total Annualized Straight-line Rent ⁽¹⁾	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN) ⁽²⁾
FL	1	547	\$ 143	0	0 / 1	\$ 156	6.0	0	0 / 1

⁽¹⁾ Annualized straight-line rent is 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.

⁽²⁾ “NNN” refers to leases under triple-net lease arrangements, and “NN” refers to leases under partial-net lease arrangements. For a description of each of these types of lease arrangements, see “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview—Leases—General.”

Financing Activity

Subsequent to June 30, 2019, through the date of this filing, we have secured the following new financings (dollars in thousands):

Issuer	Date of Issuance	Amount	Maturity Date	Principal Amortization	Interest Rate Terms ⁽¹⁾
Rabo AgriFinance, LLC ⁽²⁾	7/10/2019	\$ 5,514	6/1/2029	25.0 years	One-month LIBOR plus 1.750%
GreenStone Farm Credit Services	7/11/2019	1,609	8/1/2044	25.0 years	5.00%, fixed through June 30, 2029 (variable thereafter)
GreenStone Farm Credit Services	7/11/2019	3,060	8/1/2044	25.0 years	5.00%, fixed through June 30, 2029 (variable thereafter)
Farm Credit West, FLCA	7/11/2019	5,400	5/1/2044	24.5 years	4.24%, fixed through July 31, 2026 (variable thereafter)
Farm Credit of Central Florida, ACA	7/22/2019	31,850	7/1/2027	25.2 years	5.05%, fixed throughout term
Farm Credit of Central Florida, ACA	7/22/2019	5,850	7/1/2027	None (interest only)	5.05%, fixed throughout term

⁽¹⁾ Stated rate is before refunded interest, or interest patronage (as described further in Note 4, “Borrowings,” in the accompanying notes to our condensed consolidated financial statements).

⁽²⁾ In connection with this loan, we entered into an interest rate swap agreement that will result in an effective fixed interest rate of 4.04% for this loan throughout its term.

Gladstone Securities earned total financing fees of approximately \$81,000 in connection with securing the above financings.

Equity Activity

Series B Preferred Stock

Subsequent to June 30, 2019, through the date of this filing, we have sold 229,294 shares of the Series B Preferred Stock for gross proceeds of approximately \$5.7 million and net proceeds of approximately \$5.2 million. Total Selling Commissions and Dealer-Manager Fees earned by Gladstone Securities as a result of these sales was approximately \$527,000 (of which approximately \$499,000 was remitted by Gladstone Securities to unrelated third-parties involved in the offering, such as participating broker-dealers and wholesalers).

June 2019 Offering Over-allotment

On July 16, 2019, the underwriters exercised a portion of the over-allotment option in connection with the June 2019 Offering, and, as a result, we issued an additional 277,297 shares of our common stock. The over-allotment settled on July 18, 2019, and resulted in gross proceeds of approximately \$3.3 million and net proceeds (after deducting underwriting discounts and direct offering expenses borne by us) of approximately \$3.1 million.

Distributions

On July 9, 2019, 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:	July 22, 2019	July 31, 2019	\$	0.1328125
	August 20, 2019	August 30, 2019		0.1328125
	September 17, 2019	September 30, 2019		0.1328125
	Total Series A Term Preferred Stock Distributions:		\$	0.3984375
Series B Preferred Stock:	July 24, 2019	August 2, 2019	\$	0.125
	August 22, 2019	August 30, 2019		0.125
	September 24, 2019	October 3, 2019		0.125
	Total Series B Preferred Stock Distributions:		\$	0.375
Common Stock:	July 22, 2019	July 31, 2019	\$	0.04455
	August 20, 2019	August 30, 2019		0.04455
	September 17, 2019	September 30, 2019		0.04455
	Total Common Stock Distributions:		\$	0.13365

The same amounts paid to common stockholders will be paid as distributions on each OP Unit held by non-controlling limited partners of the Operating Partnership as of the above record dates.

Amendment to Advisory Agreement

On July 9, 2019, we amended our previously-existing Advisory Agreement (as amended, the "Amended Advisory Agreement"), which was approved unanimously by our board of directors, including our independent directors. Under the Amended Advisory Agreement, the definition of Total Equity therein was revised to exclude preferred equity from both the Base Management Fee and Incentive Fee calculations, effective beginning with the fee calculations for the three months ending September 30, 2019. All other terms of our previously-existing Advisory Agreement remained the same.

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, 2018 (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 92 farms comprised of 79,796 acres located across 10 states in the U.S. We also own several farm-related facilities, such as cooling facilities, packinghouses, processing facilities, and various storage facilities.

We conduct substantially all of our activities through, and all of our properties are held, directly or indirectly, by, Gladstone Land Limited Partnership (the "Operating Partnership"). Gladstone Land Corporation controls the sole general partner of the Operating Partnership and currently owns, directly or indirectly, approximately 98.6% of the units of limited partnership interest in the Operating Partnership ("OP Units"). In addition, we have elected for Gladstone Land Advisers, Inc. ("Land Advisers"), a wholly-owned subsidiary of ours, to be treated as a taxable REIT subsidiary ("TRS").

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

Portfolio Diversity

Since our initial public offering in January 2013 (the "IPO"), we have expanded our portfolio from 2 farms leased to 7 different, unrelated tenants to a current portfolio of 92 farms leased to 64 different, unrelated tenants. While our focus remains in farmland suitable for growing fresh produce annual row crops, we have also diversified our portfolio into farmland suitable for other crop types, including permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes) and, to a lesser extent, certain commodity crops (e.g., beans and corn). The following table summarizes the different geographic locations (by state) of our farms owned and with leases in place as of and for the six months ended June 30, 2019 and 2018 (dollars in thousands):

State	As of and For the six months ended June 30, 2019					As of and For the six months ended June 30, 2018				
	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⁾	35	11,617	15.3%	\$ 7,906	48.8%	29	8,241	13.0%	\$ 6,065	45.5%
Florida	22	17,184	22.6%	4,689	29.0%	16	10,980	17.3%	3,530	26.5%
Colorado	10	31,448	41.4%	1,411	8.7%	10	31,450	49.7%	1,372	10.3%
Arizona	6	6,280	8.3%	1,077	6.7%	6	6,280	9.9%	959	7.2%
Texas	1	3,667	4.8%	263	1.6%	—	—	—%	—	—%
Oregon	3	418	0.6%	257	1.6%	4	2,313	3.7%	618	4.6%
Washington	1	746	1.0%	245	1.5%	1	746	1.2%	242	1.8%
Nebraska	3	3,254	4.3%	162	1.0%	2	2,559	4.0%	290	2.2%
North Carolina	2	310	0.4%	93	0.6%	2	310	0.5%	82	0.6%
Michigan	7	962	1.3%	89	0.5%	5	446	0.7%	170	1.3%
TOTALS	90	75,886	100.0%	\$ 16,192	100.0%	75	63,325	100.0%	\$ 13,328	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 five 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 5 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, 70 of our farms are leased on a pure, triple-net basis, 18 farms are leased on a partial-net basis (with us, as landlord, responsible for all or a portion of the related property taxes), and 4 farms leased on a gross basis (with the landlord responsible for the related property taxes, insurance, and maintenance on the property). Additionally, 23 of our farms are leased under agreements that include a participation rent component based on the gross revenues earned on the respective farms.

Lease Expirations

Agricultural leases are often short-term in nature, 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, 2019 (dollars in thousands):

Year	Number of Expiring Leases	Expiring Leased Acreage	% of Total Acreage	Lease Revenues for the Six Months Ended June 30, 2019	% of Total Lease Revenues
2019	2	4,906	6.5%	\$ 358	2.2%
2020	13 ⁽¹⁾	33,031	43.5%	3,663	22.6%
2021	11	8,921	11.8%	1,252	7.7%
2022	4	330	0.4%	459	2.9%
2023	6	5,846	7.7%	2,302	14.2%
Thereafter	29	22,845	30.1%	8,091	50.0%
Other ⁽²⁾	7	7	—%	67	0.4%
Totals	72	75,886	100.0%	\$ 16,192	100.0%

⁽¹⁾ Subsequent to June 30, 2019, one lease originally scheduled to expire during 2020 was amended and extended through 2025. See Note 11, "Subsequent Events—Leasing Activity," within the notes to our accompanying condensed consolidated financial statements for additional information on this lease extension.

⁽²⁾ Consists of ancillary leases (e.g., oil, gas, and mineral leases, telecommunications leases, etc.) with varying expirations on certain of our farms.

We currently have two agricultural leases scheduled to expire within the next six months, and we have several agricultural leases scheduled to expire during 2020. We are currently in discussions with the existing tenants on all of these farms, as well as other potential tenants, and we anticipate being able to renew each of the leases at their respective current market rental rates without incurring any downtime on any of the farms. We currently anticipate the lease renewals on these farms to be at rental

rates that are either equal to or higher than that of the respective current leases. Regarding all upcoming lease expirations, there can be no assurance that we will be able to renew the existing leases or execute new leases at rental rates favorable to us, if at all, or be able to find replacement tenants, if necessary.

Recent Developments

Portfolio Activity

Property Acquisitions

Since April 1, 2019, through the date of this filing, we have acquired six farms, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acreage	No. of Farms	Primary Crop(s) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs ⁽¹⁾	Annualized Straight-line Rent ⁽²⁾
Greenhills Boulevard ⁽³⁾	Madera, CA	4/9/2019	928	1	Pistachios	10.6 years	² (5 years)	\$ 28,550	\$ 141	\$ 1,721
Van Buren Trail	Van Buren, MI	5/29/2019	159	1	Blueberries & cranberries	10.6 years	² (5 years)	2,682	24	206
Blue Star Highway	Allegran & Van Buren, MI	6/4/2019	357	1	Blueberries	10.6 years	² (5 years)	5,100	29	390
Yolo County Line Road	Yolo, CA	6/13/2019	542	1	Olives for olive oil	14.6 years	¹ (5 years)	9,190	68	624
San Juan Grade Road ⁽⁴⁾	Monterey, CA	7/11/2019	324	1	Strawberries & vegetables	0.3 years	None	9,000	62	575
West Citrus Boulevard ⁽⁵⁾	Martin, FL	7/22/2019	3,586	1	Water retention	8.4 years	² (10 years)	57,790	434	3,696
			5,896	6				\$ 112,312	\$ 758	\$ 7,212

- ⁽¹⁾ Acquisitions were accounted for as asset acquisitions in accordance with Accounting Standards Codification 360, "Property, Plant, and Equipment." As such, all acquisition-related costs (other than external legal fees associated with negotiating and originating the leases associated with the acquisitions, which costs were expensed in the period incurred) were capitalized and allocated among the identifiable assets acquired. 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 lease, as required under GAAP, and excludes contingent rental payments, such as participation rents.
- ⁽³⁾ Lease provides for a 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⁾ In connection with the acquisition of this property, we executed a 6-year, follow-on lease with a new tenant that begins upon the expiration of the 4-month lease executed at acquisition. The follow-on lease includes one, 4-year extension option and provides for minimum annualized straight-line rents of approximately \$606,000.
- ⁽⁵⁾ As partial consideration for the acquisition of this property, we issued 288,303 OP Units, constituting an aggregate fair value of approximately \$3.3 million as of the acquisition date.

Existing Properties

Leasing Activity

The following table summarizes the leasing activity that has occurred on our existing properties since April 1, 2019, through the date of this filing (dollars in thousands, except footnotes):

Farm Locations	Number of Leases	Total Farm Acres	PRIOR LEASES			NEW LEASES			
			Total Annualized Straight-line Rent ⁽¹⁾	# of Leases with Participation Rents	Lease Structures (# of NNN / NN) ⁽²⁾	Total Annualized Straight-line Rent ⁽¹⁾	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN) ⁽²⁾
AZ, CA, FL	5	2,989	\$ 1,384	0	2 / 3	\$ 1,678	4.9	0	2 / 3

- ⁽¹⁾ Annualized straight-line rent is 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.
- ⁽²⁾ "NNN" refers to leases under triple-net lease arrangements, and "NN" refers to leases under partial-net lease arrangements. For a description of each of these types of lease arrangements, see "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Leases—General."

Financing Activity

Debt Activity

Issuer	Date of Issuance	Amount	Maturity Date	Principal Amortization	Interest Rate Terms ⁽¹⁾
PGMI RE Finance, LLC	6/17/2019	\$ 17,130	7/1/2029	25.0 years	4.00%, fixed throughout term
Rabo AgriFinance, LLC ⁽²⁾	7/10/2019	5,514	6/1/2029	25.0 years	One-month LIBOR plus 1.750%
GreenStone Farm Credit Services	7/11/2019	1,609	8/1/2044	25.0 years	5.00%, fixed through June 30, 2029 (variable thereafter)
GreenStone Farm Credit Services	7/11/2019	3,060	8/1/2044	25.0 years	5.00%, fixed through June 30, 2029 (variable thereafter)
Farm Credit West, FLCA	7/11/2019	5,400	5/1/2044	24.5 years	4.24%, fixed through July 31, 2026 (variable thereafter)
Farm Credit of Central Florida, ACA	7/22/2019	31,850	7/1/2027	25.2 years	5.05%, fixed throughout term
Farm Credit of Central Florida, ACA	7/22/2019	5,850	7/1/2027	None (Interest only)	5.05%, fixed throughout term

⁽¹⁾ Stated rate is before refunded interest, or interest patronage (as described further in Note 4, “*Borrowings*,” in the accompanying notes to our condensed consolidated financial statements).

⁽²⁾ In connection with this loan, we entered into an interest rate swap agreement that will result in an effective fixed interest rate of 4.04% for this loan throughout its term.

Equity Activity

Series B Preferred Stock

On May 31, 2018, we filed a prospectus supplement with the U.S. Securities and Exchange Commission (the “SEC”) for a continuous public offering of up to 6,000,000 shares 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 expected 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 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 offering. 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.

From April 1, 2019, through the date of this filing, we sold 980,453 shares of the Series B Preferred Stock for gross proceeds of approximately \$24.2 million and net proceeds (after deducting selling commissions and dealer-manager fees borne by us) of approximately \$22.1 million. Aggregate selling commissions and dealer-manager fees paid to Gladstone Securities as a result of these sales were approximately \$2.2 million (of which approximately \$2.1 million was remitted by Gladstone Securities to unrelated third-parties involved in the offering, such as participating broker-dealers and wholesalers). In addition, in June 2019, 6,800 shares of the Series B Preferred Stock were tendered for redemption at a cash redemption price of \$22.50 per share. As such, we paid a total redemption price of \$153,000 to redeem and retire these shares.

The offering of the Series B Preferred Stock will terminate on the 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 are sold (the “Termination Date”). 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 Termination Date, though there can be no assurance that a listing will be achieved in such timeframe, or at all.

Common Stock

Secondary Offering

In June 2019, we completed a public offering of our common stock at a public offering price of \$11.73 per share, and in July 2019, the underwriters exercised a portion of the over-allotment offering in connection with the offering (the “June 2019 Offering”). The June 2019 Offering resulted in the issuance of an aggregate of 2,277,297 new shares of common stock (including 277,297 shares issued as a result of the underwriters exercising a portion of their over-allotment option) of our common stock for gross proceeds of approximately \$26.7 million and net proceeds (after deducting underwriting discounts and offering expenses borne by us) of approximately \$25.4 million.

