GLADSTONE LAND Corp
Form S-11
November 05, 2014
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As filed with the Securities and Exchange Commission on November 5, 2014

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-11

FOR REGISTRATION

UNDER

THE SECURITIES ACT OF 1933

OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES

GLADSTONE LAND CORPORATION

(Exact Name of Registrant as Specified in its Governing Instruments)

1521 Westbranch Drive, Suite 100

McLean, Virginia 22102

(703) 287-5800

(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

David Gladstone

Chairman, Chief Executive Officer and President

Gladstone Land Corporation

1521 Westbranch Drive, Suite 100

McLean, Virginia 22102

(703) 287-5800

(703) 287-5801 (facsimile)

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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150 Third Avenue South, Suite 2800

Nashville, Tennessee 32701

Telephone: (615) 742-6280

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. ¨

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

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price (1)(2)**	**Amount of Registration Fee (1)(2)**
Common Stock, $0.001 par value per share	$35,000,000	$4,067

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act, as amended.
(2) Includes shares the underwriters have the option to purchase to cover allotments, if any.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED NOVEMBER 5, 2014

PRELIMINARY PROSPECTUS

Shares of Common Stock

We are an externally-managed real estate company formed to engage in the business of owning and leasing farmland located in major agricultural markets throughout the United States. We are offering shares of common stock, par value $0.001 per share, in this offering. Our common stock is traded on the NASDAQ Global Select Market under the symbol LAND. The closing price of our common stock on November 4, 2014, was $11.41 per share.

We believe that we qualify, and have elected to be taxed as, a real estate investment trust, or REIT, for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to REITs, among other purposes, our charter contains certain restrictions relating to the ownership and transfer of our capital stock, including an ownership limit of 3.3% in value or number of shares, whichever is more restrictive, of the outstanding shares of our common stock by any person.

We are an emerging growth company under applicable federal securities laws, and, as such, we are subject to reduced public company reporting requirements. Investing in shares of our common stock involves substantial risks that are described in the Risk Factors section beginning on page 14 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount (1)	$	$
Proceeds, before expenses, to us	$	$

(1) See Underwriting for information concerning certain expense reimbursement to the underwriters.

We have granted the underwriters an option to purchase up to additional shares of common stock from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments, if any. If the underwriters exercise this option in full, the total public offering amount will be $, the total underwriting discounts and commissions payable by us will be $ and our total proceeds, before expenses, will be $.

The underwriters expect to deliver the shares of common stock on or about , 2014.

The date of this prospectus is , 2014

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You should rely only upon the information contained and incorporated by reference in this prospectus and any free writing prospectus provided or approved by us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely upon it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus

or of any sale of shares of our common stock. You should assume that the information appearing in the documents incorporated by reference in this prospectus is accurate only as of the respective dates of those documents or another date specified therein. Our business, financial condition and prospectus may have changed since such dates.

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PROSPECTUS SUMMARY

This summary highlights the material information in this prospectus. Because it is a summary, it may not contain all the information that you should consider before investing in our common stock. To fully understand this offering, you should carefully read this entire prospectus, including the more detailed information set forth under the caption Risk Factors, the historical and pro forma financial statements, including the related notes thereto, incorporated by reference into or appearing elsewhere in this prospectus, and any free writing prospectus provided or approved by us, and the information incorporated by reference in this prospectus, before investing in our common stock. Unless otherwise expressly stated or the context otherwise requires, all information presented in this prospectus assumes that the underwriters over-allotment option to purchase additional shares is not exercised.

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

Gladstone Land Corporation

We are an externally-managed real estate company formed to engage in the business of owning and leasing farmland located in major agricultural markets throughout the United States. Our farmland is predominantly concentrated in locations where tenants are able to grow annual row crops such as berries, lettuce and melons, among others, which are planted and harvested annually or more frequently. We may also acquire property related to farming, such as storage facilities utilized for cooling crops, processing plants, packaging buildings and distribution centers. We completed our initial public offering on January 28, 2013 with 1,630 acres on twelve farms, leased to six separate corporate and independent farmer tenants, in California and Florida. At that time, we also owned two storage facilities utilized for cooling crops (coolers) and a facility utilized for storage and assembly of boxes for shipping (box barn). As of the date of this prospectus, we own 8,039 acres on 32 farms: 14 in California, 9 in Florida, 4 in Michigan, 4 in Oregon and 1 in Arizona. We also own three coolers and a box barn.

As of September 30, 2014, these properties are leased to 25 separate tenants that are either corporate or independent farmers. We also lease a small parcel on our 653-acre farm near Oxnard, California, or West Gonzales, to an oil company. While our farmland has predominantly been concentrated in locations where tenants are able to grow annual row crops, during 2013 and continuing in 2014, we began to diversify the variety of crops grown on our properties, and now own several farms with more permanent crops, such as blueberries, as well as one farm that grows grains, such as corn and beans. While our focus remains on annual row crops, in the future, we may acquire additional land farmed for fruit or nut trees, bushes, wine berries and wine grapes, as well as land to grow grains. We may also acquire more property related to farming such as coolers, freezer buildings, box barns, silos, storage facilities, green houses, processing plants, packaging buildings and distribution centers. We may also acquire more property related to farming, such as coolers, freezer buildings, box barns, silos, storage facilities, green houses, processing plants, packaging buildings and distribution centers.

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The table below sets forth information regarding our current portfolio of properties as of the date of this prospectus:

Property Name	Location	Date Acquired	Number of Farms	Total Acres	Farmable Acres	Net Cost Basis[(1)]	Current Fair Value
San Andreas	Watsonville, CA	6/16/1997	1	307	238	$ 4,836,147	$ 10,700,000 [(2)]
West Gonzales	Oxnard, CA	9/15/1998	1	653	502	12,241,930	49,900,000 [(2)]
West Beach	Watsonville, CA	1/3/2011	3	196	195	8,406,970	9,150,000 [(2)]
Dalton Lane	Watsonville, CA	7/7/2011	1	72	70	2,706,126	2,959,000 [(4)]
Keysville Road	Plant City, FL	10/26/2011	2	59	50	1,230,757	1,498,000 [(4)]
Colding Loop	Wimauma, FL	8/9/2012	1	219	181	3,924,951	4,300,000 [(2)]
Trapnell Road	Plant City, FL	9/12/2012	3	124	110	4,146,807	4,806,500 [(2)]
38th Avenue	Covert, MI	4/5/2013	1	119	89	1,451,684	1,411,000 [(4)]
Sequoia Street	Brooks, OR	5/31/2013	1	218	206	3,156,674	3,135,000 [(4)]
Natividad Road	Salinas, CA	10/21/2013	1	166	166	7,417,364	7,607,000 [(4)]
20th Avenue	South Haven, MI	11/5/2013	3	151	94	1,901,569	1,985,000 [(3)]
Broadway Road	Moorpark, CA	12/16/2013	1	60	60	2,957,471	3,000,000 [(3)]
Oregon Trail	Echo, OR	12/27/2013	1	1,895	1,640	14,011,872	13,855,000 [(3)]
East Shelton	Willcox, AZ	12/27/2013	1	1,761	1,320	7,798,747	7,900,000 [(2)]
Collins Road	Clatskanie, OR	5/30/2014	2	200	157	2,560,286	2,591,333 [(3)]
Spring Valley	Watsonville, CA	6/13/2014	1	145	110	5,914,002	5,900,000 [(3)]
McIntosh Road	Dover, FL	6/20/2014	2	94	78	2,560,062	2,666,000 [(3)]
Naumann Road	Oxnard, CA	7/23/2014	1	68	64	6,879,182	6,888,500 [(3)]
Sycamore Road	Arvin, CA	7/25/2014	1	326	322	5,954,079	5,800,000 [(3)]
Wauchula Road	Duette, FL	9/29/2014	1	808	590	13,888,500	13,765,000 [(3)]
Santa Clara Avenue	Oxnard, CA	10/29/2014	2	333	332	24,592,000	24,592,000 [(3)]
Dufau Road	Oxnard, CA	11/4/2014	1	65	64	6,125,600	6,125,600 [(3)]
			32	**8,039**	**6,638**	**$ 144,662,780**	**$ 190,534,933**

(1) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for depreciation and amortization accumulated through September 30, 2014. As Santa Clara Avenue and Dufau Road were acquired subsequent to September 30, 2014, the net cost basis and current fair value were both included as the purchase price.

(2) Represents values based on third-party appraisals performed between January 2014 and October 2014.

(3) Valued at the purchase price paid.

(4) Represents values as determined by an internal valuation process.

We generally lease our properties under triple-net leases, an arrangement under which the tenant pays rent to us and maintains the property while paying the related taxes, maintenance and insurance costs. We may also elect to sell farmland at certain times, such as when the land could be developed by others for urban or suburban uses. We do not currently intend to enter the business of growing, packing or marketing farmed products; however, if we do so in the future, we expect that we would conduct such business through a taxable REIT subsidiary, or TRS.

To a lesser extent, we may, without the consent of stockholders, provide senior secured first lien mortgage loans to farmers for the purchase of farmland and farm-related properties. We expect that any mortgage loans we make would be secured by farming properties that have a successful history of crop production and profitable farming operations and that, over time, such mortgages would not exceed 5.0% of the fair value of our total assets. Currently, we do not hold any mortgages, and we have not identified any properties for which to make loans secured by mortgages.

Our business is managed by our external adviser, Gladstone Management Corporation, or our Adviser, which is an affiliated registered investment adviser under the Investment Advisers Act of 1940, or the Advisers Act. Our Adviser is responsible for managing our business on a daily basis and for identifying and making acquisitions and dispositions that it believes satisfies our investment criteria. Administrative services are provided to us by Gladstone Administration, LLC, or our Administrator, also an affiliate of ours and our Adviser. Our Adviser and our Administrator are owned and controlled by David Gladstone, our chief executive officer, president, chairman of our board of directors and our largest stockholder.

We conduct our business through an Umbrella Partnership Real Estate Investment Trust, or UPREIT, structure in which our properties and the mortgage loans we make will be held directly or indirectly by Gladstone Land Limited Partnership, our Operating Partnership. We are the manager and 100% owner of Gladstone Land Partners, LLC, or Land Partners, which is the sole general partner of our Operating Partnership, and we currently hold, directly and indirectly through Land Partners, 100% of its outstanding limited partnership units, or Units. In the future, we may offer equity ownership in our Operating Partnership by issuing Units to farmland owners from time to time in consideration for acquiring their farms. Holders of Units in our Operating Partnership will be entitled to redeem these units for cash or, at our election, shares of our common stock on a one-for-one basis at any time after holding the Units for one year. Farmland owners who exchange their farms for Units may be able to do so in a tax-deferred exchange under U.S. federal income tax laws.

The Operating Partnership is the sole member of our subsidiary, Gladstone Land Advisers, Inc., or Land Advisers, which has elected to be a TRS. We may own or manage our assets and engage in other activities through Land Advisors or another TRS we form or acquire when we deem it necessary or advisable. The taxable income generated by any TRS will be subject to regular corporate income tax. Currently, we do not conduct any operations through a TRS.

Our Objectives and Our Strategy

Our principal business objective is to maximize stockholder returns through a combination of: (1) monthly cash distributions to our stockholders; (2) sustainable long-term growth in cash flows from increased rents, which we hope to pass on to stockholders in the form of increased distributions; (3) appreciation of our land; and (4) capital gains derived from the sale of our properties. Our primary strategy to achieve our business objective is to invest in a diversified portfolio of triple-net leased farmland and properties related to farming operations. We are actively seeking and evaluating other farm properties for potential purchase, and we currently have one property under a signed purchase and sale agreement for a proposed purchase price amount of $3.8 million. All potential acquisitions will be subject to due diligence investigations, and there can be no assurance that we will be successful in identifying or acquiring any properties in the future. This strategy includes the following components:

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

Owning Farms and Farm-Related Real Estate for Appreciation. We intend to lease acquired properties over the long term. However, from time to time we may sell one or more properties if we believe it to be in the best interests of our stockholders. Potential purchasers may include real estate developers desiring to develop the property or financial purchasers seeking to acquire property for investment purposes. Accordingly, we will seek to acquire properties that we believe have potential for long-term appreciation in value.

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Continue Expanding our Operations Geographically. While our properties are currently located in five states across the U.S., we expect that we will acquire properties in other farming locations in the future. We believe the Southeast and Mid-Atlantic regions of the United States, specifically, states such as Georgia, North Carolina and New Jersey, offer attractive locations for expansion. We also expect to seek farmland acquisitions in the Midwest and may also expand into other areas in the United States.

Continue Expanding our Crop Varieties. Currently, the majority of tenants who farm our properties grow row crops dedicated to produce, such as lettuce and tomatoes, and berries, such as strawberries and raspberries. While we have begun expanding into longer-term crops, such as blueberries, as well as into grains, in the future, we will seek to continue expanding into other crops, such as wheat, rice and corn, and into tree and vine crops, such as nuts and fruits.

Using Leverage. To make more investments than would otherwise be possible, we intend to continue to borrow through loans secured by long-term mortgages on our properties, and we may also borrow funds on a short-term basis or incur other indebtedness.

Owning Mortgages on Farms and Farm-Related Real Estate. In circumstances where our purchase of farms and farm-related properties is not feasible, we may provide the owner of the property with a mortgage loan secured by the property along with an option to sell the property to us in the future at a predetermined price. We do not expect that, over time, our mortgages held will exceed 5.0% of the fair value of our total assets.

Joint Ventures. Some of our investments may be made through joint ventures that would permit us to own interests in large properties without restricting the diversity of our portfolio.

Our Competitive Strengths

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

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

Experienced Management Team: We are managed by an investment advisor registered with the SEC with over $1.5 billion of assets currently under management. Our management team has a successful track record of underwriting agricultural real estate and conducting extensive due diligence on the management teams, cash flows, financial statements and risk ratings of our respective tenants. In addition, our chief executive officer has unique industry knowledge as a former owner of Coastal Berry Company (from 1997-2004) one of the largest integrated berry and vegetable growers, marketers, and shippers in California.

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

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

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

Proven Ability to Execute Business Model: Since our initial public offering, or IPO, in January 2013, we have invested $106.6 million into the acquisition of 20 new farms, and an additional $3.0 million has been invested in the form of capital improvements on existing farms.

Distribution Stability: Since our IPO in January 2013, we have made 21 consecutive monthly distributions on our common stock. We currently pay monthly distributions (declared quarterly) to holders of shares of our common stock at the current rate of $0.03 per share.

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Our Investment Pipeline

Our pipeline currently consists of one property under a signed purchase and sale agreement for a proposed purchase price amount of $3.8 million, and we have submitted indications of interest for nine properties for an aggregate amount of approximately $73.0 million. We also have several other properties that are still in their initial review stages.

Agricultural Leases

We anticipate that most of our agricultural leases for properties growing row crops will continue to have initial terms ranging from 3 to 10 years, often with options to extend the lease further, and will be payable semi-annually, at a fixed rate, with one-half due at the beginning of the year and the other half due later in the year. We anticipate that most of our agricultural leases for properties growing long-term plants, such as trees, bushes and vines, will have longer-term leases with similar payment terms. Leases generally are on a triple-net basis, which means that, generally, the tenant is required to pay taxes, insurance (including drought insurance for properties that depend upon rain water for irrigation), water costs, maintenance and other operating costs. Leases with longer terms, such as for five or more years, generally contain provisions, often referred to as escalation clauses, that provide for annual increases in the amounts payable by the tenants. The escalation clause may be a fixed amount each year, or it may be variable based on standard cost of living figures. In addition, some long-term leases may require a regular survey of comparable land rents, with an adjustment to reflect the current rents. We have not and do not expect to enter into leases that include variable rent based on the success of the harvest each year. Our current leases are generally on a triple-net basis with original lease terms ranging from 1 to 15 years.

We monitor our tenants credit quality on an ongoing basis by, among other things, conducting site visits of the properties to ensure farming operations are taking place and to assess the general maintenance of the properties. To date, no changes to credit quality of our tenants have been identified and all tenants continue to pay pursuant to the terms of their respective leases.

Agricultural Lease Expirations

Farm leases are often short-term in nature, so in any given year, we may have multiple leases up for renewal or extension. We had two agricultural leases that were originally due to expire in 2014, one on 196 acres of farmland, which we refer to as West Beach, and one on 307 acres of farmland, which we refer to as San Andreas, both near Watsonville, California. However, during the nine months ended September 30, 2014, we were able to re-lease both properties prior to the expiration of their leases and without any downtime. The two properties were re-leased for periods of 9 and 6 years, respectively, at rental rates representing an average increase in minimum annualized straight-lined rental income of 26.0% over the previous leases. In aggregate, these properties accounted for approximately 6.6% of the total acreage owned as of September 30, 2014, and 14.1% and 14.5% of the total rental income recorded for the three and nine months ended September 30, 2014, respectively.

We have one agricultural lease due to expire in 2015, on 72 acres of farmland near Watsonville, California, which we refer to as Dalton Lane. We recently began negotiations regarding a lease renewal on this property, and we anticipate being able to renew the lease prior to its expiration on October 31, 2015. In addition, given that the property is in the same region as the two new leases we recently executed, on West Beach and San Andreas, we expect to be able to renew the lease at a higher rental rate, compared to that of the existing lease. However, there can be no assurance that we will be able to renew the lease at a rate favorable to us, if at all, or be able to find a replacement tenant for the lease, if necessary.

In addition, we also have a surface area lease with an oil company on eight acres of West Gonzales that is renewed on an annual basis and continues for so long as the tenant continues to use its oil rights. Under the terms of the lease, the amount of rent owed increases on an annual basis commensurate with the rental increases per the agricultural lease in place on West Gonzales. This lease accounted for approximately 0.4% and 0.5% of the rental income recorded during the three and nine months ended September 30, 2014.

Risk Factors

You should carefully consider the matters discussed in the Risk Factors section of this prospectus beginning on page 17 prior to deciding to invest in our common stock. Some of the risks include:

- Our real estate portfolio is concentrated in a limited number of properties, which subjects us to an increased risk of significant loss if any property declines in value or if we are unable to lease a property. As of September 30, 2014, we own 29 farms, leased to 25 separate tenants. We are actively seeking and evaluating other farm properties to potentially purchase with the net proceeds we will receive from this offering, although we have not yet entered into binding agreements to acquire these properties, and there is no guarantee that we will be able to acquire any of them. As a result, investors will be unable to evaluate the manner in which the net proceeds are invested and the economic merits of projects prior to investment.

As of September 30, 2014, one tenant, Dole Food Company, or Dole, is responsible for approximately 36% of our annualized generally accepted accounting principles in the U.S., or GAAP, straight-line rental revenue; if Dole fails to make rental payments or elects to terminate its leases with us, it would have a material adverse effect on our financial performance and our ability to make distributions to our stockholders.

We use leverage through borrowings under mortgage loans on our properties, and potentially other indebtedness, which will result in risks, including restrictions on additional borrowings and payment of distributions and risk of loss of property securing a loan upon foreclosure.

We may fail to maintain our qualification as a REIT for federal income tax purposes. We would then be subject to corporate level taxation and we would not be required to pay any distributions to our stockholders.

The Company is considered an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

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There was no active public market for our common stock prior to the IPO and the market price and trading volume of our common stock has been volatile at times following the IPO and may continue to be so following this offering, which may adversely impact the market for shares of our common stock and make it difficult to sell your shares.

We have paid, may continue to pay, or may in the future pay distributions from offering proceeds, borrowings or the sale of assets to the extent our cash flow from operations or earnings are not sufficient to fund declared distributions. Rates of distribution to you will not necessarily be indicative of our operating results. If we make distributions from sources other than our cash flows from operations or earnings, we will have fewer funds available for the acquisition of properties and your overall return may be reduced.

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

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

Conflicts of interest exist between us, our Adviser, its officers and directors and their affiliates, which could result in investment decisions that are not in the best interests of our stockholders.

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

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The following diagram depicts our organizational structure.

Our Adviser

Our business is managed by our Adviser, which is an affiliated registered investment adviser under the Advisers Act. Our Adviser is responsible for managing our business on a daily basis and for identifying and making acquisitions and dispositions that it believes satisfies our investment criteria. Our Adviser does not directly acquire or lease real estate other than for its own use. Our Adviser does not and will not make loans to or investments in any company with which we have or intend to enter into a lease, and we will not co-invest with our Adviser in any real estate transaction.

Each of our executive officers other than Lewis Parrish, our chief financial officer, is also an officer of our Adviser and our Administrator. Each of our officers has significant experience in making investments in and lending to businesses of all sizes, including investing in real estate and making mortgage loans. Including our officers, our Adviser and Administrator collectively employ over 60 professionals that are involved in structuring, arranging and managing investments on behalf of companies advised by our Adviser. We also rely on outside professionals with agricultural experience that perform due diligence on the properties that we intend to acquire and lease. We are responsible for paying any fees charged by these outside professionals.