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”).

From April 1, 2019, through the date of this filing, we issued and sold 70,551 shares of our common stock under the ATM Program at an average sales price of \$12.65 per share for gross proceeds of approximately \$893,000 and net proceeds (after deducting offering expenses borne by us) of approximately \$879,000. To date, we have issued and sold a total of 1,666,142 shares of our common stock at a weighted-average sales price of \$12.86 per share under the ATM Program for gross proceeds of approximately \$21.4 million and net proceeds of approximately \$21.1 million.

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 anticipated to be phased out during late 2021. LIBOR is currently expected to transition to a new standard rate, the Secured Overnight Financing Rate (“SOFR”), which will incorporate certain overnight repo market data collected from multiple data sets. The current intent is to adjust the SOFR to minimize the differences between the interest that a borrower would be paying using LIBOR versus what it will be paying SOFR. We are currently monitoring the transition and cannot yet assess whether SOFR will become a standard rate for variable-rate debt. However, as our lines of credit with MetLife are currently based upon one-month LIBOR, we expect we will need to renegotiate this agreement in the future. Assuming that SOFR replaces LIBOR and is appropriately adjusted, we 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, as amended (the “Advisory Agreement”), and the administration agreement with our Administrator (the “Administration Agreement”) each became effective February 1, 2013. On July 9, 2019, we amended our previously-existing Advisory Agreement (as amended, the “Amended Advisory Agreement”), which was approved unanimously by our board of directors, including, specifically, our independent directors.

A summary of the compensation terms for the Advisory Agreement is provided in Note 6, “*Related-Party Transactions*,” within the accompanying notes to our condensed consolidated financial statements. A discussion of the changes to the fee calculations pursuant to the Amended Advisory Agreement is below.

Amendment to Advisory Agreement

Under the Amended Advisory Agreement, the definition of Total Equity therein was revised to exclude preferred equity from both the base management fee and incentive fee calculations, effective beginning with the fee calculations for the three months ending September 30, 2019.

We expect this amendment to result in a decrease to our gross base management fee in future periods, as the previous base management fee calculation also calculated a fee on preferred equity securities that were not treated as a liability for GAAP purposes, whereas all preferred equity securities (including those treated as temporary or permanent equity for GAAP purposes) will be excluded from the calculation of the base management fee under the Amended Advisory Agreement. In addition, we expect that the potential for our Adviser to earn an incentive fee will be higher in future periods, as an incentive fee was previously earned when Pre-Incentive Fee FFO (as defined in the Advisory Agreement) exceeded a certain hurdle rate of total equity (as reported on our balance sheet), whereas, under the Amended Advisory Agreement, Pre-Incentive Fee FFO will be compared against total common equity (including common OP Units, but excluding all preferred equity securities).

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, 2019.

Smaller Reporting Company Status

We currently qualify as a “smaller reporting company” under Rule 12b-2 of the Exchange Act, which is defined as a company with a public equity float of less than \$250 million or less than \$100 million in annual revenues for the previous year and no public float. Companies can also qualify as a smaller reporting company if they have annual revenues of less than \$100 million for the previous year and a public float of less than \$700 million. As a smaller reporting company, we have reduced disclosure

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

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, 2019 versus 2018:
 - Same-property basis represents farms owned as of March 31, 2018, and were not vacant at any point during either period presented;
 - Properties acquired or disposed of are farms that were either acquired or disposed of at any point subsequent to March 31, 2018. From April 1, 2018, through June 30, 2019, we acquired 16 new farms and disposed of one farm; and
 - Vacant or self-operated properties represent farms that were either vacant (either wholly or partially) at any point during either period presented, or operated by a wholly-owned subsidiary of ours (in which case no rental revenue would have been recognized on our consolidated statements of operations). During the three months ended June 30, 2018, we had one farm that was mostly vacant, and one of our farms was leased to Land Advisers (as revenue from rents owed to us by Land Advisers was eliminated upon consolidation).
- With regard to the comparison between the six months ended June 30, 2019 versus 2018:
 - Same-property basis represents properties owned as of December 31, 2017, and were not vacant at any point during either period presented;
 - Properties acquired or disposed of are farms that were either acquired or disposed of at any point subsequent to December 31, 2017. From January 1, 2018, through June 30, 2019, we acquired 18 new farms (including one farm that we acquired without a lease in place and was mostly vacant during a majority of the six months ended June 30, 2018) and disposed of one farm; and
 - Vacant or self-operated properties represent farms that were either vacant (either wholly or partially) at any point during either period presented or operated by a wholly-owned subsidiary of ours (in which case no rental revenue would have been recognized on our consolidated statements of operations). We had two farms that were vacant for a portion of the six months ended June 30, 2019, and one of our farms was leased to Land Advisers during these six months ended June 30, 2018.

A comparison of our operating results for the three and six months ended June 30, 2019 and 2018 is below (dollars in thousands):

	For the Three Months Ended June 30,		\$ Change	% Change
	2019	2018		
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 8,332	\$ 6,632	\$ 1,700	25.6%
Variable lease payments	30	2	28	1,400.0%
Total lease revenues	8,362	6,634	1,728	26.0%
Other operating revenues	—	4,760	(4,760)	NM
Total operating revenues	8,362	11,394	(3,032)	(26.6)%
Operating expenses:				
Depreciation and amortization	2,936	2,242	694	31.0%
Property operating expenses	586	318	268	84.3%
Base management fee, net of credits	—	580	(580)	(100.0)%
Administration fee	250	275	(25)	(9.1)%
General and administrative expenses	469	367	102	27.8%
Other operating expenses	—	5,140	(5,140)	NM
Total operating expenses, net of credits	4,241	8,922	(4,681)	(52.5)%
Operating income	4,121	2,472	1,649	66.7%
Other income (expense):				
Other income	48	9	39	433.3%
Interest expense	(3,543)	(2,815)	(728)	25.9%
Dividends declared on Series A Term Preferred Stock	(458)	(458)	—	—%
Gain on dispositions of real estate assets, net	13	—	13	NM
Property and casualty loss, net	(7)	—	(7)	NM
Loss on write-down of inventory	—	(1,060)	1,060	NM
Total other expense, net	(3,947)	(4,324)	377	(8.7)%
Net income (loss)	174	(1,852)	2,026	NM
Net (income) loss attributable to non-controlling interests	(1)	110	(111)	NM
Net income (loss) attributable to the Company	173	(1,742)	1,915	NM
Dividends declared on Series B Preferred Stock	(893)	(3)	(890)	NM
Net loss attributable to common stockholders	\$ (720)	\$ (1,745)	\$ 1,025	(58.7)%

NM = Not Meaningful

	For the six months ended June 30, 2019			
	2019	2018	\$ Change	% Change
Operating revenues:				
Lease revenues:				
Fixed lease payments	\$ 16,105	\$ 13,303	\$ 2,802	21.1%
Variable lease payments	87	25	62	248.0%
Total lease revenues	16,192	13,328	2,864	21.5%
Other operating revenues	—	7,311	(7,311)	NM
Total operating revenues	16,192	20,639	(4,447)	(21.5)%
Operating expenses:				
Depreciation and amortization	5,533	4,430	1,103	24.9%
Property operating expenses	1,403	746	657	88.1%
Base management fee, net of credits	336	1,237	(901)	(72.8)%
Administration fee	556	549	7	1.3%
General and administrative expenses	1,018	921	97	10.5%
Other operating expenses	—	7,498	(7,498)	NM
Total operating expenses, net of credits	8,846	15,381	(6,535)	(42.5)%
Operating income	7,346	5,258	2,088	39.7%
Other income (expense):				
Other income	874	323	551	170.6%
Interest expense	(6,996)	(5,646)	(1,350)	23.9%
Dividends declared on Series A Term Preferred Stock	(916)	(916)	—	—%
Loss on dispositions of real estate assets, net	(19)	—	(19)	NM
Property and casualty loss, net	(7)	(129)	122	(94.6)%
Loss on write-down of inventory	—	(1,060)	1,060	NM
Total other expense, net	(7,064)	(7,428)	364	(4.9)%
Net income (loss)	282	(2,170)	2,452	NM
Net (income) loss attributable to non-controlling interests	(3)	131	(134)	NM
Net income (loss) attributable to the Company	279	(2,039)	2,318	NM
Dividends declared on Series B Preferred Stock	(1,494)	(3)	(1,491)	NM
Net loss attributable to common stockholders	\$ (1,215)	\$ (2,042)	\$ 827	(40.5)%

NM = Not Meaningful

Operating Revenues

Same-property Analysis (dollars in thousands)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
Lease revenues—Fixed lease payments:								
Same-property basis	\$ 6,465	\$ 6,436	\$ 29	0.5%	\$ 12,668	\$ 12,581	\$ 87	0.7%
Properties acquired or disposed of	1,653	192	1,461	760.9%	2,989	432	2,557	591.9%
Vacant or self-operated properties	214	4	210	5,250.0%	448	290	158	54.5%
Total fixed lease payments	\$ 8,332	\$ 6,632	\$ 1,700	25.6%	\$ 16,105	\$ 13,303	\$ 2,802	21.1%

On a same-property basis, lease revenues from fixed lease payments increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to additional revenue earned on recent capital improvements completed on certain of our properties, partially offset by decreases in the fixed base rent component of certain of our recent lease renewals. Fixed lease payments from properties acquired or disposed of increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to additional revenues earned on new farms acquired subsequent to December 31, 2017, partially offset by the loss of revenue from a farm that was sold in

July 2018. Fixed lease payments from vacant or self-operated properties increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to the revenue earned during 2019 on two farms that were either vacant or operated by Land Advisers during 2018, as each of these farms were fully leased during the entirety of the six months ended June 30, 2019.

The following table summarizes the lease revenues recognized from variable lease payments during the three and six months ended June 30, 2019 and 2018 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
Participation rents ⁽¹⁾	\$ —	\$ —	\$ —	—%	\$ 27	\$ 17	\$ 10	58.8%
Tenant recovery revenue ⁽²⁾	30	2	28	1,400.0%	60	8	52	650.0%
Total variable lease payments	\$ 30	\$ 2	\$ 28	1,400.0%	\$ 87	\$ 25	\$ 62	248.0%

⁽¹⁾ Participation rents are generally based on a percentage of the gross revenues earned on the respective farms.

⁽²⁾ Tenant recovery revenues represent tenant-reimbursed property operating expenses on certain of our farms, including property taxes, insurance premiums, and other property-related expenses. Corresponding amounts were also recorded as property operating expenses during the respective periods.

Participation rents earned during each of the six months ended June 30, 2019 and 2018 were earned on two blueberry farms located in North Carolina. The increase in tenant recovery revenue for the three and six months ended June 30, 2019, as compared to the respective prior-year periods, was due to additional contractual reimbursements of property taxes on certain of our farms.

Other operating revenues primarily represent revenue earned from sales of harvested crops on a farm that was operated by Land Advisers from October 17, 2017, until July 31, 2018, at which time the farm was leased to a new, unrelated third-party tenant under a 10-year lease.

Operating Expenses

Same-property Analysis (dollars in thousands)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
Depreciation and amortization:								
Same-property basis	\$ 2,467	\$ 2,198	\$ 269	12.2%	\$ 4,714	\$ 4,237	\$ 477	11.3%
Properties acquired or disposed of	440	21	419	1,995.2%	703	79	624	789.9%
Vacant or self-operated properties	29	23	6	26.1%	116	114	2	1.8%
Total depreciation and amortization	\$ 2,936	\$ 2,242	\$ 694	31.0%	\$ 5,533	\$ 4,430	\$ 1,103	24.9%

Depreciation and amortization expense on a same-property basis increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily as a result of additional depreciation on site improvements completed on certain properties subsequent to December 31, 2017, partially offset by the expiration of certain lease intangible amortization periods subsequent to December 31, 2017. Depreciation and amortization expense on properties acquired or disposed of increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to the additional depreciation and amortization expense incurred on the new farms acquired subsequent to December 31, 2017. Depreciation and amortization expense from vacant or self-operated properties remained relatively flat for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods.

Same-property Analysis (dollars in thousands)

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
Property operating expenses:								
Same-property basis	\$ 531	\$ 285	\$ 246	86.3%	\$ 1,241	\$ 672	\$ 569	84.7%
Properties acquired or disposed of	19	—	19	—%	62	9	53	588.9%
Vacant or self-operated properties	6	31	(25)	(80.6)%	40	57	(17)	(29.8)%
Tenant-reimbursed property operating expenses ⁽¹⁾	30	2	28	1,400.0%	60	8	52	650.0%
	\$ 586	\$ 318	\$ 268	84.3%	\$ 1,403	\$ 746	\$ 657	88.1%

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

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. Property operating expenses on a same-property basis increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods. These increases were primarily driven by temporary generator rental costs for newly-drilled wells on one of our properties and, during the six months ended June 30, 2019, only, additional expenses incurred related to obtaining certain permits on one of our California properties. We currently expect to incur a minimal amount of expense related to generator rentals during the third quarter of 2019 and none in the fourth quarter. Property operating expenses on properties acquired or disposed of increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to additional miscellaneous property-operating expenses incurred on certain of the new farms we acquired subsequent to December 31, 2017. Property operating expenses on vacant or self-operated properties decreased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to real estate taxes paid by us during 2018 for certain vacant or self-operated properties, which taxes are now the contractual responsibility of respective tenants on those farms. The increase in tenant-reimbursed property operating expenses for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, was due to additional property taxes paid by us on certain of our properties, for which the tenant is contractually obligated to reimburse us per the respective leases.

The base management fee to our Adviser, net of any credits, decreased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to increased fee credits during the current-year periods. For the three and six months ended June 30, 2019, the gross base management fee increased by approximately \$220,000 and \$468,000, respectively, as compared to the respective prior-year periods, primarily due to additional equity raised since January 1, 2018. From January 1, 2018, through June 30, 2019, we have raised approximately \$126.4 million of net proceeds (net of both direct costs and allocated indirect costs and net of redemptions) through sales of our Series B Preferred Stock, follow-on common stock offerings, and our ATM Program, all of which increased the base on which the base management fee is calculated. In addition, during the three and six months ended June 30, 2019, our Adviser granted us non-contractual, unconditional, and irrevocable waivers of approximately \$974,000 and \$1.5 million, respectively, to be applied against the base management fee.

The administration fee paid to our Administrator decreased for the three months ended June 30, 2019, and remained relatively flat for the six months ended June 30, 2019, as compared to the respective prior-year periods. The decrease in the administration fee for the three months ended June 30, 2019, was primarily due to us using a lower share of our Administrator's resources in relation to those used by other funds and affiliated companies serviced by our Administrator.

General and administrative expenses, which 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, increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily driven by higher professional fees (specifically, increased auditing and accounting-related expenses), partially offset by decreases in acquisition-related costs expense and bad debt expense.