Under the terms of our amended and restated advisory agreement that went into effect on February 1, 2013, which we refer to as the Amended Advisory Agreement, we pay an annual base management fee equal to a percentage of our adjusted stockholders equity, which is defined as our total stockholders equity at the end of each quarter less the recorded value of any preferred stock we may issue. In 2014, we will pay a base management fee equal to 2.0% of our adjusted stockholders equity, which no longer excludes uninvested cash proceeds from the IPO.

Under the terms of our Amended Advisory Agreement, we also pay an additional quarterly incentive fee based on our funds from operations, or FFO. For purposes of calculating the incentive fee, our FFO before giving effect to any incentive fee, or our Pre-Incentive Fee FFO, will include any realized capital gains or losses, less any distributions paid on any preferred stock we may issue, but will not include any unrealized capital gains or losses. The incentive fee will reward our Adviser if our Pre-Incentive Fee FFO for a particular calendar quarter exceeds a hurdle rate of 1.75%, or 7% annualized, of our total stockholders equity at the end of the quarter.

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

- no incentive fee in any calendar quarter in which our Pre-Incentive Fee FFO does not exceed the hurdle rate of 1.75% (7% annualized);

- 100% of the amount of the Pre-Incentive Fee FFO that exceeds the hurdle rate, but is less than 2.1875% in any calendar quarter (8.75% annualized); and

- 20% of the amount of our Pre-Incentive Fee FFO that exceeds 2.1875% in any calendar quarter (8.75% annualized).

Quarterly Incentive Fee Based on FFO

Pre-Incentive Fee FFO

(expressed as a percentage of total stockholders equity)

Percentage of Pre-Incentive Fee FFO allocated to the incentive fee

Our Administrator

Under the terms of the second amended and restated administration agreement that went into effect on February 1, 2013, which we refer to as the Amended Administration Agreement, we pay for our allocable portion of the Administrator s expenses incurred while performing services 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) and their respective staffs. From February 1, 2013, through June 30, 2014, our allocable portion of these expenses was derived by multiplying that portion of the Administrator s expenses allocable to all funds managed by the Adviser by the percentage of our total assets at the beginning of each quarter in comparison to the total assets of all funds managed by our Adviser.

As approved by our Board of Directors, effective July 1, 2014, our allocable portion of the Administrator s expenses is now 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.

Compensation of Our Adviser and Our Administrator

Set forth below is an estimate of all proposed compensation, fees, profits and other benefits, including reimbursement of out-of-pocket expenses that our Adviser and our Administrator may receive in connection with this offering and our ongoing operations. We do not expect to make any payments to any other affiliates of our Adviser. For additional information with respect to the compensation of our Adviser and our Administrator upon completion of this offering, see Our Adviser and our Administrator Amended Advisory Agreement Compensation of our Adviser under the Amended Advisory Agreement and Our Adviser and our Administrator Amended Administration Agreement.

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Type of Compensation (Recipient)	Description and Determination of Amount	Estimated Amount
	Offering	
Reimbursement of Offering Expenses (Adviser)(1)	Offering expenses include all estimated expenses, other than underwriting discount, to be paid by us in connection with this offering, including our legal, accounting, printing, mailing and filing fees and other accountable offering expenses. To the extent that our Adviser pays our offering expenses, we will reimburse our Adviser for these amounts.	We anticipate paying for all offering costs incurred.
	Ongoing Operations	
Annual Base Management Fee (Adviser)	2.0% of our adjusted stockholders equity and our adjusted stockholders equity, measured at the end of each quarter and our adjusted stockholders equity, which does not exclude the uninvested cash proceeds of this offering.	Actual amount is dependent upon the amount of equity raised in this offering.
Quarterly Incentive Fee (2)(Adviser)	We pay our Adviser an incentive fee with respect to our Pre-Incentive Fee FFO in each calendar quarter as follows: no incentive fee in any calendar quarter in which our Pre-Incentive Fee FFO does not exceed the hurdle rate of 1.75% (7% annualized) of our adjusted stockholders equity at the end of the quarter; 100% of the amount of the Pre-Incentive Fee FFO that exceeds the hurdle rate, but is less than 2.1875% of our adjusted stockholders equity at the end of any calendar quarter (8.75% annualized); and 20% of the amount of our Pre-Incentive Fee FFO that exceeds 2.1875% of our adjusted stockholders equity at the end of any calendar quarter (8.75% annualized).	Actual amounts are dependent upon the amount of FFO we generate from time to time.
Allocation of Administrator Overhead Expenses (3)(Administrator)	We will pay our Administrator for our allocable portion of the Administrator s overhead expenses in performing our obligations, including, but not limited to, our allocable portion of rent	Actual amounts will be dependent upon the expenses incurred by our Administrator and

attributable to office space for employees of the Administrator, and our allocable portion of the salaries and benefits expenses of our chief financial officer, treasurer, chief compliance officer, general counsel and secretary. Our allocable portion is 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.	the percentage of time our Administrator s employees spend on our maters in relation to their time spent on all companies serviced by our Administrator.

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(1) As of , 2014, we have incurred approximately $ of expenses in connection with this offering.
(2) For purposes of calculating the incentive fee, our Pre-Incentive Fee FFO will include any realized capital gains or losses, less any dividends paid on our preferred stock, but Pre-Incentive Fee FFO will not include any unrealized capital gains or losses.

Examples of how the incentive fee would be calculated are as follows:

If our Pre-Incentive Fee FFO for a quarter were 1.75% or less of our adjusted stockholders equity, there would be no incentive fee because such FFO would not exceed the hurdle rate of 1.75%.

In the event our Pre-Incentive Fee FFO for a quarter were equal to 2.00% of our adjusted stockholders equity, the incentive fee would be as follows:

= 100% × (2.00% - 1.75%)

= 0.25% of adjusted stockholders equity

In the event our Pre-Incentive Fee FFO for a quarter were equal to 2.30% of our adjusted stockholders equity, the incentive fee would be as follows:

= (100% × (catch-up : 2.1875% - 1.75%)) + (20% × (2.30% - 2.1875%))

= (100% × 0.4375%) + (20% × 0.1125%)

= 0.4375% + 0.0225%

= 0.46% of our adjusted stockholders equity

(3) Our Administrator is 100% owned by Gladstone Holding Corporation, which is also the 100% owner of our Adviser.

Our Other Affiliates and Potential Conflicts of Interest

Gladstone Commercial Corporation. Each of our directors and each of our executive officers other than Lewis Parrish, our chief financial officer, is also an executive officer or director of Gladstone Commercial Corporation, or Gladstone Commercial, a publicly held REIT whose common stock is traded on the NASDAQ Global Select Market under the trading symbol GOOD. Gladstone Commercial invests in and owns net leased industrial, commercial and retail real property and selectively makes long-term industrial and commercial mortgage loans. Gladstone Commercial does not invest in or own agricultural real estate or make loans secured by agricultural real estate and, therefore, Gladstone Commercial will not compete with us for investment opportunities.

Gladstone Capital Corporation. Each of our directors and each of our executive officers, other than Mr. Parrish, is also an executive officer or director of Gladstone Capital Corporation, or Gladstone Capital, a publicly held closed-end management investment company whose common stock is traded on the NASDAQ Global Market under the trading symbol GLAD. Gladstone Capital makes loans to and investments in small and medium-sized businesses.

It does not buy or lease real estate and does not lend to agricultural enterprises and, therefore, Gladstone Capital will not compete with us for investment opportunities. Gladstone Capital will not make loans to or investments in any company with which we have or intend to enter into a lease.

Gladstone Investment Corporation. Each of our directors and each of our executive officers, other than Mr. Parrish, is also executive an officer or director of Gladstone Investment Corporation, or Gladstone Investment, a publicly held closed-end management investment company whose common stock is traded on the NASDAQ Global Market under the trading symbol GAIN. Gladstone Investment makes loans to and investments in small and medium-sized businesses in connection with buyouts and other recapitalizations. It does not buy or lease real estate and does not lend to agricultural enterprises and, therefore, Gladstone Investment will not compete with us for investment opportunities. Gladstone Investment will not make loans to or investments in any company with which we have or intend to enter into a lease.

We do not presently intend to co-invest with Gladstone Capital, Gladstone Commercial or Gladstone Investment in any business. However, in the future it may be advisable for us to co-invest with one of these companies. If we decide to change our policy on co-investments with affiliates, we will seek approval of this decision from our independent directors.

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Each of our executive officers other than Mr. Parrish, is also an officer and director of our Adviser, Gladstone Capital, Gladstone Commercial and Gladstone Investment. Our Adviser and its affiliates, including our officers, may have conflicts of interest in the course of performing their duties for us. These conflicts may include:

- Our Adviser may realize substantial compensation on account of its activities on our behalf;
- Our agreements with our Adviser are not arm s-length agreements;
- We may experience competition with our affiliates for financing transactions; and
- Our Adviser and other affiliates could compete for the time and services of our officers and directors.

Our Tax Status

We believe that we qualify, and have elected to be treated as a REIT under the federal income tax laws beginning with our taxable year ended December 31, 2013. We believe that, beginning with such taxable year, we have been organized and have operated in such a manner as to qualify for taxation as a REIT under the Internal Revenue Code of 1986, as amended, or the Code, and we intend to continue to operate in such a manner. No assurances can be given that our beliefs or expectations will be fulfilled, however, since qualification as a REIT depends on our ability to satisfy numerous asset, income, stock ownership and distribution tests described below, the satisfaction of which depends, in part, on our operating results.

The sections of the Code relating to qualification, operation and taxation as a REIT are highly technical and complex. The following discussion sets forth only the material aspects of those sections. This summary is qualified in its entirety by the applicable Code provisions and the related Treasury Regulations and administrative and judicial interpretations thereof.

As a REIT, we generally will not be subject to federal income tax on the taxable income that we distribute to our stockholders because we will be entitled to a deduction for dividends that we pay. The benefit of that tax treatment is that it avoids the double taxation, or taxation at both the corporate and stockholder levels, that generally results from owning stock in a corporation. In general, income generated by a REIT is taxed only at the stockholder level if such income is distributed by the REIT to its stockholders. We will be subject to federal tax, however, in the following circumstances:

- We are subject to the corporate federal income tax on any REIT taxable income, including net capital gain, that we do not distribute to our stockholders during, or within a specified time period after, the calendar year in which the income is earned.
- We may be subject to the corporate alternative minimum tax on any items of tax preference, including any deductions of net operating losses.

We are subject to tax, at the highest corporate rate, on:

net income from the sale or other disposition of property acquired through foreclosure (foreclosure property), as described under Material U.S. Federal Income Tax Considerations Gross Income Tests Foreclosure Property, that we hold primarily for sale to customers in the ordinary course of business, and

other non-qualifying income from foreclosure property.

We are subject to a 100% tax on net income from sales or other dispositions of property, other than foreclosure property, that we hold primarily for sale to customers in the ordinary course of business.

If we fail to satisfy one or both of the 75% gross income test or the 95% gross income test, as described under Material U.S. Federal Income Tax Considerations Gross Income Tests, but nonetheless maintain our qualification as a REIT because we meet certain other requirements, we will be subject to a 100% tax on:

the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, in either case, multiplied by

a fraction intended to reflect our profitability.

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If we fail to distribute during a calendar year at least the sum of: (1) 85% of our REIT ordinary income for the year, (2) 95% of our REIT capital gain net income for the year, and (3) any undistributed taxable income required to be distributed from earlier periods, then we will be subject to a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed.

If we fail any of the asset tests, other than a de minimis failure of the 5% asset test, the 10% vote test or the 10% value test, as described under Material U.S. Federal Income Tax Considerations Asset Tests, as long as (1) the failure was due to reasonable cause and not to willful neglect, (2) we file a description of each asset that caused such failure with the IRS, and (3) we dispose of the assets causing the failure or otherwise comply with the asset tests within six months after the last day of the quarter in which we identify such failure, we will pay a tax equal to the greater of $50,000 or the highest federal corporate income tax rate (currently 35%) multiplied by the net income from the nonqualifying assets during the period in which we failed to satisfy the asset tests.

If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and such failure is due to reasonable cause and not to willful neglect, we will be required to pay a penalty of $50,000 for each such failure.

We will be subject to a 100% excise tax on transactions with a taxable REIT subsidiary that are not conducted on an arm s-length basis.

If we acquire any asset from a C corporation, or a corporation that generally is subject to full corporate-level tax, in a merger or other transaction in which we acquire a basis in the asset that is determined by reference either to the C corporation s basis in the asset or to another asset, we will pay tax at the highest corporate rate applicable if we recognize gain on the sale or disposition of the asset during the 10-year period after we acquire the asset. The amount of gain on which we will pay tax generally is the lesser of:

the amount of gain that we recognize at the time of the sale or disposition, and

the amount of gain that we would have recognized if we had sold the asset at the time we acquired it.

The earnings of our taxable REIT subsidiaries are subject to federal corporate income tax.
In addition, we may be subject to a variety of taxes, including payroll taxes and state, local and foreign income, property and other taxes on our assets and operations. We also could be subject to tax in situations and on transactions not presently contemplated.

To maintain our qualification as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute at least 90% of our net income, excluding net capital gains, to our stockholders. As a REIT, we generally will not be subject to U.S. federal income tax on our net income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some

U.S. federal, state and local taxes on our income or property, and the net income of any of our subsidiaries that qualifies as a TRS will be subject to taxation at normal corporate rates. In addition, we will be subject to regular corporate income tax for the taxable years ending prior to our qualification as a REIT. See Material U.S. Federal Income Tax Considerations.

It is also possible that the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations might change in the future in a manner that might make it difficult or impossible for us to continue to qualify as a REIT.

Corporate Information

We were originally incorporated in California on June 14, 1997 and have elected to be taxed as a real estate investment trust beginning with our tax year ended December 31, 2013. We were subsequently re-incorporated in Delaware on May 25, 2004 and finally re-incorporated in Maryland on March 24, 2011. Our executive offices are located at 1521 Westbranch Drive, Suite 100, McLean, Virginia 22102. Our telephone number at our executive offices is (703) 287-5800 and our corporate website is www.GladstoneLand.com. However, the information located on, or accessible from, our website is not, and shall not be deemed to be, a part of this prospectus, any accompanying prospectus supplement or any free writing prospectus or incorporated into any other filings that we make with the SEC.

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The Offering

Issuer	Gladstone Land Corporation
Common stock offered by us	shares (or shares of common stock if the underwriters exercise their overallotment option in full)
Common stock outstanding prior to this offering	7,753,717 shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We estimate that our net proceeds from this offering will be approximately (or approximately if the underwriters exercise their over-allotment option in full) after deducting the underwriting discounts and commissions and other estimated offering expenses payable by us. We intend to use the proceeds from this offering to fund pending and future property acquisitions, including those described under Our Investment Pipeline, repay debt and for other general corporate purposes. See Use of Proceeds.
Dividends and Distributions	We declare quarterly and pay monthly cash distributions to holders of our common stock at the current rate of $0.03 per share. Distributions are authorized and paid at the discretion of our Board of Directors and are based upon the circumstances at the time of declaration.
Restriction on ownership	To assist us in maintaining our qualification as a REIT for federal income tax purposes, among other purposes, ownership, actual or constructive, by any person of more than 3.3% in value of shares of our capital stock or 3.3% in value or number (whichever is more restrictive) of shares of our common stock is restricted by our charter. This restriction may be waived by our Board of Directors in its sole and absolute discretion, prospectively or retroactively, upon the satisfaction of certain conditions. See Certain Provisions of Maryland Law and of our Charter and Bylaws.
Risk factors	An investment in shares of our common stock involves substantial risks, and prospective investors should carefully consider the matters discussed in the Risk Factors sections in this prospectus.
NASDAQ symbol	LAND

For additional information regarding stock, see Description of Our Capital Stock.

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Summary Selected Consolidated Financial and Operating Data

You should read the summary financial information below in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the financial statements, notes thereto and other financial information incorporated by reference into or included elsewhere in this prospectus. The summary of consolidated financial data as of December 31, 2013, and December 31, 2012, and for the years ended December 31, 2013, and December 31, 2012, are derived from audited financial statements incorporated by reference into or included elsewhere in this prospectus. We have derived the following summary of our balance sheet data as of September 30, 2014, and statement of operations data for the nine months ended September 30, 2014, and September 30, 2013, from our unaudited financial statements incorporated by reference into or appearing later in this prospectus.

The unaudited financial data include, in the opinion of our management, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of our financial position and results of operations for these periods. Our historical results of operations are not necessarily indicative of results of operations that should be expected in any future periods, and our results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year.

	As of and For the Nine Months Ended September 30,		As of and For the Years Ended December 31,	
	2014	2013	2013	2012
Balance Sheet Data:				
Total real estate, net[(1)]	$ 113,945,180	$ 42,069,990	$ 75,622,247	$ 37,351,944
Total assets	120,621,425	85,701,381	93,673,464	40,985,848
Total borrowings	57,345,598	29,589,165	43,154,165	30,817,880
Total liabilities	60,831,732	31,376,192	45,161,472	32,849,122
Total stockholders equity	59,789,693	54,325,189	48,511,992	8,136,726
Operating Data:				
Rental revenue	4,828,033	2,860,435	4,027,687	3,390,594
Operating income	1,054,243	1,063,517	1,357,453	1,901,615
Net (loss) income available to common stockholders	(179,803)	82,633	(1,224,683)	600,373
FFO available to common stockholders[(2)]	885,966	591,743	(502,228)	1,074,853
AFFO available to common stockholders[(3)]	2,088,565	824,196	1,193,931	1,390,146
Other Data:				
Farms owned	29	14	21	12
Acres owned	7,641	1,967	6,000	1,630
Occupancy rate	100.0%	100.0%	100.0%	100.0%

(1) Consists of the initial acquisition price or properties acquired (including the costs allocated to both tangible and intangible assets), plus subsequent improvements and other capitalized costs associated with the

properties, and adjusted for accumulated depreciation and amortization.

(2) FFO is a term approved by the National Association of Real Estate Investment Trusts, or NAREIT. NAREIT developed FFO as a relative non-GAAP supplement measure of operating performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the same basis determined under GAAP. We calculate FFO in accordance with NAREIT s definition, which 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.

(3) Adjusted FFO, or AFFO, is calculated by adjusting FFO for the following items:

A net adjustment for the straight-lining of rents. This adjustment includes the removal of amortization related to above- and below-market lease values and to leasehold improvements, resulting in rental income being reflected on a cash basis.

Plus acquisition-related expenses. Acquisition-related expenses are incurred for investment purposes and do not correlate with the operations of our existing portfolio. Further, due to the inconsistency in which these costs are incurred and how they are treated for accounting purposes, we believe the exclusion of these expenses improves comparability of our results on a period-by-period basis.

Plus income tax provision. We have elected to be treated as a REIT for federal tax purposes beginning with our taxable year ended December 31, 2013. As a REIT, we generally will not be subject to federal income taxes on amounts distributed to our stockholders, provided we meet certain conditions. As such, we believe it is beneficial for investors to view our results of operations excluding the impact of income taxes.

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Plus amortization of deferred financing costs. The amortization of costs incurred to obtain financing is excluded from AFFO.

Adjustments for other one-time charges. Certain non-recurring charges and receipts will be adjusted for and explained accordingly.

FFO and AFFO do not represent cash flows from operating activities in accordance with GAAP, which, unlike FFO 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 and AFFO, using the NAREIT definition for FFO and the definition above for AFFO, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the definitions used by such REITs.

FFO and AFFO available to common stockholders is FFO and AFFO, respectively, adjusted to subtract distributions made to holders of preferred stock, if applicable. We believe that net income available to common stockholders is the most directly comparable GAAP measure to both FFO and AFFO available to common stockholders.

Basic funds from operations per share, or Basic FFO per share, and basic adjusted funds from operations per share, or Basic AFFO per share, are FFO and AFFO, respectively, available to common stockholders divided by the number of weighted average shares of common stock outstanding during a period. Diluted funds from operations per share, or Diluted FFO per share, and diluted adjusted funds from operations per share, or Diluted AFFO per share, are FFO and AFFO, respectively, available to common stockholders divided by the number of weighted average shares of common stock outstanding on a diluted basis during a period. We believe that FFO and AFFO available to common stockholders, Basic FFO and Basic AFFO per share, and Diluted FFO and Diluted AFFO per share are useful to investors because they provide investors with a further context for evaluating our FFO and AFFO results in the same manner that investors use net income and earnings per share, or EPS, in evaluating net income available to common stockholders. In addition, because many REITs provide FFO and AFFO available to common stockholders, Basic FFO and AFFO and Diluted FFO, 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 net income is the most directly comparable GAAP measure to each FFO and AFFO, basic EPS is the most directly comparable GAAP measure to each Basic FFO and Basic AFFO per share, and diluted EPS is the most directly-comparable GAAP measure to Diluted FFO and Diluted AFFO per share.

The following table provides a reconciliation of our FFO and AFFO to the most directly comparable GAAP measure, net (loss) income, and a computation of basic and diluted net (loss) income, FFO and AFFO per weighted average share of common stock.