Other operating expenses represent the portion of growing costs, harvesting and selling costs, and certain overhead costs allocated to the costs of crops sold on a farm that was operated by Land Advisers from October 17, 2017, until July 31, 2018. During the three and six months ended June 30, 2018, we allocated approximately \$5.1 million and \$7.5 million, respectively, of costs to the crops sold during the respective periods (excluding the allocation of fees earned by our Adviser from Land Advisers of approximately \$94,000 and \$161,000, respectively). Additionally, our Adviser granted Land Advisers a non-contractual, unconditional, and irrevocable waiver of approximately \$174,000 to be applied against a portion of the fees incurred by our Adviser on behalf of Land Advisers pursuant to the TRS Expense Sharing Agreement. Effective August 1, 2018, the farm was leased to a new, unrelated third-party tenant under a 10-year lease.

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 for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods. The increase for the three months ended June 30, 2019, was driven by contractual payments received from a potential buyer of one of our farms pursuant to a reinstated sale agreement to keep the purchase option open. Such amounts are nonrefundable and are recognized as income upon receipt. The increase for the six months ended June 30, 2019, was primarily driven by additional interest patronage received from Farm Credit (due to increased borrowings from Farm Credit). During the six months ended June 30, 2019, we recorded approximately \$700,000 of interest patronage from Farm Credit related to interest accrued during 2018, compared to approximately \$323,000 of interest patronage recorded during the prior-year period. The receipt of interest patronage received from Farm Credit during 2019 resulted in a 21.2% decrease (approximately 95 basis points) to our effective interest rate on our aggregate borrowings from Farm Credit during the year ended December 31, 2018. In addition, during the six months ended June 30, 2019, we recognized \$110,000 of income as a result of accumulated deferred

revenue related to a sale agreement for one of our farms that was terminated. Payments received from the potential buyer of the farm were initially deferred and recognized as income upon termination of the agreement.

Interest expense increased for each of the three and six months ended June 30, 2019, as compared to the respective prior-year periods, primarily due to increased overall borrowings. The weighted-average principal balance of our aggregate borrowings (excluding our Series A Term Preferred Stock) outstanding for the three and six months ended June 30, 2019, was approximately \$345.0 million and \$340.6 million, respectively, as compared to approximately \$296.4 million and \$300.8 million for the respective prior-year periods. Including interest patronage received on certain of our Farm Credit borrowings, the overall effective interest rate charged on our aggregate borrowings (excluding the impact of debt issuance costs) was 3.93% and 3.43% for the three and six months ended June 30, 2019, respectively, as compared to 3.59% and 3.35% for the respective prior-year periods.

During each of three and six months ended June 30, 2019, we paid aggregate distributions on our Series A Term Preferred Stock (which distributions are treated similar to interest expense) of approximately \$458,000 and \$916,000, respectively. The same amounts were paid in each of the respective prior-year periods.

During the three months ended June 30, 2019, we recorded a net gain on the sale of certain unused irrigation pivots on one of our farms. During the six months ended June 30, 2019, this gain was offset by a net loss we recorded related to the disposal of certain irrigation improvements on one of our farms.

The net property and casualty losses incurred during each of the three and six months ended June 30, 2019, and during the six months ended June 30, 2018, related to natural disasters that damaged certain irrigation improvements on two of our properties. For the loss incurred during each of the three and six months ended June 30, 2019, we estimated the aggregate carrying value of the damaged improvements to be approximately \$74,000, and we have received insurance recoveries related to these damaged improvements of approximately \$67,000. We have recognized the net loss of approximately \$7,000 as a property and casualty loss during each of the three and six months ended June 30, 2019. For the loss incurred during the six months ended June 30, 2018, we estimated the aggregate carrying value of the damaged improvements to be approximately \$129,000, and we recognized the write-down in the carrying value of the assets as a property and casualty loss during the six months ended June 30, 2018.

The loss on write-down of crop inventory recorded during each of the three and six months ended June 30, 2018, was the result of unsold crops on the farm operated by Land Advisers. Due to certain market conditions during 2018, we were unable to sell all of the crops and therefore assessed their market value to be zero as of June 30, 2018. Accordingly, we wrote down the cost of crop inventory to its estimated market value of zero and recorded a loss during the three and six months ended June 30, 2018, of approximately \$1.1 million.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Since our IPO in January 2013, we have invested approximately \$619.7 million in 82 new farms, and we have expended or accrued an additional \$35.6 million for capital improvements on existing properties. Our current short- and long-term sources of funds include cash and cash equivalents, cash flows from operations, borrowings (including the undrawn commitments available under the MetLife Facility, as defined below under “*Debt Capital*”), and issuances of additional equity securities. Our current available liquidity is approximately \$48.1 million, consisting of approximately \$25.2 million in cash on hand and, based on the current level of collateral pledged, approximately \$22.9 million of availability under the MetLife Facility (subject to compliance with covenants).

As of June 30, 2019, our total-debt-to-total-capitalization ratio (including our Series A Term Preferred Stock as debt), at book value, was 62.0%, which is down from 66.8% as of December 31, 2018. However, on a fair value basis, our total-debt-to-total capitalization ratio (including our Series A Term Preferred Stock as debt) as of June 30, 2019, was 55.9%, which is down from 57.4% as of December 31, 2018 (see “*Non-GAAP Financial Information—Net Asset Value*” below for an explanation of our fair value process).

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 A Term Preferred Stock and Series B Preferred Stock, and, as capital is available, funding new farmland and farm-related acquisitions consistent with our investment strategy.

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We believe that our current and short-term cash resources will be sufficient to fund our distributions to stockholders (including non-controlling OP Unitholders), service our debt, pay dividends on our Series A Term Preferred Stock and Series B Preferred Stock, and fund our current operating costs in the near term. We expect to meet our long-term liquidity requirements through various sources of capital, including future equity issuances (including, but not limited to, shares of common stock through our ATM Program, OP Units through our Operating Partnership as consideration for future acquisitions, and shares of our Series B 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 our pipeline of potential acquisitions remains healthy. We have several properties under signed purchase and sale agreements that we hope to consummate during 2019. We also have many other properties that are in various other stages of our due diligence process, including several properties under signed, non-binding letters of intent. However, all potential acquisitions will be subject to our due diligence investigation of such properties, and there can be no assurance that we will be successful in identifying or acquiring any properties in the future.

Cash Flow Resources

The following table summarizes total net cash flows from operating, investing, and financing activities for the six months ended June 30, 2019 and 2018 (dollars in thousands):

	For the Six Months Ended June 30,		\$ Change	% Change
	2019	2018		
Net change in cash from:				
Operating activities	\$ 4,256	\$ 4,482	\$ (226)	(5.0)%
Investing activities	(54,603)	(16,560)	(38,043)	229.7 %
Financing activities	64,322	11,723	52,599	448.7 %
Net change in Cash and cash equivalents	\$ 13,975	\$ (355)	\$ 14,330	(4,036.6)%

Operating Activities

The majority of cash from operating activities is generated from the rental payments we receive from our tenants, which is first used to fund our property-level operating expenses, with any excess cash being primarily used for principal and interest payments on our borrowings, management fees to our Adviser, administrative fees to our Administrator, and other corporate-level expenses. Cash provided by operating activities decreased for the six months ended June 30, 2019, as compared to the prior-year period, primarily due to the timing of certain rental receipts and increased property operating expenses (driven by temporary generator rental costs for newly-drilled wells on one of our properties) incurred during the six months ended June 30, 2019, partially offset by additional rental payments received from recent acquisitions.

Investing Activities

The increase in cash used in investing activities during the six months ended June 30, 2019, as compared to the prior-year period, was primarily due to an increase in aggregate cash paid for acquisitions of new farms and capital improvements on existing farms during the six months ended June 30, 2019, which was approximately \$37.2 million more than the prior-year period.

Financing Activities

The increase in cash provided by financing activities during the six months ended June 30, 2019, as compared to the prior-year period, was primarily due to an increase in net borrowings by approximately \$21.4 million and issuances of Series B Preferred Stock and common stock by an aggregate of approximately \$32.7 million for the six months ended June 30, 2019, from that of the prior-year period.

Debt Capital

MetLife

As amended on December 15, 2017, our facility with Metropolitan Life Insurance Company ("MetLife") consists of a total of \$200.0 million of term notes and \$75.0 million of revolving equity lines of credit (the "MetLife Facility"). In aggregate, we currently have approximately \$122.0 million outstanding under the term notes that bears interest at a blended fixed rate of 3.30% per annum (which rate is fixed until January 5, 2027) and \$100,000 outstanding under the lines of credit that currently

bears interest at a weighted-average rate of 4.72% (which rates are variable). While approximately \$139.3 million of the full commitment amount under the MetLife Facility remains undrawn (including amortizing principal payments made on the term notes), based on the level of collateral pledged, we currently have approximately \$22.9 million of availability under the MetLife Facility. In addition, we are currently in discussions with MetLife to extend the draw period applicable to the term notes under the facility, which is currently scheduled to expire on December 31, 2019, though we cannot guarantee that we will be able to extend this facility on terms favorable to us, or at all.

Farmer Mac

As amended on June 16, 2016, our agreement with Federal Agricultural Mortgage Corporation (“Farmer Mac”) provided for bond issuances up to an aggregate amount of \$125.0 million (the “Farmer Mac Facility”) by December 11, 2018, after which Farmer Mac had the option to be relieved of its obligation to purchase additional bonds under this facility. As of December 11, 2018, we had issued aggregate bonds of approximately \$108.7 million under the Farmer Mac Facility, and Farmer Mac is not obligated to purchase the remaining unissued bonds. We are currently in discussions with Farmer Mac to both expand the size of the facility and extend the borrowing period; however, there is no guarantee that we will be able to reach terms favorable to us, if at all. We currently have \$90.6 million of bonds outstanding under the facility that bear interest at a weighted-average interest rate of 3.55% (which rates are fixed throughout the bonds’ respective terms) and have a weighted-average maturity date of November 2022.

Farm Credit

Since September 2014, we have closed on 28 separate loans with nine different Farm Credit associations (for additional information, see Note 4, “Borrowings,” in the accompanying notes to our condensed consolidated financial statements) for an aggregate amount of approximately \$162.0 million (the “Farm Credit Notes Payable”). We currently have approximately \$151.6 million outstanding under the Farm Credit Notes Payable that bear interest at an expected weighted-average effective interest rate (net of expected interest patronage) of 3.89% (which rates are fixed, on a weighted-average basis, until January 2026) and have a weighted-average maturity date of September 2036. While we do not have any additional availability under any of our Farm Credit programs based on the properties currently pledged as collateral, we expect to enter into additional borrowing agreements with existing and new Farm Credit associations 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, 2019, through the date of this filing (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 B Preferred Stock ⁽²⁾	1,728,369	\$ 24.72	\$ 42,728	\$ 38,888
Common Stock – Secondary Offering ⁽³⁾	2,277,297	11.73	26,713	25,401
Common Stock – ATM Program	70,551	12.65	893	879

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

⁽²⁾ Includes 6,800 shares that were redeemed by us during the three months ended June 30, 2019.

⁽³⁾ Includes the underwriters’ exercise of a portion of the over-allotment option.

Our 2017 Registration Statement (as defined in Note 8, “Equity—Registration Statement”) permits us to issue up to an aggregate of \$300.0 million in securities (including approximately \$29.3 million originally reserved for issuance under our ATM Program and up to \$150.0 million reserved for issuance of shares of the Series B 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 \$95.1 million of common stock and approximately \$70.2 million of Series B Preferred Stock under the 2017 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, 2019, 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 provide investors with additional insight to 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. 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 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 a 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. During the three months ended June 30, 2018, we modified our definitions of CFFO and AFFO to exclude the net incremental impact of the farming operations conducted through Land Advisers, as we do not anticipate this to be an ongoing aspect of our core operations. As such, we believe the exclusion of these amounts improves comparability of our operating results on a period-to-period basis and will apply the same modified definitions of CFFO and AFFO 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.

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, 2019 and 2018 to the most directly-comparable GAAP measure, net income (loss), 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 limited partners) 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,	
	2019	2018	2019	2018
Net income (loss)	\$ 174	\$ (1,852)	\$ 282	\$ (2,170)
Less: Dividends declared on Series B Preferred Stock	(893)	(3)	(1,494)	(3)
Net loss available to common stockholders and OP Unitholders	(719)	(1,855)	(1,212)	(2,173)
Plus: Real estate and intangible depreciation and amortization	2,936	2,242	5,533	4,430
Plus: (Gains) losses on dispositions of real estate assets, net	(13)	—	19	—
FFO available to common stockholders and OP Unitholders	2,204	387	4,340	2,257
Plus: Acquisition- and disposition-related expenses	14	—	153	144
Plus: Other charges, net ⁽¹⁾	7	1,348	10	1,403
CFFO available to common stockholders and OP Unitholders	2,225	1,735	4,503	3,804
Net rent adjustment	(40)	(163)	(5)	(414)
Plus: Amortization of debt issuance costs	150	146	299	289
AFFO available to common stockholders and OP Unitholders	2,335	1,718	4,797	3,679
Weighted-average common stock outstanding—basic and diluted	18,641,738	15,506,512	18,336,975	14,736,400
Weighted-average common OP Units outstanding ⁽²⁾	0	913,551	215,499	945,236
Weighted-average total common shares outstanding	18,641,738	16,420,063	18,552,474	15,681,636
Diluted FFO per weighted-average total common share	\$ 0.12	\$ 0.02	\$ 0.23	\$ 0.14
Diluted CFFO per weighted-average total common share	\$ 0.12	\$ 0.11	\$ 0.24	\$ 0.24
Diluted AFFO per weighted-average total common share	\$ 0.13	\$ 0.10	\$ 0.26	\$ 0.23

⁽¹⁾ Consists of net property and casualty losses recorded and the cost of related repairs expensed during each period as a result of the damage and, for the three and six months ended June 30, 2018, only, the net impact of the Incremental TRS Operations.

⁽²⁾ Represents OP Units held by unrelated third parties 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, 2019, determined by each method is shown in the table below (dollars in thousands, except in footnotes):

Valuation Method	Number of Farms	Total Acres	Farm Acres	Net Cost Basis ⁽¹⁾	Current Fair Value	% of Total Fair Value
Purchase Price	16	14,458	10,574	\$ 134,261	\$ 134,303	20.1%
Third-party Appraisal ⁽²⁾	74	61,428	49,495	456,010	533,203	79.9%
Total	90	75,886	60,069	\$ 590,271	\$ 667,506	100.0%

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

⁽²⁾ Appraisals performed between September 2018 and June 2019.