	For the Nine Months Ended September 30,		**For the Years Ended December 31,**	
	2014	**2013**	**2013**	**2012**
Net (loss) income available to common stockholders	$ (179,803)	$ 82,633	$ (1,224,683)	$ 600,373
Plus: Real estate and intangible depreciation and amortization	1,065,769	509,110	722,455	474,480
FFO available to common stockholders	885,966	591,743	(502,228)	1,074,853

Net adjustment for straight-lining of rents	793,644	(62,462)	(7,320)	(197,992)
Plus: Acquisition-related expenses	334,886	81,107	153,725	153,494
Plus: Income tax provision	20,103	191,433	1,519,730	300,319
Plus: Amortization of deferred financing costs	35,648	22,375	30,024	59,472
Plus: Other one-time charges, net[(i)]	18,318			
AFFO available to common stockholders	$ 2,088,565	$ 824,196	$ 1,193,931	$ 1,390,146
Weighted average common shares outstanding - basic & diluted	6,555,539	6,108,165	6,214,557	2,750,000
Net (loss) income per weighted average common share basic and diluted	$ (0.03)	$ 0.01	$ (0.20)	$ 0.22
FFO per weighted average common share - basic and diluted	$ 0.14	$ 0.10	$ (0.08)	$ 0.39
AFFO per weighted average common share - basic and diluted	$ 0.32	$ 0.13	$ 0.19	$ 0.51

(i) Includes the addition of $64,774 of repairs incurred as a result of the fire on the cooler on West Gonzales that were expensed during the nine months ended September 30, 2014, netted against the property and casualty recovery, net, of $46,456 recorded during the nine months ended September 30, 2014.

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RISK FACTORS

Your investment in shares of our common stock involves substantial risks. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the factors set forth below before deciding whether an investment in shares of our common stock is suitable for you. If any of the risks contained in or incorporated by reference into this prospectus develop into actual events, our business, financial condition, liquidity, results of operations, FFO, our ability to make cash distributions to holders of our common stock and prospects could be materially and adversely affected, the market price of our common stock could decline and you may lose all or part of your investment. In addition, new risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. See the Forward-Looking Statements section in this prospectus.

Risks Relating To Our Business

Two of our current properties are leased to the same tenant, Dole Food Company, or Dole, and if Dole is no longer able to make rental payments or chooses to terminate its leases prior to or upon their expiration, it would have a material adverse effect on our financial performance and our ability to make distributions to our stockholders.

Two of our farms, representing 12.6% of the acreage we owned and aggregate rental income attributable to Dole accounted for approximately $2.2 million, or 44.7%, of the rental income recorded during the nine months ended September 30, 2014. Rental income from Dole accounted for 68.6% of the total rental income recorded during the nine months ended September 30, 2013. The two leases with Dole each expire in 2020. If Dole fails to make rental payments, elects to terminate its leases prior to or upon their expiration or does not renew its lease, and we cannot re-lease the land on satisfactory terms, or if Dole were to experience financial problems or declare bankruptcy, it would have a material adverse effect on our financial performance and our ability to make dividend payments to our stockholders.

Our real estate portfolio is concentrated in a limited number of properties, which subjects us to an increased risk of significant loss if any property declines in value or if we are unable to lease a property.

We currently own 32 farms located in 5 different states across the U.S. that are leased to 27 separate independent and corporate farmers. One consequence of a limited number of investments is that the aggregate returns we realize may be substantially adversely affected by the unfavorable performance of a small number of leases or a significant decline in the value of any single property. In addition, while we do not intend to invest 20% or more of our total assets in a particular property at the time of investment, it is possible that, as the values of our properties change, one property may comprise in excess of 20% of the value of our total assets. Lack of diversification will increase the potential that a single underperforming investment could have a material adverse effect on our cash flows and the price we could realize from the sale of our properties. Since our current real estate profile is concentrated across only five states, we are also currently subject to any adverse change in the political or regulatory climate in those states or specific counties where our properties are located that could adversely affect our real estate portfolio and our ability to lease properties.

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

We continue to actively seek and evaluate other farm properties for potential purchase, but there is no guarantee that we will be able to continue to find and acquire properties that meet our investment criteria. We expect that many of our future tenants will be independent farming operations, about which there is generally little or no publicly available operating and financial information. As a result, we will rely on our Adviser to perform due diligence investigations of these tenants, their operations and their prospects. We may not learn all of the material information we need to know regarding these businesses through our investigations. As a result, it is possible that we could lease properties to tenants or make mortgage loans to borrowers that ultimately are unable to pay rent or interest to us, which could adversely impact the amount available for distributions.

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

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

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

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

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

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

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

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

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

We expect that single tenants will continue to occupy most of our properties and, therefore, the success of our investments will continue to be materially dependent on the financial stability of these tenants. Some of our tenants may have been recently restructured using leverage acquired in a leveraged transaction or may otherwise be subject to significant debt obligations. Tenants that are subject to significant debt obligations may be unable to make their rent payments if there are adverse changes in their businesses or in general economic conditions. Tenants that have experienced leveraged restructurings or acquisitions will generally have substantially greater debt and substantially lower net worth than they had prior to the leveraged transaction. In addition, the payment of rent and debt service may reduce the working capital available to leveraged entities and prevent them from devoting the resources necessary to remain competitive in their industries. In situations where management of the tenant will change after a transaction, it may be difficult for our Adviser to determine with certainty the likelihood of the tenant s business success and of it being able to pay rent throughout the lease term. These companies are more vulnerable to adverse conditions in their businesses or industries and economic conditions generally, as well as to increases in interest rates. In addition, these companies revenues and expenses may fluctuate according to the growing season, which may impact their ability to make regular lease payments.

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

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

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

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

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

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

Our investments in land that have more permanent crops with long-term leases could expose us to various risks, including interest rate risk and the risk of being unable to take advantage of prevailing market rates, which could have a material adverse effect on our results of operations and cash available for distribution to stockholders.

As of September 30, 2014, 12 of our 21 leases had expiration dates in excess of five years. In the future, we may continue to enter into long-term leases in which the rental rate is generally fixed subject to annual rent escalations. Annual rent escalations may be a fixed amount each year or be variable based on standard cost of living figures. In addition, some long-term leases may require a regular survey of comparable land values, with an adjustment to reflect the current values and/or rents. We do not expect to enter into leases that include variable rent based on the success of the harvest each year. If, in the future, we receive a significant portion of our revenues under long-term leases in which the rental rate is generally fixed, subject to annual rent escalations, we would be subject to interest rate risk in the event interest rates rise at a greater rate than any potential annual rent escalations. In addition, by entering into long-term leases, we would be subject to the risk that we would not be able to increase our rental rates if prevailing land values or rental rates have increased. Any inability to take advantage of increases in prevailing land values or rental rates could have a material adverse effect on our results of operations and cash available for distribution to stockholders.

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

As of September 30, 2014, 8 of our 21 farms, or 8.1% of our farmable acres, were used for permanent crops, and, in the future, we may add to our investments in farmland used for permanent crops, as opposed to annual row crops. Permanent crops have plant structures (such as trees, vines or bushes) that produce yearly crops without being replanted. Examples include oranges, apples, almonds and grapes. Permanent crops involve more risk than annual row crops because permanent crops require more time and capital to plant. As a result, permanent crops are more expensive to replace and more susceptible to disease and poor weather. If a farmer loses a permanent crop to drought, flooding, fire or disease, there would generally be significant time and capital needed to return the land to production because a tree or vine may take years to grow before bearing fruit.

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

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

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

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

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

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

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

Fresh produce, including produce used in canning and other packaged food operations, is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict. Because fresh produce is highly perishable and generally must be brought to market and sold soon after harvest, unfavorable growing conditions can reduce both crop size and crop quality. Seasonal factors, including supply and consumer demand, may also have an effect on the crops grown by our tenants. In extreme cases, entire harvests may be lost in some geographic areas.

The current drought in California, while affecting a majority of the state, has yet to adversely impact our farms, as all of our properties have their own water sources via wells, which undergo thorough testing to ensure adequate depth, flow and crop coverage. In addition, despite the impact of last year s drought, the weather in California has been favorable for strawberry production thus far in 2014, as quality and yields have remained high. However, if the severity of the drought were to continue, it could have a materially adverse impact on our farming operations on our properties in these regions.

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

In addition, we may in the future invest in farmland used for permanent crops, which are more expensive to replace and more susceptible to disease and poor weather than annual row crops because permanent crops produce yearly crops without being replanted. If a farmer loses a permanent crop to drought, flooding, fire or disease, there would generally be significant time and capital needed to return the land to production because a tree or vine may take years to grow before bearing fruit. Permanent crop farmland also prevents the farmer from being able to rotate crop types to keep up with changing market conditions or changes to the weather or soil. If demand for one type of permanent crop decreases, the permanent crop farmer cannot easily convert the farm to another type of crop because permanent crop farmland is dedicated to one crop during the lifespan of the trees or vines and therefore cannot easily be rotated to adapt to changing environmental or market conditions. As a result, the risks associated with weather conditions, seasonal variability, crop disease and other contaminants are magnified in the case of permanent crops.

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

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

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

To qualify and to maintain our qualification as a REIT, we generally must distribute to our stockholders at least 90% of our taxable income each year, excluding capital gains. Because of this distribution requirement, it is not likely that we will be able to fund a significant portion of our future capital needs, including property acquisitions, from retained earnings. Therefore, we will likely rely on public and private debt and equity capital to fund our business. This capital may not be available on favorable terms or at all. Our access to additional capital depends on a number of things, including the market s perception of our growth potential and our current and potential future earnings.

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

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

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

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

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

On May 9, 2014, we closed on a new mortgage loan facility and a new revolving line of credit with Metropolitan Life Insurance Company, or MetLife, that permits us to borrow an aggregate amount of up to $125.0 million, or the New Credit Facility. The New Credit Facility consists of a $100.0 million long-term note payable, or the New Note Payable, and a $25.0 million revolving equity line of credit, or the New Line of Credit. Under the New Credit Facility, we may borrow up to 58% of the aggregate of the lower of cost or the appraised value of the real property pledged as collateral. The New Note Payable is scheduled to mature on January 5, 2029, and advances will initially bear interest at a fixed rate of 3.50% per annum, plus an unused fee of 0.20% on undrawn amounts. The New Line of Credit is scheduled to mature on April 5, 2024, and advances will initially bear interest at a variable rate equal to the three-month LIBOR plus a spread of 2.50%, with a minimum annualized rate of 2.75%, plus an unused fee of 0.20% on undrawn amounts.