Some of the significant assumptions used by appraisers and the Valuation Team in valuing our portfolio as of June 30, 2019, include land values per farmable acre, market rental rates per farmable acre and the resulting net operating income (“NOI”) at the property level, and capitalization rates, among others. These assumptions were applied on a farm-by-farm basis and were selected based on several factors, including comparable land sales, surveys of both existing and current market rates,

discussions with other brokers and farmers, soil quality, size, location, and other factors deemed appropriate. A summary of these significant assumptions is provided in the following table:

	Range (Low - High)	Weighted Average
Land Value (per farmable acre)	\$680 – \$87,500	\$ 33,020
Market NOI (per farmable acre)	\$250 – \$4,600	\$ 3,043
Market Capitalization Rate	3.75% – 8.25%	4.28%

Note: Figures in the table above apply only to the farmland portion of our portfolio and exclude assumptions made relating to farm-related property (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, 2019, 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, 2019, from the prior value basis as of March 31, 2019, is provided in the table below (dollars in thousands):

Total portfolio fair value as of March 31, 2019	\$ 620,434
Plus: Acquisition of four new farms during the three months ended June 30, 2019	45,522
<i>Plus net value appreciation during the three months ended June 30, 2019:</i>	
27 farms valued via third-party appraisals	\$ 1,550
Total net appreciation for the three months ended June 30, 2019	1,550
Total portfolio fair value as of June 30, 2019	\$ 667,506

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, 2019, was approximately \$355.6 million, as compared to a carrying value (excluding unamortized related debt issuance costs) of approximately \$352.5 million. In addition, using the closing stock price as of June 30, 2019, the fair value of the Series A Term Preferred stock was determined to be approximately \$29.9 million, as compared to a carrying value (excluding unamortized related issuance costs) of approximately \$28.8 million. 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 B Preferred Stock to be \$25.00 per share as of June 30, 2019 (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 costs 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, 2019, we estimate the NAV per common share to be \$11.61. 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	\$	231,354
<i>Fair value adjustment for long-term assets:</i>		
Less: net cost basis of tangible and intangible real estate holdings ⁽¹⁾	\$	(590,271)
Plus: estimated fair value of real estate holdings ⁽²⁾		667,506
Net fair value adjustment for real estate holdings		77,235
<i>Fair value adjustment for long-term liabilities:</i>		
Plus: book value of aggregate long-term indebtedness ⁽³⁾		381,200
Less: fair value of aggregate long-term indebtedness ⁽³⁾⁽⁴⁾		(385,466)
Net fair value adjustment for long-term indebtedness		(4,266)
Estimated NAV		304,323
Less: fair value of Series B Preferred Stock ⁽⁵⁾		(65,902)
Estimated NAV available to common stockholders and OP Unitholders	\$	238,421
Total common shares and OP Units outstanding ⁽⁶⁾		20,532,770
Estimated NAV per common share and OP Unit	\$	11.61

⁽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 A Term Preferred Stock.

⁽⁴⁾ Long-term notes and bonds payable were valued using a discounted cash flow model. The Series A Term Preferred Stock was valued based on its closing stock price as of June 30, 2019.

⁽⁵⁾ Valued at the security's liquidation value, as discussed above.

⁽⁶⁾ Includes 20,532,770 shares of common stock and no OP Units held by non-controlling limited partners.

A quarterly roll-forward in the estimated NAV per common share for the three months ended June 30, 2019, is provided below

Estimated NAV per common share as of March 31, 2019	\$	12.30
Less net loss available to common stockholders and OP Unitholders		(0.04)
<i>Plus net change in valuations:</i>		
Net change in unrealized fair value of farmland portfolio ⁽¹⁾	\$	0.04
Net change in unrealized fair value of long-term indebtedness		(0.40)
Net change in valuations		(0.36)
Less distributions		(0.13)
Less dilutive effect of equity issuances		(0.16)
Estimated NAV per common share as of June 30, 2019	\$	11.61

⁽¹⁾ The net change in unrealized fair value of farmland portfolio consists of three components: (i) an increase of \$0.08 due to the net appreciation in value of farms that were valued during the three months ended June 30, 2019, (ii) an increase of \$0.16 due to the aggregate depreciation and amortization expense recorded during the three months ended June 30, 2019, and (iii) a decrease of \$0.20 due to capital improvements made on certain properties that have not yet been considered in the determination of the respective properties' 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 \$11.61 as of June 30, 2019, based on the calculation above, the closing price of our common stock on June 30, 2019, was \$11.53.

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, 2019, 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, 2019, 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, 2019, 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 Form 10-K. 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.

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

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Articles of Incorporation, incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 (File No. 333-183965), filed on November 2, 2012.
3.2	Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 to Pre-Effective Amendment No. 3 to the Registration Statement on Form S-11 (File No. 333-183965), filed on November 15, 2012.
3.3	Articles Supplementary establishing the 6.375% Series A 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 August 11, 2016.
3.4	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.
3.5	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.
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 Indenture, incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 (File No. 333-217042), filed on March 30, 2017.
4.3	Form of Certificate for 6.375% Series A 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 August 11, 2016.
4.4	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.
10.1	Agreement of Purchase and Sale (Sutter Avenue Coalinga CA – East Parcels/Phase I), dated April 19, 2019, by and between Gladstone Land Corporation and RTS Orchards, LLC*.
10.2	Agreement of Purchase and Sale (Sutter Avenue Coalinga CA – East Parcels/Phase II), dated April 19, 2019, by and between Gladstone Land Corporation and RTS Orchards, LLC*.
10.3	Agreement of Purchase and Sale (West Citrus Boulevard Stuart FL), dated May 10, 2019, by and between West Citrus Boulevard Stuart FL, LLC, and Caulkins Citrus Company, Ltd.
10.4	Third Amended and Restated Investment Advisory Agreement, dated July 9, 2019, by and between Gladstone Land Corporation and Gladstone Management Corporation, incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35795), filed on July 10, 2019.
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 B Cumulative Redeemable Preferred Stock at June 30, 2019 (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

* Certain information in this exhibit has been redacted pursuant to Item 601(b)(10) of Regulation S-K and the Company agrees to furnish to the Securities and Exchange Commission a complete copy of the exhibit, including the redacted portions, upon request.

*** Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in eXtensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets as of June 30, 2019, and December 31, 2018, (ii) the Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2019 and 2018, (iii) the Condensed Consolidated Statements of Equity for the three months ended June 30, 2019 and 2018, (iv) the Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2019 and 2018, 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 7, 2019

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

Date: August 7, 2019

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

CERTAIN INFORMATION IDENTIFIED BY BRACKETED ASTERISKS ([*****]) HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

AGREEMENT OF PURCHASE AND SALE
(Sutter Avenue Coalinga CA – West Parcels/Phase 2)

THIS AGREEMENT (the “Agreement”) is made as of the 19th day of April 2019 (the “Effective Date”), between RTS Orchards, LLC, a California limited liability company (the “Seller”) and Gladstone Land Corporation, a Maryland corporation (the “Purchaser”).

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

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

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

“Broker” shall mean London Properties, Ltd. , its agents and officers.

“Broker’s Address” shall mean:

London Properties Ltd. a California corporation (BRE #00463722)

Greg Squires, Broker
Cameron Kay, Agent (BRE #01932246)
Ken Neufeld, Agent (BRE #00788084)
(559) 577-2062 (Cameron Kay)
Email: ckay@londonproperties.com (Cameron Kay)
6442 N. Maroa Ave.
Fresno, CA 93704

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

“Closing Date” shall mean [*****], or such earlier date as the parties may agree.

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

“Crop Year” shall mean the twelve (12) month period beginning on November 1 and ending on October 31 of the next calendar year.

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

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

“GAP” shall mean good agricultural practices.

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

“Inspection Period” shall mean the period beginning on the Effective Date and ending on [*****].

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

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

“Land” shall mean shall mean that certain real property located in Fresno County, State of California, comprising approximately 1,098.07 gross acres with such estimated acreage derived from Fresno County Assessor’s records (including, without limitation, approximately 1,040.20 acres planted in pistachios), all as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together with trees located thereon and all other rights (including without limitation mineral rights, timber rights and development rights), easements, hereditaments and appurtenances thereunto belonging.

“Lease” shall mean an agricultural lease to be entered into by Purchaser, or its assignee, and Tenant, in substantially the form attached hereto as Exhibit F.

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

“Phase 1 Agreement” shall mean contract between Seller and Purchaser entitled “Agreement of Purchase and Sale (Sutter Avenue Coalinga CA – East Parcels/Phase 1)” of even date herewith.



"[*****]Membership Interest" shall mean 53% (measured as of the Effective Date) of Seller's membership interest in [*****]Water Conveyance Partners, LLC, a California limited liability company which owns certain irrigation pipelines used from time to time to convey irrigation water to the Property. Without limiting the foregoing in the event that Seller has conveyed 47% (measured as of the Effective Date) of its membership interest in such LLC to Purchaser in connection with the closing of the Phase 1 Agreement, the interest to be conveyed hereunder shall be the full balance of Seller's membership interest in the LLC.

"Property" shall mean the Land, Improvements, and any Personal Property, specifically including without limitation all Water Rights and the [*****]Membership Interest. Notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the crop currently growing on the Land is not a part of the Property to be conveyed at Closing, and the owner thereof, RTS AGRI BUSINESS, LLC a California limited liability company ("RTSAB, LLC") shall be entitled to retain such current crop of pistachios and all revenue generated from the sale of the same. In addition, notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the Solar Improvements (defined below) are not a part of the property to be conveyed at Closing and shall be retained by RTSAB, LLC, provided however that the Lease shall contain a provision for the transfer of the Solar Improvements by RTSAB, LLC to Purchaser (as landlord under the Lease) on the sixth (6th) anniversary of the commencement of the Lease.

"Purchase Price" shall mean the total amount of Thirty Seven Million and NO/100 dollars (\$37,000,000.00), subject to adjustment as set forth in this Agreement.

"Purchaser's Address" shall mean:

Gladstone Land Corporation
Attention: Bill Reiman
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(805) 377-7701 (T)
Email: bill.r@gladstoneland.com

With copy to:

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

With additional copy to:



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

“Seller’s Address” shall mean:

RTS Orchards, LLC
Attention: Rod Stiefvater
4831 Calloway Drive, Suite 102
Bakersfield, CA 93312
Phone: (661) 829-5109
Email: rod@rtsag.com

With a copy to:

Hal H. Bolen II
Bolen Fransen Sawyers LLP
7405 N. First Street
Fresno, CA 93720
Phone: 559-226-8177
Fax: 559-227-4971
Email: hfb@bolenfransen.com

“Solar Improvements” shall mean the items of solar equipment and related material described on Exhibit E attached hereto and incorporated herein by reference.

“Tenant” shall mean RTSAB, LLC and CANOAS CREEK PISTACHIOS, LLC, a California limited liability company (a wholly owned subsidiary of RTSAB, LLC), jointly and severally as tenant under the Lease.

“Title Company” shall mean:

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

“Water Rights” shall mean to the extent they are owned by Seller and appurtenant to the Property, all groundwater rights (whether overlying, appropriative, prescriptive or equitable), all



rights or entitlements afforded to the Property under the Sustainable Groundwater Management Act, and the right to any water made available by the Pleasant Valley Water District as a district-wide water supply to any portion of the Property located within such district. "Water Rights" shall not include any separate contractor rights to use or acquire water supplies held by Seller which are not tied to the Land.

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

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

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

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

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

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

6. Costs and Prorations.

(a) Purchaser shall pay the costs of any Survey obtained by Purchaser pursuant to Section 9 hereof, and the costs of any Phase I environmental report and all other inspections and work performed or obtained by or for Purchaser in connection with its inspection of the Property. Seller shall pay for preparation of the grant deed, all documentary or transfer



taxes, and recording costs applicable to the grant deed, the premium for Purchaser's CLTA Title Policy, defined below, and any costs of production of the title search or abstract for the Property. Purchaser shall pay all expenses incident to any financing obtained for the purchase of the Property, including but not limited to any endorsement to the Title Policy or a separate lender's policy of title insurance required by Purchaser's lender, the premium for all endorsements to the Title Policy that Purchaser desires to obtain, and, notwithstanding the foregoing or anything herein to the contrary, the increase in the premium for the Title Policy resulting from Purchaser's election to obtain a 2006 ALTA form policy rather than a CLTA form policy. All other closing costs shall be borne in accordance with the custom in Fresno County, California.

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

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

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

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

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

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



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

(f) Each of the other members of the [*****]Pipeline Partnership, LLC shall have waived its right of first refusal to purchase the [*****]Membership Interest.

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

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

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

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

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

(d) Each of the other members of the [*****]Pipeline Partnership, LLC shall have waived its right of first refusal to purchase the [*****]Membership Interest.

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

(f) The transaction between Seller and Purchaser evidenced by the Phase 1 Agreement shall have closed, and Purchaser shall have paid the Purchase Price (as therein defined) and acquired title to the Property defined therein as well.

(g) The tenant under the Cell Tower Lease (as defined in Section 11 (a) below), shall have waived or failed to timely exercise any right of first refusal to purchase the affected portion of the Property that it may have under the Cell Tower Lease.

8. Closing; Deed.

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



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

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

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



Purchaser acknowledges that the Permitted Exceptions will include a gas line easement ("Gas Line Easement") that Seller has agreed to grant to relocate an existing gas line around the periphery of the Property at a precise location that will be disclosed during the Inspection Period.

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

(a) Other than (i) the Lease, and (ii) a cell tower lease with Fresno MSA Limited Partnership dated August 8, 2007 which contains a right of first refusal and affects Assessor's Parcel Number 085-020-08S (the "Cell Tower Lease"), there will be no parties in possession of any portion of the Property as lessees, sub-lessees or otherwise, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. A true, complete and correct copy of any Contracts affecting the Property and any amendments thereto have been or will be furnished to Purchaser within five (5) days after the Effective Date as part of the Due Diligence Materials, and there are no Contracts which encumber or bind the Property or Seller which will be binding on Purchaser, or which Purchaser will be required to assume at Closing, or which will encumber or bind the Property at or after Closing. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts, and no commissions due, for leasing activities with respect to the Property.

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

(c) Seller shall use a commercially reasonable good faith effort to obtain a waiver of any right of first refusal in favor of the Tenant under the Cell Tower Lease, and provide written confirmation of the same to Purchaser and to Title Company, as soon as reasonably practical after the Effective Date.

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

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

(f) There are no attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under any applicable debtor



relief laws or any other litigation contemplated by or pending or to Seller's knowledge, threatened against the Seller or the Property.

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

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

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

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

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

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

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



State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. To Seller's knowledge, the Property does not currently contain any underground or above ground storage tanks, and to Seller's knowledge, any storage tanks previously located on the Property (whether above ground or below ground) have been removed in accordance with the requirements of all applicable laws. Without limiting the other provisions of this Section 11(k), Seller has no knowledge of any release or spill of oil, fuel or any other substance stored in storage tanks of any kind on the Property that required reporting or formal cleanup under applicable law.

(n) Seller shall use a commercially reasonable good faith effort to obtain a waiver of the right of first refusal to purchase the [*****]Membership Interest by all of the other members of the [*****]Pipeline Partnership, LLC, and provide written confirmation of the same to Purchaser and to Title Company, as soon as reasonably practical after the Effective Date.

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

For purposes of this Agreement, "Seller's knowledge" or "knowledge of the Seller" means the current actual knowledge without duty of investigation of Rodney T. Stiefvater.

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

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

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

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

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

Seller's Initials

Purchaser's Initials

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

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

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



to Seller certificates of such insurance or, at the request of Seller, copies of such insurance policies.

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

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

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

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

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



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

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

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



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

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

Purchaser Initials

Seller Initials

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

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



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

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

Purchaser Initials

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

15. Property Damage. If, after the Effective Date and prior to Closing, the Property shall suffer significant damage as the result of fire or other casualty, Seller shall immediately notify Purchaser in writing. In the event said damage results in damage of the improvements situated on the Property in the amount of One Hundred Thousand and No/100 Dollars (\$100,000.00) or greater, Purchaser shall have the right to elect within fifteen (15) days from and after such notice, by written notice, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such damage, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser



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

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

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

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

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

EXCLUSIVE REMEDY IN THE EVENT OF PURCHASER'S FAILURE TO PERFORM ITS OBLIGATIONS HEREUNDER. BY THEIR INITIALS HERETO, SELLER AND PURCHASER SPECIFICALLY ACKNOWLEDGE THEIR ACCEPTANCE AND APPROVAL OF THE FOREGOING LIQUIDATED DAMAGES PROVISION.

Seller

Purchaser

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]



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

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: _____

Name: _____

Title: _____

SELLER:

RTS ORCHARDS, LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT A

LAND

West Parcels/Phase 2

PARCEL 3: APN: 085-070-17s

The West one-half of the Northwest quarter of Section 22, Township 21 South, Range 16 East, Mount Diablo Base and Meridian in the unincorporated area of the County of Fresno, State of California according to the Official Plat thereof.

EXCEPTING THEREFROM, all minerals including oil, gas and other hydrocarbon substances contained therein, TOGETHER WITH, the right of ingress and egress to and from said land for the purpose of drilling, exploring and in every way operating for such minerals and removing same, as reserved by Crescent Meat Company, a corporation in the Deed and Agreement recorded December 2, 1953 in Book 3375, Page 677 of Official Records, as Document No. 65159.

PARCEL 4: APN: 085-070-33S

Parcel B of PLA 07-49, according to the Certificated of Compliance recorded September 12, 2013, as Document No. 2013-0129764, of Official Records, described as follows:

The Northwest Quarter of the Southwest Quarter and the West Three-Quarters of the South One-Half of the Southwest Quarter of Section 22, Township 21 South, Range 16 East, Mount Diablo Base and Meridian in the unincorporated area of the County of Fresno, State of California according to the Official Plat thereof.

EXCEPTING THEREFROM, the East 25.00 acres of the West Three-Quarters of the South One-Half of the Southwest Quarter of Section 22.

ALSO EXCEPTING THEREFROM, the following described parcel:

BEGINNING, at the Southwest corner of said Section 22;
Thence, North 00°07'42" East along the West line of said Section 22 a distance of 613.00 feet;
Thence, leaving said West line North 89°39'48" East a distance of 1157.53 feet to a point on the West line of the East 25.0 acres of the West three-quarters of the South half of the Southwest quarter of said Section 22; Thence, South 00°18'05" West along the said West line a distance of 613.00 feet to a point on the South line of said Section 22; Thence, South 89°39'45" West along the said South line of Section 22 a distance of 1155.68 feet to the said Southwest corner of Section 22 and POINT OF BEGINNING.

EXCEPTING THEREFROM, all oil, gas and casinghead gas, and other hydrocarbon substances, TOGETHER WITH, any and all other minerals of every kind and character, now contained or hereafter deposited in, through or under said land, which are expressly reserved from the operation of this grant, TOGETHER WITH, the right of entry for the purpose of exploring, mining and operating for oil, gas and casinghead gas, and other hydrocarbon substances, TOGETHER WITH, any and all other minerals, and of taking, storing and removing said products, TOGETHER WITH, the further right to build tanks, power houses, stations, houses for employees and such other structures (except refinery) as may be necessary or convenient in said operations, TOGETHER WITH, rights of way, easements and servitude for pipe lines, power lines and telephone lines, with the right of removing any and all improvements placed or erected upon said land, including casing, TOGETHER WITH, the full right to sell, lease, deal with or

upon said land, including leasing, ~~POSSESS WITH~~, the full right to sell, lease, deal with, or

otherwise dispose of the interest and rights hereby excepted and reserved from said grant, upon the terms and conditions contained therein, all as reserved by Helen C. Lillis, an unmarried woman, in the Deed recorded December 2, 1940 in Volume 1867, Page 123 of Official Records, as Document No. 35550.

PARCEL 5: APN: 085-020-08S

All of Fractional Section 5, Township 21 South, Range 16 East, Mount Diablo Base and Meridian in the unincorporated area of the County of Fresno, State of California according to the Official Plat thereof.

EXCEPTING THEREFROM, all oil, gas and other hydrocarbons; non-hydrocarbon gasses or gaseous substances; all other minerals of whatsoever nature, without regard to similarity to the above-mentioned substances; and all substances that may be produced therewith from said real property, as reserved, ALSO EXCEPTING THEREFROM, all geothermal resources, embracing indigenous steam, hot water and hot brines; steam and other gases, hot water and hot brines resulting from water, gas or other fluids artificially introduced into subsurface formations; heat or the associated energy found beneath the surface of the earth; and by-products of any of the foregoing such as minerals (exclusive of oil or hydrocarbon gas that can be separately produced) which are found in solution or association with or derived from any of the foregoing. ALSO EXCEPTING THEREFROM, the sole and exclusive right from time to time to drill and maintain wells or other works into or through said real property and the adjoining streets, roads and highways from the purpose of exploring for and producing energy resources; the right to produce, inject, store, and remove from and through such wells or works, oil, gas, water and other substances of whatever nature, including the right to perform any and all operations deemed by Grantor necessary or convenient for the exercise of such rights, including but not limited to the right to conduct seismic testing and construct, maintain and operate pipeline, valves, cathodic protection facilities, and appurtenances, upon the terms and conditions contained therein, as reserved by Chevron U.S.A. Inc., a Pennsylvania corporation, in the Deed recorded August 21, 1997 as Document No. 97106609.

PARCEL 6: APN: 085-060-13s

The South half of Section 16, Township 21 South, Range 16 East, Mount Diablo Base and Meridian, in the unincorporated area of the County of Fresno, State of California according to the Official Plat thereof.

EXCEPTING THEREFROM all oil, gas and casinghead gas and other hydrocarbon substances,

TOGETHER WITH, any and all other minerals of every kind and character, now contained or hereafter deposited in, through or under said land, which are expressly reserved for the operation of this grant;

TOGETHER WITH, the right of entry for the purpose of exploring, mining and operating for oil, gas and casinghead gas and other hydrocarbon substances, TOGETHER WITH, any and all other minerals, and of taking, storing and removing said products, TOGETHER WITH, the further right to build tanks, power houses, stations, houses for employees and such other structures (except refinery) as may be necessary or convenient in said operations TOGETHER WITH, rights of way, easements and servitude for pipe lines, power lines and telephone lines, with the right of removing any and all improvements placed or erected upon said land, including casing, TOGETHER WITH, the full right to sell, lease, deal with, or otherwise dispose of the interest and rights hereby excepted and reserved, subject to the terms and conditions contained therein, as reserved by Helen C. Lillis, an unmarried woman and Lyle J. Christie, an unmarried man, in the Deed recorded December 2, 1940 in Book 1867, Page 122 of Official Records, as Document No.



EXHIBIT B

PERSONAL PROPERTY

NONE

EXHIBIT C

DUE DILIGENCE MATERIALS

(a) Plans, drawings, specifications and engineering and architectural studies and work (including "as built" plans and drawings, if any) with regard to the Property that are in Seller's possession;

(b) Any title commitments, title policies, appraisals and surveys of the Property obtained during the period during which Seller has owned the Property or otherwise in Seller's possession;

(c) Operating budgets for the Property for the two (2) most recent complete calendar years and the current year;

(d) Income and expense statements for the Property for the two (2) most recent complete calendar years and the current year-to-date;

(e) Copies of all correspondence in Seller's possession relating to any lease or Government Payments with respect to the Property;

(f) Real estate tax bills and statements for the current year and the previous two (2) years with respect to the Property;

(g) Utility bills for the Property for the two (2) most recent complete calendar years and the current year-to-date;

(h) Copies of insurance certificates with respect to the Property;

(i) Copies of all of the Contracts and any amendments or proposed amendments thereto with respect to the Property;

(j) Copies of any soil boring or other similar engineering reports with respect to the Property obtained during the period during which Seller has owned the Property; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(k) Any environmental assessment report or study with respect to the Property in Seller's possession; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(l) Copies of any warranties relating to any Improvements or Personal Property (including without limitation Irrigation Equipment) included in the Property which are in Seller's possession; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(m) Any information in Seller's possession or control from any governmental agency or authority regarding the Property or adjacent properties; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(n) Copies of all notices and correspondence received from any governmental agency of authority regarding the Property or adjacent properties; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(o) Copies of all notices and correspondence received from third-parties claiming an interest or right in and to the Property, or any portion thereof; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(p) Copies of all certificates, applications, permits or other documents related to or evidencing Water Rights associated with the Property or any portion thereof; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(q) Copies of any well, pump and water quality tests done over the past three (3) years with respect to the Property;

(r) An inventory of all wells and pumps located on the Property, together with the location, age, and output of each;

(s) All available documentation or information related to the Gas Line Easement; and

(t) Copies of all company records and organizational documents of [*****]Water Conveyance Partners, LLC, and thereafter such other information related to the assets, liabilities, rights, obligations and business of such LLC as Purchaser may request from time to time.

EXHIBIT D

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is entered into as of the ____ of _____, 2019, between RTS Orchards, LLC, a California limited liability company ("Assignor"), and _____, a Delaware limited partnership ("Assignee").

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

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

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

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

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

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

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

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

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

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

ASSIGNOR

By: _____
Title: _____

ASSIGNEE

EXHIBIT E

SOLAR IMPROVEMENTS

Solar Installation – Data Sheet and Description

Site Name	APN	Size (kW_DC)	Module Type	Module Quantity	Inverter Type	Inverter Quantity	Modules per Table	Number of tables	Other Hardware
C-5	085-020-08S	866	Boviet-BVM66129-330W	2664	Huawei-Sun 2000/36 KTL-US	20	18	148	Tracker Racking; Pad Mounted Meter/Switch Gear
C-16	085-060-13S	1093	Boviet-BVM6612P-330W	3312	Huawei-Sun 2000/36 KTL-US	25	18	184	Tracker Racking; Pad Mounted Meter/Switch Gear

EXHIBIT F
AGRICULTURAL LEASE

26248477.7

EXHIBIT G
DISCLOSURE OF BROKER RELATIONSHIPS

26248477.7

CERTAIN INFORMATION IDENTIFIED BY BRACKETED ASTERISKS ([*****]) HAS BEEN OMITTED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

AGREEMENT OF PURCHASE AND SALE
(Sutter Avenue Coalinga CA – East Parcels/Phase 1)

THIS AGREEMENT (the “Agreement”) is made as of the 19th day of April 2019 (the “Effective Date”), between RTS Orchards, LLC, a California limited liability company (the “Seller”) and Gladstone Land Corporation, a Maryland corporation (the “Purchaser”).

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

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

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

“Broker” shall mean London Properties, Ltd., its agents and officers.

“Broker’s Address” shall mean:

London Properties Ltd. a California corporation (BRE #00463722)

Greg Squires, Broker
Cameron Kay, Agent (BRE #01932246)
Ken Neufeld, Agent (BRE #00788084)
(559) 577-2062 (Cameron Kay)
Email: ckay@londonproperties.com (Cameron Kay)
6442 N. Maroa Ave.
Fresno, CA 93704

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

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

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

“Crop Year” shall mean the twelve (12) month period beginning on November 1 and ending on October 31 of the next calendar year.



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

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

“GAP” shall mean good agricultural practices.

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

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on [*****] after the Effective Date. Notwithstanding the foregoing, Purchaser may extend the Inspection Period by [*****] additional days by written notice to Seller prior to expiration of the initial Inspection Period.

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

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

“Land” shall mean shall mean that certain real property located in Fresno County, State of California, comprising approximately 1,004.82 gross acres with such acreage derived from Fresno County Assessor’s records (including, without limitation, approximately 911.02 acres planted to pistachios), all as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together with trees located thereon and all other rights (including without limitation mineral rights, timber rights and development rights), easements, hereditaments and appurtenances thereunto belonging.

“Lease” shall mean an agricultural lease to be entered into by Purchaser, or its assignee, and Tenant, in substantially the form attached hereto as Exhibit F.

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



“Phase 2 Agreement” shall mean the transaction between Seller and Purchaser evidenced by that Agreement entitled “Agreement of Purchase and Sale (Sutter Avenue Coalinga CA – West Parcels/Phase 2)” of even date herewith.

“[*****] Membership Interest” shall mean 47% (measured as of the Effective Date) of Seller’s membership interest in [*****] Water Conveyance Partners, LLC, a California limited liability company which owns certain irrigation pipelines used from time to time to convey irrigation water to the Property.

“Property” shall mean the Land, Improvements, and any Personal Property, specifically including without limitation all Water Rights and the [*****] Membership Interest. Notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the crop currently growing on the Land is not a part of the Property to be conveyed at Closing, and the owner thereof, RTS AGRI BUSINESS, LLC a California limited liability company (“RTSAB, LLC”) shall be entitled to retain such current crop of pistachios and all revenue generated from the sale of the same. In addition, notwithstanding the foregoing or anything herein to the contrary, the parties acknowledge and agree that the Solar Improvements (defined below) are not a part of the property to be conveyed at Closing and shall be retained by RTSAB, LLC, provided however that the Lease shall contain a provision for the transfer of the Solar Improvements by RTSAB, LLC to Purchaser (as landlord under the Lease) on the sixth (6th) anniversary of the commencement of the Lease.

“Purchase Price” shall mean the total amount of Thirty Three Million and NO/100 dollars (\$33,000,000.00), subject to adjustment as set forth in this Agreement.

“Purchaser’s Address” shall mean:

Gladstone Land Corporation
Attention: Bill Reiman
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(805) 377-7701 (T)
Email: bill.r@gladstoneland.com

With copy to:

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



With additional copy to:

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

"Seller's Address" shall mean:

RTS Orchards, LLC
Attention: Rod Stiefvater
4831 Calloway Drive, Suite 102
Bakersfield, CA 93312
Phone: (661) 829-5109
Email: rod@rtsag.com

With a copy to:

Hal H. Bolen II
Bolen Fransen Sawyers LLP
7405 N. First Street
Fresno, CA 93720
Phone: 559-226-8177
Fax: 559-227-4971
Email: hbb@bolenfransen.com

"Solar Improvements" shall mean the items of solar equipment and related material described on Exhibit E attached hereto and incorporated herein by reference.

"Tenant" shall mean RTSAB, LLC and CANOAS CREEK PISTACHIOS, LLC, a California limited liability company (in formation as a wholly owned subsidiary of RTSAB, LLC), jointly and severally as tenant under the Lease.

"Title Company" shall mean:

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



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

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

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

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

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

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

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

6. Costs and Prorations.

(a) Purchaser shall pay the costs of any Survey obtained by Purchaser pursuant to Section 9 hereof, and the costs of any Phase I environmental report and all other



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

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

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

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

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

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

(d) The Title Company shall be irrevocably committed to issue upon Closing a 2006 ALTA form Owner's Policy of Title Insurance (the "Title Policy"), as evidenced by a "marked up" Title Commitment, defined below, insuring Purchaser as owner of fee simple title



to the Property subject only to Permitted Exceptions, in the amount of the Purchase Price, and containing such endorsements as Purchaser shall have requested.