On September 19, 2014, we closed on two loans from Farm Credit of Central Florida, FLCA, or Farm Credit, in the aggregate amount of approximately $4.2 million. In addition, on September 29, 2014, we obtained an additional loan for approximately $8.3 million, bringing our total borrowings from Farm Credit to approximately $12.5 million (collectively, the Farm Credit Notes Payable). The Farm Credit Notes Payable are scheduled to mature on August 1, 2034, and will bear interest (before interest repatriation) at a blended fixed rate of 3.53% per annum through July 31, 2017; thereafter, the interest rate will be equal to the one-month LIBOR, plus 2.875%.

If we are unable to make our debt payments as required, either under our current credit facilities or any future facilities, a lender could foreclose on certain of the properties securing its loan. This could cause us to lose part or all of our investment in the property, which in turn could cause the value of our common stock or the distributions to our stockholders to be reduced.

Competition for the acquisition of agricultural real estate may impede our ability to make acquisitions or increase the cost of these acquisitions.

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

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

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

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

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

Liability for uninsured losses could adversely affect our financial condition.

Losses from disaster-type occurrences, such as wars, earthquakes and weather-related disasters, may be either uninsurable or not insurable on economically viable terms. Should an uninsured loss occur, we could lose our capital investment or anticipated profits and cash flows from one or more properties.

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

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

- responsibility and liability for the cost of removal or remediation of hazardous substances released on our properties, which may include herbicides and pesticides, generally without regard to our knowledge of or responsibility for the presence of the contaminants;

- liability for the costs of removal or remediation of hazardous substances at disposal facilities for persons who arrange for the disposal or treatment of these substances; and potential liability for claims by third parties for damages resulting from environmental contaminants.

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

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

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

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

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

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

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

Failure to hedge effectively against interest rate changes may adversely affect our results of operations.

We may experience interest rate volatility in connection with mortgage loans on our properties or other variable-rate debt that we may obtain from time to time. The interest rate on our existing line of credit is variable, and, although we seek to mitigate this risk by structuring such provisions to contain a minimum interest rate or escalation rate, as applicable, these features do not eliminate this risk. We are also exposed to the effects of interest rate changes as a result of holding cash and cash equivalents in short-term, interest-bearing investments. We have not entered into any derivative contracts to attempt to further manage our exposure to interest rate fluctuations. A significant change in interest rates could have an adverse impact on our results of operations.

Joint venture investments could be adversely affected by our lack of sole decision making authority, our reliance on co-venturers financial condition and disputes between our co-venturers and us.

We may invest with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. In such event, we will not have sole decision-making authority regarding the property, partnership, joint venture or other entity. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that partners or co-venturers may become bankrupt or fail to fund their share of required capital contributions. Partners or co-venturers also may have economic or other business interests or goals that are inconsistent with our business interests or goals and may be in a position to take actions contrary to our preferences, policies or objectives. Such investments also will have the potential risk of our reaching impasses with our partners or co-venturers on key decisions, such as a sale, because neither we nor the partner or co-venturer would have full control over the partnership or joint venture. Disputes between us and partners or co-venturers may result in litigation or arbitration that would increase our expenses and prevent our management team from focusing its time and effort exclusively on our business. In addition, we may in some circumstances be liable for the actions of our third-party partners or co-venturers.

The failure of U.S. lawmakers to reach a long-term agreement on the national debt ceiling or a budget could have a material adverse effect on our business, financial condition and results of operations.

In February 2014, the U.S. Congress passed legislation to suspend the debt ceiling through March 2015. In the event U.S. lawmakers fail to reach a viable long-term agreement on the national debt ceiling prior to the expiration of the current debt ceiling suspension in March 2015, the U.S. could default on its obligations, which could negatively impact the trading market for U.S. government securities. This may, in turn, negatively affect our ability to obtain financing for our investments. As a result, it may materially adversely affect our business, financial condition and results of operations.

On August 5, 2011, Standard & Poor s downgraded its long-term sovereign credit rating on the U.S. to AA+ for the first time due to the U.S. Congress inability to reach an effective agreement on the national debt ceiling and a budget in a timely manner. The current U.S. debt ceiling and budget deficit concerns have increased the possibility of the credit-rating agencies further downgrading the U.S. credit rating. On October 15, 2013, Fitch Ratings Service placed the U.S. credit rating on negative watch, warning that a failure by the U.S. Government to honor interest or principal payments on U.S. treasury securities would impact its decision on whether to downgrade the U.S. credit rating. Fitch also stated that the manner and duration of an agreement to raise the debt ceiling and resolve the budget impasse, as well as the perceived risk of such events occurring in the future, would weigh on its ratings.

The impact of any further downgrades to the U.S. government s sovereign credit rating, or its perceived creditworthiness, and deteriorating sovereign debt conditions in Europe, is inherently unpredictable and could adversely affect the U.S. and global financial markets and economic conditions. There can be no assurance that governmental or other measures to aid economic recovery will be effective. These developments and the government s credit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact our ability to access the debt markets on favorable terms. In addition, the decreased credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our stock price. Continued adverse economic conditions could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

- our Adviser may realize substantial compensation on account of its activities on our behalf and may be motivated to approve acquisitions solely on the basis of increasing its compensation from us;

- our agreements with our Adviser are not arm s-length agreements, which could result in terms in those agreements that are less favorable than we could obtain from independent third parties;

- we may experience competition with our affiliates for potential financing transactions; and

- our Adviser and other affiliates, such as Gladstone Capital, Gladstone Investment and Gladstone Commercial, could compete for the time and services of our officers and directors and reduce the amount of time they are able to devote to management of our business.

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

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

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

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

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

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

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

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

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

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

Our charter prohibits ownership of more than 3.3% in value of the outstanding shares of our capital stock or more than 3.3% in value or in number of shares (whichever is more restrictive) of the outstanding shares of our common stock by one person, except for certain qualified institutional investors, which are limited to holding 9.8% of our capital or common stock. Currently, our chairman, chief executive officer and president, David Gladstone, owns approximately 24.1% of our common stock and the Gladstone Future Trust, for the benefit of Mr. Gladstone s children, owns approximately 8.6% of our common stock, in each case pursuant to an exception approved by our Board of Directors and in compliance with our charter. In addition, the David and Lorna Gladstone Foundation, of which David Gladstone is the CEO and Chairman, owns 2.8% of our common stock. The ownership restriction may discourage a change of control and may deter individuals or entities from making tender offers for our capital stock, which offers might otherwise be financially attractive to our stockholders or which might cause a change in our management.

Our Board is divided into three classes, with the term of the directors in each class expiring every third year. At each annual meeting of stockholders, the successors to the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. After election, a director may only be removed by our stockholders for cause and upon the affirmative vote of at least two-thirds of all the votes entitled to be cast generally in the election of directors. Election of directors for staggered terms with limited rights to remove directors makes it more difficult for a hostile bidder to acquire control of us. The existence of this provision may negatively impact the price of our securities and may discourage third-party bids to acquire our securities. This provision may reduce any premiums paid to stockholders in a change in control transaction.

The Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by the corporation s disinterested stockholders by a vote of two-thirds of the votes entitled to be cast on the matter. Shares of stock owned by interested stockholders, that is, by the acquirer, by officers or by employees who are directors of the corporation, are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock that would entitle the acquirer to exercise voting power in electing directors within one of three increasing ranges of voting power. The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions of our stock by David Gladstone or any of his affiliates. This statute could have the effect of discouraging offers from third parties to acquire us and increasing the difficulty of successfully completing this type of offer by anyone other than Mr. Gladstone or any of his affiliates.

Certain provisions of Maryland law applicable to us prohibit business combinations with:

- any person who beneficially owns, directly or indirectly, 10% or more of the voting power of our outstanding voting stock, referred to as an interested stockholder;

- an affiliate or associate of ours who, at any time within the two-year period prior to the date in question, was an interested stockholder; or

- an affiliate of an interested stockholder.

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

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

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

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

We have completed all significant actions necessary to become a REIT, effective January 1, 2013, including the distribution of all accumulated earnings and profits from prior years. Therefore, beginning with our tax year ended December 31, 2013, we elected to be taxed as a REIT for federal income tax purposes. Our qualification as a REIT will depend on our ability to satisfy requirements set forth in the Code, concerning, among other things, the ownership of our outstanding common stock, the nature of our assets, the sources of our income and the amount of our distributions to our stockholders. The REIT qualification requirements are extremely complex, and interpretations of the federal income tax laws governing qualification as a REIT are limited. Accordingly, we cannot be certain that we will be successful in operating so as to qualify as a REIT. At any time, new laws, interpretations or court decisions may change the federal tax laws relating to, or the federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our proposed REIT election, which it may do without stockholder approval.

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

- we would not be allowed a deduction for distributions to stockholders in computing our taxable income;
- we would be subject to federal income tax at regular corporate rates and might need to borrow money or sell assets to pay any such tax;
- we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

unless we are entitled to relief under statutory provisions, we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify.

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

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

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

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

In particular, we must ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities other than government securities, securities of TRSs and qualified real estate assets generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets other than government securities, securities of TRSs and qualified real estate assets can consist of the securities of any one issuer, and no more than 25% of the value of our total assets can be represented by securities of one or more TRSs.

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

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We may have corporate income tax liabilities for taxes attributable to taxable years prior to our REIT election, which taxes will reduce our cash available for distribution to stockholders.

We were subject to regular corporate income taxation up to and for our taxable year ended December 31, 2012. If we were determined, as the result of a tax audit or otherwise, to have an unpaid corporate income tax liability for any taxable years during which we were classified as a C corporation for U.S. federal income tax purposes, we would be responsible for paying such tax liability, notwithstanding our subsequent qualification as a REIT. In such a case, the payment of taxes would cause us to have less cash on hand to make distributions to stockholders.

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

To qualify as a REIT, we were required to distribute our non-REIT earnings and profits accumulated before the effective date of our REIT election. As of December 31, 2013, we estimated that our non-REIT accumulated earnings and profits were approximately $9.6 million, which included approximately $4.0 million of net earnings and profits associated with a deferred intercompany gain resulting from land transfers in prior years. We believe that we distributed all non-REIT earnings and profits, including the profits associated with the deferred intercompany gain, to stockholders prior to December 31, 2013; however, we can provide no assurances that our determination of our non-REIT earnings and profits at that time was accurate. If we did not distribute all of our non-REIT earnings and profits prior to December 31, 2013, then we will not qualify to be taxed as a REIT for our taxable year ended December 31, 2013.

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

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

We intend to pay out our income to our stockholders in a manner intended to satisfy the distribution requirement applicable to REITs and to avoid corporate income tax and the 4% excise tax. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year.