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

(f) Each of the other members of the [*****] Pipeline Partnership, LLC shall have waived its right of first refusal to purchase the [*****] Membership Interest.

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

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

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

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

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

(d) Each of the other members of the [*****] Pipeline Partnership, LLC shall have waived its right of first refusal to purchase the [*****] Membership Interest.

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

8. Closing; Deed.

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

(b) At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the Property by grant deed acceptable to Purchaser and the Title Company (the "Deed"), subject to (i) standard exceptions for real property taxes not yet due and payable, and (ii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 10 below (the "Permitted Exceptions"). The Land description in the Deed shall be the property



description from Seller's vesting deed(s); and further provided, that if Purchaser obtains a Survey of the Property, Seller also agrees to execute and deliver a recordable Quit Claim Deed to Purchaser at Closing using the Survey description.

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

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

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

(a) Other than the Lease, and an unrecorded lease to RTSAB, LLC which will not survive the closing of the Phase 2 Agreement, there will be no parties in possession of any portion of the Property as lessees, sub-lessees or otherwise, and no other party has been granted

an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. A true, complete and correct copy of any Contracts affecting the Property and any amendments thereto have been or will be furnished to Purchaser within five (5) days after the Effective Date as part of the Due Diligence Materials, and there are no Contracts which encumber or bind the Property or Seller which will be binding on Purchaser, or which Purchaser will be required to assume at Closing, or which will encumber or bind the Property at or after Closing. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts, and no commissions due, for leasing activities with respect to the Property.

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

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

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

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

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

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

(h) Seller has no knowledge of any pending condemnation or similar proceeding or assessment affecting the Property or any part thereof, nor to the knowledge of the



Seller is any such proceeding or assessment contemplated or threatened by any governmental authority. There will be no claim against the Property or Purchaser for or on account of work done, materials furnished, and utilities supplied to the Property prior to the Closing Date by or at the request of Seller. To the best of Seller's knowledge, there are no public plans or proposals for changes in road grade, access, or other municipal improvements which would adversely affect the Property or result in any assessment; and no ordinance authorizing improvements, the cost of which might be assessed against Purchaser or the Property, is pending.

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

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

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

(l) Neither the Seller, nor to Seller's knowledge, any other party has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, et seq., as amended) or any other "super fund" or "super lien" law or any other Federal, State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. To Seller's knowledge, the Property currently contains three (3) above ground fuel storage tanks which shall be retained by the owner thereof, and to Seller's knowledge, any other storage tanks previously located on the Property (whether above ground or below ground), have been removed in accordance with the requirements of all applicable laws. Without limiting the other provisions of this Section 11(k), Seller has no knowledge of any release or spill of oil, fuel or any other substance stored in storage tanks of any kind on the Property that required reporting or formal cleanup under applicable law.

(m) Seller shall use a commercially reasonable good faith effort to obtain a waiver of the right of first refusal to purchase the [*****] Membership Interest by all of the other members of the [*****] Pipeline Partnership, LLC, and provide written confirmation of the same to Purchaser and to Title Company, as soon as reasonably practical after the Effective Date.

Seller hereby indemnifies and holds harmless Purchaser from and against any and all loss, expense (including without limitation reasonable attorney fees), liability, cost, claim,



demand, action, cause of action and suit arising out of or in any way related to any breach of any representation, warranty, covenant or agreement of Seller in this Agreement.

For purposes of this Agreement, "Seller's knowledge" or "knowledge of the Seller" means the current actual knowledge without duty of investigation of Rodney T. Stiefvater.

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

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

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

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

Seller's Initials

Purchaser's Initials

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

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

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

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



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

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

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

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

CONDITION OF ANY IMPROVEMENTS, FIXTURES OR EQUIPMENT LOCATED ON THE LAND ON WHICH PURCHASER HAS RELIED OR WILL RELY, DIRECTLY OR INDIRECTLY FOR ANY PURPOSE.

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

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



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

Purchaser Initials

Seller Initials

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

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

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

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

Purchaser Initials

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

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

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

17. Operations. After the Effective Date and prior to the Closing Date, Seller shall neither enter into any new, nor terminate, modify, extend, amend or renew any existing, lease or

service, management, maintenance, repair, employment, union, construction, leasing or other contract or agreement affecting the Property unless Purchaser has approved the same in writing. Seller shall cause any Contracts which Purchaser elects in its discretion not to assume to be cancelled at or before Closing.

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

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

Seller

Purchaser

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]



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

PURCHASER:

GLADSTONE LAND CORPORATION,
a Maryland corporation

By: _____

Name: _____

Title: _____

SELLER:

RTS ORCHARDS, LLC,
a California limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT A

LAND

East Parcels/Phase 1

PARCEL 1: APN: 085-070-10S

All of Section 23, Township 21 South, Range 16 East, Mount Diablo Base and Meridian in the unincorporated area of the County of Fresno, State of California according to the Official Plat thereof.

EXCEPTING THEREFROM, all oil, gas and other hydrocarbons; non-hydrocarbon gasses or gaseous substances; all other minerals of whatsoever nature, without regard to similarity to the above-mentioned substances; and all substances that may be produced therewith from said real property, as reserved, ALSO EXCEPTING THEREFROM, all geothermal resources, embracing indigenous steam, hot water and hot brines; steam and other gases, hot water and hot brines resulting from water, gas or other fluids artificially introduced into subsurface formations; heat or the associated energy found beneath the surface of the earth; and by-products of any of the foregoing such as minerals (exclusive of oil or hydrocarbon gas that can be separately produced) which are found in solution or association with or derived from any of the foregoing. ALSO EXCEPTING THEREFROM, the sole and exclusive right from time to time to drill and maintain wells or other works into or through said real property and the adjoining streets, roads and highways from the purpose of exploring for and producing energy resources; the right to produce, inject, store, and remove from and through such wells or works, oil, gas, water and other substances of whatever nature, including the right to perform any and all operations deemed by Grantor necessary or convenient for the exercise of such rights, including but not limited to the right to conduct seismic testing and construct, maintain and operate pipeline, valves, cathodic protection facilities, and appurtenances, upon the terms and conditions contained therein, as reserved by Chevron U.S.A. Inc., a Pennsylvania corporation, in the Deed recorded September 23, 1997 as Document No. 97125175.

PARCEL 2: APN: 085-070-11s AND 31s

Parcel A of PLA 07-49, according to the Certificated of Compliance recorded September 12, 2013, as Document No. 2013-0129763, of Official Records, described as follows:

The East Half of Section 22, Township 21 South, Range 16 East, Mount Diablo Base and Meridian in the unincorporated area of the County of Fresno, State of California according to the Official Plat thereof.

TOGETHER WITH, that portion lying within the East Half of the Northwest Quarter and the Northeast Quarter of the Southwest Quarter of said Section 22, being more particularly described as follows:

BEGINNING, at the Northeast corner of said Northwest Quarter;

Thence, South 00°21'33" West along the East line of said Northwest Quarter a distance of 3954.33 feet to the Southeast corner of said Northeast Quarter of the Southwest Quarter;

Thence, South 89°42'43" West along the south line of said Northeast Quarter of the Southwest Quarter a distance of 107.32 feet;

Thence, leaving said South line North 03°20'58" West a distance of 1381.87 feet;

Thence, North 10°06'43" West a distance of 411.19 feet;
Thence, North 39°30'59" West a distance of 255.02 feet;
Thence, North 23°39'06" West a distance of 307.26 feet;
Thence, North 36°17'20" West a distance of 664.79 feet;
Thence, North 17°32'10" East a distance of 345.94 feet;
Thence, North 17°07'36" West a distance of 342.89 feet;
Thence, North 12°41'52" East a distance of 237.25 feet;
Thence, North 11 °41 '19" West a distance of 266.97 feet to a point on the North line of said Northwest Quarter of Section 22;
Thence, North 89°38'30" East along the said north line of the Northwest Quarter a distance of 962.73 feet to the said Northeast corner of the Northwest Quarter of Section 22 and POINT OF BEGINNING.

EXCEPTING FROM, the East half of said Section 22, all of the oil, gas and other minerals in and under and that may be produced from said land, as conveyed to Viola K. and Clarence R. Van Dyke, as Joint tenants, in the Mineral Deed recorded October 29, 1954 in Book 3511, Page 589 of Official Records, as Document No. 66555.

EXCEPTING FROM, the East half of the West half of said Section 22, all of the oil, gas and other minerals lying in and under or that may be produced from said land, as conveyed to Mrs. Betty Jane Milhoan, Mrs. Marilyn G. Smith and Mr. James F. Griffin, in the Quitclaim Mineral Deed recorded May 29, 1991 as Document No. 91062604, of Official Records.

EXHIBIT B
PERSONAL PROPERTY¹

NONE

¹ NTD: Parties to confirm any personal property to be listed.



EXHIBIT C

DUE DILIGENCE MATERIALS

(a) Plans, drawings, specifications and engineering and architectural studies and work (including "as built" plans and drawings, if any) with regard to the Property that are in Seller's possession;

(b) Any title commitments, title policies, appraisals and surveys of the Property obtained during the period during which Seller has owned the Property or otherwise in Seller's possession;

(c) Operating budgets for the Property for the two (2) most recent complete calendar years and the current year;

(d) Income and expense statements for the Property for the two (2) most recent complete calendar years and the current year-to-date;

(e) Copies of all correspondence in Seller's possession relating to any lease or Government Payments with respect to the Property;

(f) Real estate tax bills and statements for the current year and the previous two (2) years with respect to the Property;

(g) Utility bills for the Property for the two (2) most recent complete calendar years and the current year-to-date;

(h) Copies of insurance certificates with respect to the Property;

(i) Copies of all of the Contracts and any amendments or proposed amendments thereto with respect to the Property;

(j) Copies of any soil boring or other similar engineering reports with respect to the Property obtained during the period during which Seller has owned the Property; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(k) Any environmental assessment report or study with respect to the Property in Seller's possession; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(l) Copies of any warranties relating to any Improvements or Personal Property (including without limitation Irrigation Equipment) included in the Property which are in Seller's possession; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(m) Any information in Seller's possession or control from any governmental agency or authority regarding the Property or adjacent properties; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(n) Copies of all notices and correspondence received from any governmental agency of authority regarding the Property or adjacent properties; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(o) Copies of all notices and correspondence received from third-parties claiming an interest or right in and to the Property, or any portion thereof; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(p) Copies of all certificates, applications, permits or other documents related to or evidencing Water Rights associated with the Property or any portion thereof; SELLER HAS NONE IN ITS POSSESSION OR UNDER ITS CONTROL

(q) Copies of any well, pump and water quality tests done over the past three (3) years with respect to the Property;

(r) An inventory of all wells and pumps located on the Property, together with the location, age, and output of each; and

(s) Copies of all company records and organizational documents of [*****] Water Conveyance Partners, LLC, and thereafter such other information related to the assets, liabilities, rights, obligations and business of such LLC as Purchaser may request from time to time.

EXHIBIT D

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is entered into as of the ____ of _____, 2019, between RTS Orchards, LLC, a California limited liability company ("Assignor"), and _____, a Delaware limited partnership ("Assignee").

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

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

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

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

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

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

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

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

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

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

ASSIGNOR

By: _____

Title: _____

ASSIGNEE

EXHIBIT E

SOLAR IMPROVEMENTS¹

Site Name	APN	Size (kW_DC)	Module Type	Module Quantity	Inverter Type	Inverter Quantity	Modules per Table	Number of tables	Other Hardware
C-22	085-070-31S	494	Boviet-BVM6612P-325W	1520	Huawei Sun-2000/25 KTL-US	16	20	76	Fixed Tilt Racking; Pad Mount Meter/Switch Gear

¹ NTD: Seller to provide list of Solar Improvements located on the East Beach/Phase 1 property.

IN ID: Seller to provide list of Solar Improvements located on the East Parcel/Phase 1 property.

EXHIBIT F
AGRICULTURAL LEASE

26248436.8

EXHIBIT G

DISCLOSURE OF BROKER RELATIONSHIPS

26248436.8

AGREEMENT OF PURCHASE AND SALE
(West Citrus Boulevard Stuart FL)

THIS AGREEMENT (the "Agreement") is made as of the 10th _____ day of May, 2019 (the "Effective Date"), between Caulkins Citrus Company, Ltd., a Florida limited partnership ("Seller"), and West Citrus Boulevard Stuart FL, LLC, a Delaware limited liability company (the "Purchaser").

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

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

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

"Broker" shall mean:

Indiantown Realty
Attn: Kevin Powers
15328 Warfield Boulevard
Indiantown, FL 34956
(772) 597-3355
Kevin@IndianTownRealty.com

"Buyout Agreement" shall mean that certain buyout agreement executed by and between Purchaser, or its permitted assignee, as landlord, and Seller, as tenant, in conjunction with the Lease, in substantially the form attached hereto as Exhibit H and incorporated by reference herein.

"Closing Date" shall mean the last day of the Inspection Period, or such earlier time as the parties may agree.

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

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

"Earnest Money" shall mean the sum of Four Hundred Thousand and NO/100 Dollars (\$400,000.00), together with all interest accrued thereon.

"ESC" shall mean that certain Environmental Services Contract with an effective date of November 17, 2016 by and between Seller and the SFWMD, a copy of which is attached hereto as Exhibit F and incorporated by reference herein.

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

“Inspection Period” shall mean the period beginning on the Effective Date and ending at 5:00 p.m. local time at the Property on the date that is ninety (90) days after the Effective Date; provided however that Purchaser may extend the Inspection Period by fifteen (15) additional days by written notice to Seller prior to expiration of the initial Inspection Period.

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

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

“Land” shall mean that certain real property located in Martin County, State of Florida, comprised of approximately 3,330 gross acres, all as more particularly described on Exhibit A attached hereto and incorporated herein by reference, together all other rights (including without limitation timber rights, mineral rights (if any) and development rights), easements, hereditaments and appurtenances thereunto belonging.

“Lease” shall mean that certain lease to have a term commencing as of the Closing Date by and between Purchaser, or its permitted assignee, as landlord, and Tenant in substantially the form attached hereto as Exhibit B attached hereto and incorporated by reference herein.

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

“Property” shall mean the Land, Improvements, and any Personal Property, specifically including without limitation all Water Rights, excepting such property (intellectual and personal property), material, improvements, and equipment that are or will become the property of the SFWMD pursuant to the ESC.

“Purchase Price” shall mean the total amount of Fifty Four Million Five Hundred Thousand and NO/100 dollars (\$54,500,000.00).