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

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

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

In order to qualify as a REIT, no more than 50% of the value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals during the last half of a taxable year beginning with the second year for which we elect to be treated as a REIT. In order to facilitate compliance with this requirement, our charter prohibits any individual from owning more than 3.3% in value of the aggregate number of shares of the outstanding shares of all classes and series of our capital stock or more than 3.3% in value or in number of shares (whichever is more restrictive) of the outstanding shares of our common stock. Pursuant to an exception from this limit approved by our Board of Directors, David Gladstone currently owns approximately 24.1% of our outstanding common stock, and the Gladstone Future Trust, for the benefit of Mr. Gladstone s children, currently owns approximately 8.6% of our outstanding common stock (which shares are attributed to Mr. Gladstone for purposes of the REIT stock ownership diversification requirements). Our Board of Directors may also reduce the 3.3% ownership limitation if it determines that doing so is necessary in order for us to qualify for REIT treatment. However, such a reduction would not be effective for any stockholder who beneficially owns more than the reduced ownership limit.

We expect that Mr. Gladstone s percentage ownership will decline over time as a result of dilution from this offering and from future equity offerings. However, there is no guarantee that we will be able to complete additional offerings or that we will be able to do so to an extent and over a time frame that would allow us to continue to qualify for REIT treatment in 2014 and thereafter. If we are unable to ensure that we satisfy the ownership diversification requirement, either through a reduction of the ownership limit, a decline in Mr. Gladstone s percentage ownership or both, we could fail to qualify as a REIT, which could require us to pay taxes and negatively impact our cash available for future distribution.

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

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

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

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

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

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

- whether your investment is consistent with the applicable provisions of the Employee Retirement Income Security Act, or ERISA, or the Code;

- whether your investment will produce unrelated business taxable income to the benefit plan; and

- your need to value the assets of the benefit plan annually.

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

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

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

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

We have elected to treat Land Advisers, a wholly-owned subsidiary of our Operating Partnership, as a TRS. We may also form other TRSs as part of our overall business strategy. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% of the value of a REIT s assets may consist of stock or securities of one or more TRSs. A TRS will pay federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to ensure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm s-length basis.

Our TRSs will pay federal, state and local income tax on their taxable income, and their after-tax net income will be available for distribution to us but is not required to be distributed to us. We anticipate that the aggregate value of any TRS stock and securities owned by us will be less than 25% of the value of our total assets, including the TRS stock and securities. We will evaluate all of our transactions with TRSs to ensure that they are entered into on arm s-length terms to avoid incurring the 100% excise tax. There can be no assurance, however, that we will be able to comply with the 25% limitation or to avoid application of the 100% excise tax.

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We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our securities.

At any time, the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our security holders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation.

Risks Relating to the Market for our Common Stock

Future issuances and sales of shares of our common stock, or the perception that such issuances will occur, may have adverse effects on our share price.

We cannot predict the effect, if any, of future issuances and sales of common stock, or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock, including shares of common stock issuable upon the conversion of units of our Operating Partnership that we may issue from time to time or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock.

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

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

We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors. We elected to delay adoption of new or revised accounting standards until after we became public; consequently, our prior financial statements may not be comparable to those of other public companies.

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company through the year ending December 31, 2018, unless the market value of our common stock that is held by non-affiliates exceeds $700.0 million as of any June 30 before that time. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards, meaning that the company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have chosen to take advantage of this extended transition period and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies for as long as we maintain our emerging company status and do not revoke this election. Accordingly, the accounting standards that we apply while we remain an emerging growth company may differ materially from the accounting standards applied by other similar public companies, including emerging growth companies that have elected to opt out of this extended transition period. This election could have a material impact on our financial statements and the comparability of our financial statements to the financial statements of similar public companies. This potential lack of comparability could make it more difficult for investors to value our securities, which could have a material impact on the price of our common stock.

Risks Related To This Offering

This offering is expected to be dilutive, and there may be future dilution related to our common stock.

Giving effect to the issuance of shares of common stock in this offering, the receipt of the expected net proceeds and the use of those proceeds, we expect that this offering will have a dilutive effect on our expected earnings per share and FFO per share for the year ending December 31, 2014. The actual amount of dilution cannot be determined at this time and will be based upon numerous factors. Additionally, but subject to the 60 day lock-up restrictions described under the caption Underwriting in this prospectus, we are not restricted from issuing additional securities, including common stock, senior common stock, preferred stock and securities that are convertible into or exchangeable for, or that represent the right to receive, common stock, senior common stock, preferred stock or any substantially similar securities. The market price of our common stock could decline as a result of issuances or sales of a large number of shares of our common stock in the market after this offering, or the perception that such issuances or sales could occur. Additionally, future issuances or sales of substantial amounts of our common stock may be at prices below the offering price of the common stock offered by this prospectus and may result in further dilution in our earnings per share and FFO per share and adversely impact the market price of our common stock.

Securities eligible for future sale may have adverse effects on the share price of our common stock, and any additional capital raised by us through the sale of equity securities may dilute your ownership in us.

In addition to the securities registered and offered by this prospectus, we have the ability to raise up to $300 million of additional equity capital through the sale of securities that are registered under our universal shelf registration statement on Form S-3, or the Universal Shelf, in one or more future public offerings. As of the date of this prospectus, we have issued $15.0 million under our Universal Shelf. Sales of substantial amounts of our common stock or the perception that these sales could occur, may adversely affect the liquidity of our common stock or prevailing market prices for our common stock. Large price changes or low trading volume may preclude you from buying or selling our common stock at all or at any particular price or during a time frame that meets your investment objectives.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities. Upon liquidation, holders of preferred securities and debt securities, if any, and lenders with respect to other borrowings, such as our Line of Credit, would receive a distribution of our available assets prior to the holders of our common stock. Future equity offerings may dilute the holdings of our existing stockholders. If we decide to issue preferred stock, it could have a priority right to dividend payments that could limit our ability to make a dividend distribution to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings.

Future holders of any securities ranking senior to our common stock will have dividend and liquidation rights that are senior to the rights of the holders of our common stock.

Any future holders of any securities ranking senior to our common stock will be entitled to receive their liquidation preference in full before we can pay distributions of remaining proceeds to all holders of shares of our common stock.

Shares of common stock will be ranked junior to any future preferred stock that we may issue with respect to dividends and liquidation rights. We may in the future attempt to increase our capital resources by making additional offerings of equity securities, including classes or series of shares of preferred stock, which would likely have preferences with respect to dividends or upon dissolution that are senior to our common stock. Because our decision to issue securities in any future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of any such future offerings. Thus, our common stockholders bear the risk that our future offerings reduce the per share trading price of our common stock and dilute their interest in us.

There was no active public market for our common stock prior to the IPO and the market price and trading volume of our common stock has been volatile at times following the IPO and may continue to be so following this offering, which may adversely impact the market for shares of our common stock and make it difficult to sell your

shares.

Prior to the IPO, there was no active market for our common stock. Although our common stock is listed on the NASDAQ, the stock markets, including the NASDAQ on which our common stock is listed, have from time to time experienced significant price and volume fluctuations. In addition, we completed a follow-on public offering of our common stock under our Universal Shelf in September of 2014 and issued additional shares pursuant to the underwriters over-allotment exercise in October of 2014. As a result, the market price of shares of our common stock may be similarly volatile, and holders of shares of our common stock may from time to time experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The offering price for shares of our common stock has been determined by negotiation between us and the underwriters. You may not be able to sell your shares of common stock at or above the offering price.

In addition, the trading prices of equity securities issued by REITs historically have been affected by changes in market interest rates. One of the factors that may influence the price of our common stock is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, which may lead prospective purchasers of our common stock to demand a higher annual yield, or a decrease in our distributions to stockholders, could reduce the market price of our common stock.

Other factors that could significantly affect the market price of our common stock include the following:

- actual or anticipated variations in our operating results, FFO, cash flows or liquidity;
- changes in earnings estimates of analysts and any failure to meet such estimates;
- changes in our distribution policy;
- publication of research reports about us or the agricultural real estate industry generally;

changes in market valuations of agricultural real estate;

adverse market reaction to the amount of our outstanding debt at any time, the amount of our maturing debt in the near- and medium-term and our ability to refinance such debt and the terms thereof or our plans to incur additional debt in the future;

additions or departures of key management personnel, including our ability to find attractive replacements;

speculation in the press or investment community;

the realization of any of the other risk factors included in, or incorporated by reference into, this prospectus;

changes in regulatory policies or tax laws, particularly with respect to REITs;

price and volume fluctuations in the stock market from time to time, which are often unrelated to the operating performance of particular companies;

significant volatility in the market price and trading volume of shares of REITs, real estate companies, agricultural companies or other companies in our sector, which is not necessarily related to the performance of those companies;

investor confidence in the stock market; and

general market and economic conditions.

Many of the factors listed above are beyond our control. Those factors may cause the market price of our common stock to decline, regardless of our financial performance, condition and prospects. It is impossible to provide any assurance that the market price of our common stock will not decline in the future, and it may be difficult for our stockholders to resell their shares of our common stock at prices that they find attractive, or at all.

Shares of our common stock have been thinly traded in the past.

Although a trading market for our common stock exists, the trading volume has not been significant and there can be no assurance that an active trading market for our common stock will be sustained in the future. As a result of the thin trading market or float for our stock, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without a large float, our common stock is less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile. In addition, in the absence of an active public trading market, an investor may be unable to liquidate his or her investment in us. Trading of a relatively small volume of our common stock may have a greater impact on the trading price for our stock than would be the case if our public float were larger. We cannot predict the prices at which our common stock will trade in the future.

Our ability to pay dividends is limited by the requirements of Maryland law.

Our ability to pay dividends on our common stock is limited by the laws of Maryland. Under applicable Maryland law, a Maryland corporation generally may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as the debts become due in the usual course of business or the corporation s total assets would be less than the sum of its total liabilities plus, unless the corporation s charter permits otherwise, the amount that would be needed, if the corporation were dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution. Accordingly, we generally may not make a distribution on our common stock if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or our total assets would be less than the sum of our total liabilities plus, unless the terms of such class or series provide otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of shares of any class or series of preferred stock then outstanding, if any, with preferences upon dissolution senior to those of our common stock.

We have paid, may continue to pay, or may in the future pay distributions from offering proceeds, borrowings or the sale of assets to the extent our cash flow from operations or earnings are not sufficient to fund declared distributions. Rates of distribution to you will not necessarily be indicative of our operating results. If we make distributions from sources other than our cash flows from operations or earnings, we will have fewer funds available for the acquisition of properties and your overall return may be reduced.