“Purchaser’s Address” shall mean:

West Citrus Boulevard Stuart FL, LLC

Attention: Bill Frisbie
1521 Westbranch Drive, Suite 200
McLean, VA 22102
(703) 287-5839 (T)
Email: bill.f@gladstonecompanies.com

With copy to:

Gladstone Land Corporation
Attn: Joseph Van Wingerden
1521 Westbranch Drive, Suite 100
McLean, VA 22102
(703) 287-5914 (T)
(703) 287-5915 (F)
Email: joe.v@gladstoneland.com

With additional copy to:

Bass Berry & Sims PLC
Attention: Robert P. McDaniel, Jr.
100 Peabody Place, Suite 1300
Memphis, TN 38103
(901) 543-5946 (T)
(888) 765-6437 (F)
Email: rmdaniel@bassberry.com

“Pursuit Costs” shall mean all of Purchaser’s reasonable third party, out of pocket expenditures in connection with the transaction contemplated hereby, including without limitation legal, engineering, loan, appraisal, survey and title fees and expenses.

“Related Agreement” shall mean that certain Contribution Agreement dated of even date herewith, by and between Purchaser (as “Recipient”), Seller (as “Contributor”), Gladstone Land Corporation, Gladstone Partners, LLC, and Gladstone Land Limited Partnership, which Related Agreement shall be executed and delivered by the parties simultaneously herewith. The execution and delivery of the Related Agreement by the parties thereto is a condition to the effectiveness of this Agreement.

“Seller’s Address” shall mean:

Caulkins Citrus Company, Ltd.
Attn: George Caulkins
518 Seventeenth St, #2400
Denver, CO 80202
Phone (303) 892-1691
George@GreenDeck.com



With copy to:

McCarthy Summers Bobko Wood Norman Bass & Melby P.A.
Attn: Terence P. McCarthy
2400 SE Federal Hwy
Fourth Floor
Stuart FL 34997
(772) 286-1700 (T)
Email: tpm@mccarthysummers.com

“SFWMD” shall mean the South Florida Water Management District, a government entity existing under Chapter 373, Florida Statutes.

“Title Company” shall mean:

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

“Water Rights” shall mean any and all water and water rights, well(s) and well rights and well structures, ditch(es) and ditch rights and surface rights and interests that are appurtenant to or available for use on or for the benefit of the Property, including without limitation those used to conduct farming operations on the Property and consumptive use and discharge permit(s).

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

3. Earnest Money. Within three (3) business days after the Effective Date, Purchaser shall deposit the Earnest Money with the Title Company by wire transfer or certified or cashier's check. Said Earnest Money shall be refundable to Purchaser in accordance with this Agreement.

4. Purchase Price.

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

(b) Without limiting the foregoing, Seller shall pay the first (1st) full year's rent due and payable under the Lease out of Seller's closing proceeds on the Closing settlement statement. At Closing the parties shall enter into an escrow agreement (“Escrow Agreement”) in substantially the same form attached hereto as Exhibit G and otherwise reasonably acceptable to

Seller and Purchaser pursuant to which all rent due and payable under the Lease for the third

(3rd) lease year will be deposited with Title Company by Seller, held in escrow by Title Company, and disbursed by Title Company in accordance with the terms of the Lease.

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

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

(b) Within five (5) days after the Effective Date, Seller shall deliver to Purchaser at Seller's sole expense the Due Diligence Materials. For each day of Seller's delay in delivering all of the Due Diligence Materials beyond five (5) days after the Effective Date, the Inspection Period and Closing Date shall (at Purchaser's option) be extended by one (1) day. Seller shall also promptly provide any other documents or information in Seller's possession or control relating to the Property, the Lease, the Tenant, or any Contract that is reasonably requested by Purchaser.

6. Costs and Prorations.

(a) Purchaser shall pay the costs of any Survey obtained by Purchaser pursuant to Section 9 hereof, the costs of any Phase I environmental report obtained by Purchaser, all expenses incident to any financing obtained for the purchase of the Property, one half (1/2) of the cost of any closing or escrow fee charged by Title Company, and the premium for Purchaser's Title Policy. Seller shall pay for the preparation and recording of the deed of transfer, the documentary stamp or transfer taxes and one half (1/2) of the cost of any closing or escrow fee charged by Title Company. All other closing costs shall be borne in accordance with the custom in Martin County, Florida with respect to commercial real estate sales.

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

intended to “pass through” all of the foregoing costs and expenses to Seller, as tenant under the

Lease, after Closing. As a result, Purchaser, in its discretion, may elect to forego the proration of such items on the settlement statement at Closing, provided that Seller shall be obligated to pay any such items arising prior to or attributable to the period prior to Closing by virtue of Seller's ownership of the property, and Seller shall be obligated for any such items arising on or after Closing pursuant to the terms of the Lease. The provisions of this section shall survive Closing.

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

(a) Purchaser shall have received a current Phase I environmental assessment satisfactory to Purchaser prepared by a competent licensed environmental engineer satisfactory to Purchaser that does not recommend a Phase II environmental assessment and reflecting that there are no hazardous wastes, hazardous materials or fuel (or other storage) tanks located above, on or below the surface of the Land, and that that the Property is in compliance with all applicable environmental laws, ordinances, rules and regulations.

(b) Seller shall have delivered to Title Company a subordination, non-disturbance and attornment agreement in customary form and substance as reasonably required by Recipient's lender with respect to the Lease (the "SNDA"), if any, no later than five (5) days prior to the Closing Date, provided that Purchaser has delivered the SNDA or caused it to be delivered to Seller at least seven (7) days prior to the Closing Date.

(c) There shall have been no material adverse change to the financial condition of Seller (who shall be the tenant under the Lease) from the Effective Date to Closing.

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

(e) The ESC shall be in full force and effect, and no default or event of default (or act or omission which with the giving of notice or passage of time would constitute an event of default) shall have occurred thereunder.

(f) The Title Company shall be irrevocably committed to issue upon Closing a 2006 ALTA form Owner's Policy of Title Insurance (the "Title Policy"), as evidenced by a "marked up" Title Commitment, defined below, insuring Purchaser as owner of fee simple title to the Property, together with all other property conveyed to Purchaser pursuant to the Related Agreement, if any, subject only to Permitted Exceptions (including any "Permitted Exceptions" under the Related Agreement with respect to any property conveyed thereby defined below), in the amount of \$58,000,000.00, and containing such endorsements as Purchaser shall have requested.

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



(h) Each and every representation and warranty of Seller set forth in Section 11 shall be true and correct in all material respects as of the Effective Date, and as of the Closing, as if made at that time, and Seller shall have provided a customary bring down/down date certificate to Purchaser at Closing to that effect, and Seller shall not be in default under any of its other obligations under this Agreement, as of Closing.

(i) The Related Agreement shall be in full force and effect and shall not have been terminated, and the closing thereunder shall be taking place simultaneously with the Closing under this Agreement.

(j) Seller shall have duly executed and delivered the documents required under Section 21.

8. Closing; Deed.

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

(b) At Closing, Seller shall convey to Purchaser good, marketable and insurable title to the real Property by special warranty deed acceptable to Purchaser and the Title Company (the "Deed"), subject only to (i) standard exceptions for real property taxes not yet due and payable, (ii) the ESC, and (iii) any other matters which are waived by, or acceptable to, Purchaser pursuant to Section 10 below (the "Permitted Exceptions"). The Land description in the Deed shall be the property description from Seller's vesting deed(s); provided, that if Purchaser obtains a Survey of the Land, Seller also agrees to execute and deliver a recordable Quit Claim Deed to Purchaser at Closing using the Survey description. To the extent necessary and appropriate to convey Water Rights, Seller shall execute and deliver a quit claim deed, assignment of permits or interests or by other appropriate conveyance ("Water Rights Conveyance Instrument") in addition to the Deed and other instruments provided for herein in customary form and substance reasonably acceptable to Seller and Purchaser provided any such Water Rights Conveyance Instrument has been provided for Seller's review at least five (5) days prior to Closing.

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

10. Title. During the Inspection Period, Purchaser shall procure a title insurance commitment in the amount of the Purchase Price covering the Property issued by the Title Company (the "Title Commitment") and furnish a copy thereof to Seller. Purchaser shall have until the date that is twenty (20) days prior to the expiration of the Inspection Period to object to any matters shown on the Title Commitment or Survey by written notice to Seller ("Title Objection Notice"). Purchaser may also object to any new matters thereafter revealed by a title update by subsequent Title Objection Notice to Seller. Within five (5) business days after receipt of Purchaser's Title Objection Notice, Seller may provide written notice to Buyer either that

Seller elects to cure or satisfy such objections (or commence to cure or satisfy such objections as

long as Seller reasonably believes such objections may be cured or satisfied at least two (2) business days prior to Closing), or that Seller elects not to cure or satisfy such objections. In the event that Seller does not deliver written notice to Purchaser regarding title or Survey objections within such five (5) day period, Seller shall be deemed to have elected not to cure all such objections. Notwithstanding anything in this Agreement to the contrary, within five (5) business days after receipt of Seller's notification (or deemed notification) that Seller elects not to cure a title or Survey objection, Purchaser may terminate this Agreement and receive a full refund of the Earnest Money by delivering written notice of termination to Seller. If Purchaser does not so terminate this Agreement, then any such title or Survey objection which Seller elects not to cure shall be deemed waived by Purchaser and shall be an additional Permitted Exception. If any objection which Seller elects to cure is not satisfied by Seller at least two (2) business days before the scheduled date of Closing, Purchaser shall have the right to terminate this Agreement, in which case the Earnest Money shall be returned to Purchaser and neither party shall have any further rights, obligations or duties under this Agreement. If Seller does cure or satisfy the objections at least two (2) business days prior to Closing, then this Agreement shall continue in effect. Any exception to or defect in title which Purchaser shall elect to waive, or which is otherwise acceptable to Purchaser, shall be deemed an additional Permitted Exception to title at Closing. Seller covenants and agrees not to alter or encumber in any way Seller's title to the Property after the Effective Date hereof. Notwithstanding anything in this Agreement to the contrary, Seller shall cause any deed of trust, mortgage, deed to secure debt, judgment or other lien for a liquidated sum encumbering the Property to be released at or before Closing. Without limiting any of the foregoing, Purchaser may, in its discretion, elect to cause Title Company to issue a single title commitment covering all real property described in this Agreement and the Related Agreement and deliver a single global Title Objection Notice to Seller.

11. Seller's Representations, Warranties and Covenants. Seller represents, warrants and covenants to Purchaser that:

(a) Other than Seller as tenant under the Lease, the term of which shall commence at Closing, any rights of the SFWMD under the ESC, the Property Management Agreement with Indeeeco, Inc., dated April 10, 2017, the Pasture Lease with CT Cattle dated November 14, 2018, and the Bee Hive Location Land Lease Agreement with Mark McCoy dated January 1, 2019, Seller warrants that there are and there will be no parties in possession of any portion of the Property as lessees, and no other party has been granted an oral or written license, lease, option, purchase agreement or other right pertaining to the use, purchase or possession of any portion of the Property. A true, complete and correct copy of any Contracts affecting the Property and any amendments thereto have been or will be furnished to Purchaser within five (5) days after the Effective Date as part of the Due Diligence Materials. There are no leasing brokerage agreements, leasing commission agreements or other agreements providing for the payment of any amounts, and no commissions due, for leasing activities with respect to the Property.

(b) Except as set forth in subsection (a) of this Section 11, Seller is party to no Contracts, and there are no Contracts otherwise arising by, through or under Seller, which encumber or bind the Property or Seller and which will be binding on Purchaser, or which Purchaser will be required to assume, at Closing.



(c) A true, correct and complete copy of the ESC is attached hereto as Exhibit F. Seller has not received notice of any default (nor is there any default or act or omission which, with the giving of notice or passage of time would constitute an event of default, to the best of Seller's actual knowledge) under the ESC. Seller will provide Purchaser with a copy of any notice or communication received from the SFWMD no later than two (2) days of Seller's receipt of the same (and no event later than the expiration of the Inspection Period). During the period between the Effective Date and Closing Seller shall not terminate the ESC and shall at all times comply with all terms and provisions thereof.

(d) The Seller has not received notice of any default (nor is there any default to the best of Seller's actual knowledge) under any note, mortgage or deed of trust or other security interest or loan document or indebtedness related to or secured by the Property. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated, and the compliance with the terms and provisions hereof will not conflict with or (with or without notice or the passage of time or both) result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, loan agreement or instrument to which the Seller is a party or by which the Seller or the Property is bound, any applicable regulation, or any judgment, order or decree of any court having jurisdiction over the Seller or the Property.

(e) The Seller has not received any notice, nor is Seller aware of any violation of any ordinance, regulation, law, statute, rule or restriction relating to the Property.

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

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

(h) Seller has and will convey to Purchaser at the Closing marketable title in fee simple to the Property, subject only to the Lease and the Permitted Exceptions.

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

of Seller's actual knowledge, there are no public plans or proposals for changes in road grade,

access, or other municipal improvements which would adversely affect the Property or result in any assessment; and no ordinance authorizing improvements, the cost of which might be assessed against Purchaser or the Property, is pending.

(j) INTENTIONALLY DELETED.

(k) Seller has not entered into any agreement to dispose of its interest in the Property or any part thereof, except to the extent that the SFWMD may claim equipment and items of work as set forth in the ESC and this Agreement.

(l) Seller is not a party to any litigation which is still pending, and knows of no threatened litigation, affecting or relating to the Property. To the best of Seller's actual knowledge, the Property is not in violation in any material respect of any Federal, State or local laws.

(m) Except as otherwise provided in, or contemplated by, the ESC, neither the Seller, nor to Seller's actual knowledge, any other party, has ever caused or permitted any "hazardous material" (as hereinafter defined) to be placed, held, located, or disposed of on, under, or at the Property or any part thereof in forms or concentrations which violate applicable laws and regulations, and, to Seller's knowledge, neither the Property nor any part thereof has ever been used as a dump or storage site (whether permanent or temporary) for any hazardous material. As used herein, "hazardous material" means and includes any hazardous, toxic, or dangerous waste, substance, or material defined as such in, or for purposes of, the Comprehensive Environmental Response, Compensation Liability Act (42 U.S.C. Section 9601, et seq., as amended) or any other "super fund" or "super lien" law or any other Federal, State, or local statute, or law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability for standards of conduct concerning any substance or material, as presently in effect. The Property does not currently contain any underground or above ground storage tanks and any storage tanks previously located on the Property (whether above ground or below ground) have been removed in accordance with the requirements of all applicable laws with "clean closure" or "no further action" letter(s), or comparable letters, issued by the State of Florida in connection therewith. Without limiting the other provisions of this subsection, there has never been any release or spill of oil, fuel or any other substance stored in storage tanks of any kind on the Property, to the best of Seller's actual knowledge.

(n) Seller shall deliver to Title Company the SNDA in customary form and substance as reasonably required by Purchaser's lender with respect to the Lease, if any, no later than five (5) days prior to the Closing Date, provided that Purchaser delivers the SNDA or causes it to be delivered to Seller at least seven (7) days prior to the Closing Date.

(o) The representations, warranties and covenants set forth in this Section shall survive Closing for a period of one (1) year from the Closing, and after such time shall automatically become void and of no force and effect.

12. Broker and Broker's Commission.

(a) If and only if Closing occurs hereunder, Seller and Purchaser shall pay a

commission to the Broker all payable in cash at Closing, all as set forth in a separate agreement.

between Seller and Broker. Seller and Purchaser shall each pay fifty percent (50%) of such commission.

(b) Purchaser and Seller each represent and warrant to the other that, with the exception of the Broker set forth in Section 12(a) above engaged by Seller, neither Seller nor Purchaser have incurred an obligation to any other broker or agent in connection with the transaction contemplated hereby. Each party hereby covenants and agrees to defend, indemnify and hold harmless the other party against and from any and all loss, expense, liability, cost, claim, demand, damage, action, cause of action and suit arising out of or in any manner relating to the alleged employment or use by such party of any real estate broker or agent in connection with this transaction. The provisions of this Section 12(b) shall survive the Closing of this transaction.

13. Survey and Inspection. Purchaser and Purchaser's agents, employees and independent contractors shall have the right and privilege to enter upon the Property during the Inspection Period to survey and inspect the Property and to conduct soil borings, environmental assessment and toxic waste studies and other geological, engineering, water or landscaping tests or studies or building inspections, all at Purchaser's sole cost and expense. Purchaser hereby covenants and agrees that Purchaser shall use good faith efforts to insure that neither Purchaser nor Purchaser's agents, employees and independent contractors interfere with, harm, impede, interrupt, halt, delay, or in any way disturb the regular operation of the enterprise(s) and activities underway at the Property. Purchaser hereby covenants and agrees to indemnify, defend and hold harmless Seller from any and all loss, liability, cost, claim, lien, demand, damage, action, cause of action and suit arising out of or in any manner related to the exercise by Purchaser of Purchaser's rights under this section (but not from the existence of any condition discovered in the course of Purchaser's inspections and testing).

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

15. Property Damage. If, after the Effective Date and prior to Closing, the Property shall suffer significant damage as the result of fire or other casualty, Seller shall immediately notify Purchaser in writing. In the event said damage results in damage of the improvements

situated on the Property in the amount of Ten Thousand and No/100 Dollars (\$10,000.00) or

greater, Purchaser shall have the right to elect within fifteen (15) days from and after such notice, by written notice, one of the following: (a) not to close the transaction contemplated hereby, in which event all Earnest Money shall be refunded to Purchaser and this Agreement shall be void and of no further force and effect, except with respect to those covenants and obligations that expressly survive termination of this Agreement in accordance with the terms of this Agreement; or (b) to close the purchase of the Property contemplated hereby in accordance with its terms but subject to such damage, in which event the Purchase Price shall remain the same and Seller shall transfer and assign to Purchaser at Closing all insurance proceeds received or to be received as a result of such damage. If Purchaser does not make such election within the aforesaid time period, Purchaser shall be deemed to have elected to close the transactions contemplated hereby in accordance with clause (b) above. In the event less than Ten Thousand and No/100 Dollars (\$10,000.00) of damage to the improvements situated on the Property exists, this Agreement shall remain in full force and effect, but, at Closing, Seller shall transfer and assign to Purchaser all insurance proceeds received or to be received as a result of such damage.

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

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

18. Notice. Notices provided for in this Agreement must be (i) delivered personally, (ii) sent by registered or certified mail, postage prepaid, return receipt requested, (iii) sent via a reputable express courier, or (iv) sent by electronic mail during normal business hours with a confirmation copy delivered by another method permitted by this section other than facsimile, addressed as set forth above. Notice sent by U.S. mail is deemed delivered three days after deposit with the U.S. Postal Service. Notice sent by a reputable express carrier is deemed received on the day receipted for by the express carrier or its agent. Notice sent via electronic mail is deemed delivered upon the entrance of such electronic mail into the information processing system designated by the recipient's electronic mail address set forth above. The addresses of the parties to which notices are to be sent shall be Purchaser's Address or Seller's Address, as applicable, as set forth in Section 1 above. Any party shall have the right from time to time to change the address to which notices to it shall be sent to another address, and to specify two additional addresses to which copies of notices to it shall be mailed, by giving to the other party at least five (5) days prior written notice of the changed address or additional addresses.

19. Remedies. If this transaction fails to close by reason of Purchaser's breach of this Agreement, the Earnest Money shall be retained by Seller as liquidated damages, the parties hereby acknowledging that Seller's actual damages in such circumstances would be difficult, if not impossible, to determine, and that this liquidated damages provision is neither a penalty nor unreasonable under the circumstances existing as of the Effective Date. Seller expressly acknowledges and agrees that retention of the Earnest Money as provided for herein shall be

Seller's sole and exclusive remedy in the event of Purchaser's failure to perform its obligations

hereunder. By their initials hereto, Seller and Purchaser specifically acknowledge their acceptance and approval of the foregoing liquidated damages provision.

Seller

Purchaser

If this transaction fails to close for any reason other than Purchaser's breach of this Agreement, the Earnest Money shall promptly be refunded to Purchaser. In the event Seller fails or refuses to convey the Property in accordance with the terms hereof, or otherwise fails to perform its obligations hereunder, Purchaser shall have the right to the immediate refund of all Earnest Money together with a reimbursement from Seller of Purchaser's Pursuit Costs, up to a limit of \$60,000.00 total, arising under the transaction contemplated by this Agreement or the Related Agreement, within ten (10) days after Purchaser's termination of this Agreement, or an action for specific performance of this Agreement together with the Lease and Related Agreement. Other rights and remedies available at law for Seller's breach, including an action for damages, shall be available to Purchaser only if an action for specific performance is not available due to the actions of Seller. Seller waives the right to assert the defense of the lack of mutuality in any suit for specific performance instituted by Purchaser. Without limiting the foregoing, Purchaser shall also be entitled to obtain its attorneys' fees and costs in connection with enforcing its rights and remedies under this Agreement.

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

21. Closing Obligations. At or prior to Closing, each party shall deliver to the other party appropriate evidence to establish the authority of such party to enter into and close the transaction contemplated hereby, including without limitation a closing statement prepared by the Title Company and approved by Purchaser and Seller.

Seller also shall execute and deliver to the Title Company at Closing, for it to hold in escrow pending Purchaser's payment of the Purchase Price and other required deliveries to escrow as described below in this section: (i) the Deed; (ii) a certificate with respect to Section 1445 of the Internal Revenue Code stating, among other things, that Seller is not a foreign corporation as defined in the Internal Revenue Code and I.R.S. Regulations; (iii) the General Assignment substantially in the form attached hereto as Exhibit E and incorporated by reference herein; (iv) Seller's representation and warranty downstate certificate required under Section 7; (v) the Water Rights Conveyance Instrument (defined below), if applicable, (vii) the closing documents as required from Seller under the Related Agreement, (viii) the Escrow Agreement, (ix) the Buyout Agreement and (x) other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, as reasonably requested by Purchaser or the Title Company, including without limitation a customary title company owner's affidavit.

Purchaser shall execute and deliver to the Title Company at Closing, for it to hold in escrow pending the required deliveries to escrow as described in this section: (i) the Lease, (ii) the closing documents as required from Purchaser under the Related Agreement, (iii) the Escrow Agreement, (iv) the Buyout Agreement and (v) other documents reasonably necessary or appropriate to complete and evidence the transaction contemplated hereby, including but not

limited to such documents as reasonably requested by Seller or the Title Company.

22. Environmental Services Contract. The parties hereby acknowledge that all parties have received a copy of the ESC, reviewed its contents and had the opportunity to discuss with legal counsel, understand that the ESC shall not be assigned to Purchaser. The parties further acknowledge and agree that, notwithstanding anything in this Agreement to the contrary, the Property shall not include any property owned, or which may in the future be owned, by the SFWMD under the ESC or otherwise, and that Seller shall only convey to Purchaser the Property and property interests which Seller owns and SFWMD does not own or claim in the future pursuant to the ESC. The understandings and obligations set forth in this Section shall survive closing and shall not merge into the Deed.

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

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

25. Possession. Seller shall deliver actual possession of the Property at Closing, subject to the Lease, the ESC, and the other matters set forth in Section 11(a).

26. Applicable Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida and venue for any civil action brought hereunder shall lie in Martin County, Florida.

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

28. Surviving Clauses. The provisions of this Agreement relating to the ESC, tax proration after Closing, the parties' mutual indemnification for broker commissions under Section 12, Purchaser's indemnification obligations with respect to its entering upon the Property prior to Closing, Seller's representations, covenants, and warranties in Section 11 as limited therein, Seller's agreement to cooperate with a SEC Rule 3-14 audit, Seller's covenant not to encumber the Property subsequent to the date hereof, ESC-related terms and any other covenants or obligations which this Agreement contemplates to survive Closing, shall not merge into the Deed but instead shall survive any Closing pursuant to this Agreement. Except as set forth in this Section 28 or as otherwise contemplated by this Agreement, no other provision of this Agreement shall survive the Closing of this transaction.

29. Press Releases and Public Announcements. Seller agrees that it shall not issue any press release or public announcement or any other disclosure concerning this Agreement or the transaction contemplated hereby without the prior consent of the Purchaser. Purchaser agrees that it shall not state or use the Seller's name, the SFWMD, or the term "water farm," "water

farming," or variations on such terms, in any press release or public announcement except to the

extent deemed appropriate or necessary by Purchaser in compliance with applicable law, rule or regulation, including without limitation any disclosure obligations applicable to Gladstone Land Corporation. The provisions of this section shall survive closing.

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

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

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

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

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

[COUNTERPART SIGNATURE PAGE(S) TO FOLLOW]



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

SELLER:

CAULKINSCITRUS COMPANY, LTD.,
a Florida limited partnership

By: Citrus Managers, LLC, a Colorado limited
liability company, its General Partner

By: _____

Name: George P. Caulkins III

Title: Manager

PURCHASER:

WEST CITRUSBOULEVARD STUART
FL, LLC,
a Delaware limited liability company

By: Gladstone Land Limited Partnership, a
Delaware limited partnership, its sole member
and manager

By: Gladstone Land Partners, LLC, a
Delaware limited liability company, its General
Partner

By: Gladstone Land Corporation, a Maryland
corporation, its Manager

By: _____

Name: _____

Title: _____

EXHIBIT A
LAND

Those certain parcels of property located in Martin County, Florida having the following Tax Parcel ID #s:

16-39-40-000-000-00020-6
17-39-40-000-000-00010-6
18-39-40-000-000-00010-4
19-39-40-000-000-00010-2
20-39-40-000-000-00010-0
21-39-40-000-000-00010-8
21-39-40-000-000-00011-7
28-39-40-000-000-00010-3
29-39-40-000-000-00010-1
31-39-40-000-000-00010-7
29-39-40-000-000-00011-0
28-39-40-000-000-00011-2
30-39-40-000-000-00011-8

Total Acres: 3,330

EXHIBIT B
LEASE

See attached

EXHIBIT C

PERSONAL PROPERTY INCLUDED IN THIS SALE

NONE.

EXHIBIT D

DUE DILIGENCE MATERIALS

(a) Plans, drawings, specifications and engineering and architectural studies and work (including "as built" plans and drawings, if any) in Seller's possession with regard to improvements on the Property;

(b) Any appraisals and surveys, title policy(ies) or title work of the Property obtained during the period during which Seller has owned the Property or otherwise in Seller's possession;

(c) Operating budgets or financial statements relating to the use and operation of the Property for the two (2) most recent complete calendar years and the current year;

(d) Income and expense statements relating to the use and operation of the Property for the two (2) most recent complete calendar years and the current year-to-date;

(e) Copies of any current lease and any amendments or proposed amendments thereto;

(f) Copies of all correspondence in Seller's possession relating to any lease or Government Payments;

(g) Real estate tax bills and statements for the current year and the previous two (2) years with respect to the Property;

(h) Utility bills for the Property for the two (2) most recent complete calendar years and the current year-to-date;

(i) Copies of insurance certificates with respect to the Property;

(j) Copies of all of the Contracts and any amendments or proposed amendments thereto;

(k) Copies of any soil boring or other similar engineering reports with respect to the Property obtained during the period during which Seller has owned the Property in Seller's possession;

(l) Any environmental assessment report or study with respect to the Property in Seller's possession;

(m) Copies of any warranties relating to any Improvements or Personal Property (including without limitation Irrigation Equipment) included in the Property;

(n) Any information in Seller's possession or control from any governmental agency or authority regarding the Property or adjacent properties;



(o) Copies of all notices and correspondence received by Seller or otherwise known to Seller (excluding non-material day to day correspondence with SWFMD related to the ESC) from any governmental agency of authority regarding the Property or adjacent properties;

(p) Copies of all notices and correspondence received by Seller (or otherwise known by Seller) from third-parties claiming an interest or right in and to the Property, or any portion thereof;

(q) Copies of all certificates, applications, permits or other documents related to or evidencing Water Rights associated with the Property or any portion thereof;

(r) Copies of any well, pump and water quality tests done by Seller (or otherwise known by Seller) over the past three (3) years; and

(s) An inventory of all wells and pumps located on the Property, together with the location, age, and output of each.

EXHIBIT E

GENERAL ASSIGNMENT

THIS GENERAL ASSIGNMENT (this "Assignment") is entered into as of the ____ of _____, 20__ (the "Effective Date"), between _____ ("Assignor"), whose address is _____, and _____ ("Assignee"), a _____ whose address is _____.

1. Purchase Agreement; Defined Terms. This Assignment is being executed and delivered pursuant to that certain Agreement of Purchase and Sale between _____, as Purchaser, and _____, as Seller, dated as of _____, 201__ (the "Purchase Agreement"). Any capitalized term used but not otherwise defined herein shall have the meaning set forth in the Purchase Agreement.

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

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

3. Assignor Indemnity. Assignor agrees to indemnify, defend and hold Assignee harmless from and against any and all claims, damages, demands, causes of action, liabilities, judgments, losses, costs and expenses asserted against or incurred by Assignee caused by the failure of Assignor to perform any obligation under any of the Contracts, including without limitation the ESC.

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

5. INTENTIONALLY DELETED.

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

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

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

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

ASSIGNOR

By: _____
Title: _____

ASSIGNEE

By: _____
Title: _____

EXHIBIT F

Environmental Services Contract

See attached.



EXHIBIT G

Agricultural Lease Escrow Agreement

See attached.

26257137.13
26257137.17

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 7, 2019

/s/ David Gladstone

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

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

I, Lewis Parrish, certify that:

1. I have reviewed this quarterly report on 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 7, 2019

/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 three months ended June 30, 2019 ("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 7, 2019

/s/ David Gladstone

David Gladstone

Chief Executive Officer and

Chairman of the Board of Directors

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

The undersigned, the Chief Financial Officer and Assistant Treasurer of Gladstone Land Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the three months ended June 30, 2019 ("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 7, 2019

/s/ Lewis Parrish

Lewis Parrish
Chief Financial Officer and
Assistant Treasurer

Pursuant to FINRA Rule 2310(b)(5), Gladstone Land Corporation (the “Company”) determined the estimated value as of June 30, 2019, of its 6.00% Series B Cumulative Redeemable Preferred Stock (the “Series B 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 year ended June 30, 2019 (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 B Preferred Stock outstanding. Based on this methodology and because the result from the calculation above is greater than the \$25.00 per share state value of the Company’s Series B Preferred Stock, the Company has determined that the estimated value of its Series B Preferred Stock as of June 30, 2019 is \$25.00 per share.