Our organizational documents permit us to make distributions from any source, including the net proceeds from this offering. There is no limit on the amount of offering proceeds we may use to pay distributions. During the early stages of our operations following the IPO, we funded certain of our distributions from the net proceeds of the IPO, borrowings and the sale of assets to the extent distributions exceed our earnings or cash flows from operations. To the extent we fund distributions from sources other than cash flow from operations, such distributions may constitute a return of capital and we will have fewer funds available for the acquisition of properties and your overall return may be reduced. Further, to the extent distributions exceed our earnings and profits, a stockholder s basis in our stock will be reduced and, to the extent distributions exceed a stockholder s basis, the stockholder will be required to recognize capital gain.

If the properties we acquire or invest in do not produce the cash flow that we expect in order to meet our REIT minimum distribution requirement, we may decide to borrow funds to meet the REIT minimum distribution requirements, which could adversely affect our overall financial performance.

We may decide to borrow funds in order to meet the REIT minimum distribution requirements even if our management believes that the then prevailing market conditions generally are not favorable for such borrowings or that such borrowings would not be advisable in the absence of such tax considerations. If we borrow money to meet the REIT minimum distribution requirement or for other working capital needs, our expenses will increase, our net income will be reduced by the amount of interest we pay on the money we borrow and we will be obligated to repay the money we borrow from future earnings or by selling assets, which may decrease future distributions to stockholders.

A limit on the percentage of our securities a person may own may discourage a takeover or business combination, which could prevent our stockholders from realizing a premium price for their stock.

Our charter generally restricts direct or indirect ownership by one person or entity to no more than 3.3% in value of the outstanding shares of our capital stock or more than 3.3% in value or in number of shares (whichever is more restrictive) of the outstanding shares of our common stock, unless exempted (prospectively or retroactively) by our board of directors. This restriction may have the effect of delaying, deferring or preventing a change in control of us, including an extraordinary transaction (such as a merger, tender offer or sale of all or substantially all of our assets) that might provide a premium price to our stockholders.

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

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

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

We have paid, may continue to pay, or may in the future pay distributions from offering proceeds, borrowings or the sale of assets to the extent our cash flow from operations or earnings are not sufficient to fund declared distributions. Rates of distribution to you will not necessarily be indicative of our operating results. If we make distributions from sources other than our cash flows from operations or earnings, we will have fewer funds available for the acquisition of properties and your overall return may be reduced.

Our organizational documents permit us to make distributions from any source, including the net proceeds from this offering. There is no limit on the amount of offering proceeds we may use to pay distributions. During the early stages of our operations following the IPO, we funded certain of our distributions from the net proceeds of the IPO, borrowings and the sale of assets to the extent distributions exceed our earnings or cash flows from operations. To the extent we fund distributions from sources other than cash flow from operations, such distributions may constitute a return of capital and we will have fewer funds available for the acquisition of properties and your overall return may be reduced. Further, to the extent distributions exceed our earnings and profits, a stockholder s basis in our stock will be reduced and, to the extent distributions exceed a stockholder s basis, the stockholder will be required to recognize capital gain.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our business strategy;
- our ability to implement our business plan, including our ability to continue to expand both geographically and beyond annual row crops;
- pending and future transactions;
- our projected operating results;
- our ability to obtain future financing arrangements;
- estimates relating to our future distributions;
- our understanding of our competition and our ability to compete effectively;
- market and industry trends;
- estimates of our future operating expenses, including payments to our Adviser and Administrator under the terms of our advisory and administration agreements;

- our compliance with tax laws, including our recent election to qualify as a REIT for federal income tax purposes;
- projected capital expenditures; and
- use of the proceeds of this offering, our line of credit, mortgage notes payable, future stock offerings and other future capital resources, if any.

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

- Our ability to successfully complete pending and future property acquisitions;
- general volatility of the capital markets and the market price of our common stock;
- our failure to qualify as a REIT and risks of change in laws that affect REITs;
- changes in our industry, interest rates or the general economy;
- natural disasters or climactic changes impacting the regions in which our tenants operate;
- the adequacy of our cash reserves and working capital;
- our failure to successfully integrate and operate acquired properties and operations;
- defaults upon or non-renewal of leases by tenants;
- decreased rental rates or increased vacancy rates;
- the degree and nature of our competition, including with other agricultural real estate companies;

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

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

- changes in our business strategy;

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

- changes in governmental regulations, tax rates and similar matters;

- environmental liabilities for certain of our properties and uncertainties and risks related to natural disasters; and

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

This list of risks and uncertainties, however, is only a summary of some of the most important factors to us and is not intended to be exhaustive. You should carefully review the risks and information contained in, or incorporated by reference into, this prospectus. New factors may also emerge from time to time that could materially and adversely affect us.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering will be approximately $ million, assuming an offering price of $ per share ($ million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the proceeds from this offering to fund pending and future property acquisitions, repay existing indebtedness and for other general corporate purposes. This offering is not contingent upon the closing of any pending acquisitions.

Our $100.0 million long-term mortgage note payable, or our mortgage term note, matures in January 2029 and our Line of Credit matures in April 2024. The interest rate per annum applicable to the mortgage term note is initially 3.50% and is subject to adjustment in January 2017 and every three years thereafter based on the then reported yield rate for the three year U.S. Treasury obligations and a spread determined by the lender. The interest rate per annum applicable to our Line of Credit is equal to the greater of (i) London Interbank Offered Rate, or LIBOR, or (ii) 2.75% per annum, in each case plus a spread equal to 2.5%, with such spread subject to adjustment in April 2017. As of November 3, 2014, our mortgage term note had an outstanding balance of $66.3 million, and our Line of Credit had an outstanding balance of $3.5 million. The maximum amount available to be drawn, in aggregate, under our mortgage note and our line of credit is currently $14.3 million. Capacity to borrow under these instruments, with a maximum aggregate availability of $125 million is limited to 58% of the appraised value of property that is pledged as collateral.

Pending application of any portion of the net proceeds as described above, we may invest it in interest-bearing accounts and short-term, interest-bearing securities as is consistent with our intention to maintain our qualification as a REIT for federal income tax purposes. Such investments may include, for example, obligations of the Government National Mortgage Association, other government and governmental agency securities, certificates of deposit and interest-bearing bank deposits.

A tabular presentation of our estimated use of the proceeds to us from this offering, assuming no exercise of the underwriters over-allotment option, is set forth below:

	Amount	Percentage
Gross offering proceeds	$	%
Less offering expenses:		
Underwriting discount		
SEC registration fee		
FINRA filing fees		
NASDAQ fee		
Printing and engraving expenses (1)		
Legal fees and expenses (1)		
Accounting fees and expenses (1)		
Transfer agent and registrar fees (1)		
Miscellaneous offering expenses (1)		
Estimated net proceeds to us to be used to acquire properties, repay indebtedness and for other general corporate and working capital purposes (2)	$	%

(1) Estimated.

(2) Aside from reimbursement of offering-related expenses, we do not intend to make any payments to our Adviser or any of its affiliates using proceeds of the offering. While we will make payments to our Adviser and Administrator pursuant to the terms of our agreements with these entities, such payments will come from rental revenues, rather than offering proceeds. We will not pay acquisition fees to our Adviser when we acquire real estate, and we will not pay fees to our Adviser when we lease properties to tenants or when we sell real estate.

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DISTRIBUTION POLICY

We intend to continue to make regular monthly distributions to the holders of our common stock.

Any distributions made by us will be authorized by our Board of Directors out of funds legally available and, therefore, will be dependent upon a number of factors, including restrictions under applicable law. Though we currently declare our distributions quarterly and pay our distributions monthly, the actual amount, timing and frequency of our distributions will be at the discretion of, and authorized by, our Board of Directors and will depend on our actual results of operations and a number of other factors, including our earnings, taxable income, FFO, financial condition, liquidity, capital requirements, debt maturities, the availability of capital, contractual prohibitions or other restrictions, applicable REIT and legal restrictions and general overall economic conditions and other factors. While the statements in this prospectus concerning our distribution policy represent our current expectations, any actual distribution payable will be determined by our Board of Directors based upon the circumstances at the time of authorization and the actual number of shares of common stock then outstanding, and any future cash distribution payable on our common stock may vary from such expected amounts.

We may retain earnings, if any, of our TRS, and such amount of cash would not be available to satisfy the 90% distribution requirement. If our cash available for distribution to our stockholders is less than 90% of our REIT taxable income, we may be required to sell assets or borrow funds to make distributions. Dividend distributions to our stockholders will generally be taxable to our stockholders as ordinary income to the extent of our current or accumulated earnings and profits.

Dividends

Our common stock is listed on The NASDAQ Global Market under the symbol LAND. The following table reflects the range of the high and low sale prices of our common stock on The NASDAQ Global Market and the distributions declared per common share for each quarter in the year ended December 31, 2013 and the current fiscal year through November 3, 2014. Distributions to common stockholders are currently declared quarterly and paid monthly.

	Price Range		Distributions Per Common Share(1)
	High	Low	
2013			
First Quarter(2)	$ 15.83	$ 14.00	$ 0.08
Second Quarter	18.74	15.00	0.36
Third Quarter	17.45	14.99	0.36
Fourth Quarter	17.40	15.48	0.69(3)
2014			
First Quarter	$ 16.17	$ 11.75	$ 0.09
Second Quarter	14.50	10.78	0.09
Third Quarter	13.87	11.56	0.09

Fourth Quarter (through November 3, 2014)	12.27	10.85	0.09

(1) Amounts presented represent the cumulative amount of the monthly common stock distributions declared during such quarter.
(2) From January 29, 2013 through March 31, 2013.
(3) Includes a one-time distribution of $0.33 per share representing the final distribution of our remaining accumulated earnings and profits from prior years.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2014:

- on an actual basis;
- on a pro forma basis to reflect certain transactions since September 30, 2014; and
- on an as adjusted basis to reflect (i) the sale of shares of our common stock offered by us in this offering after the deduction of the underwriting discounts and commissions and other estimated expenses payable by us and (ii) the application of the net proceeds as set forth under Use of Proceeds. The table does not give effect to the issuance of up to additional shares of our common stock that may be sold pursuant to the underwriters over-allotment option.

You should read this table in conjunction with the sections entitled Management s Discussion and Analysis of Financial Condition and Results of Operations included herein, and our consolidated financial statements, related notes and other financial information incorporated by reference into or contained in this prospectus.

	Actual	Pro Forma(1)	As Adjusted(2)
Cash and cash equivalents	$ 3,031,196	$ 3,888,099	
Debt:			
Mortgage notes payable	53,845,598	78,742,361	
Borrowings under line of credit	3,500,000	7,500,000	
Total debt	$ 57,345,598	$ 86,242,361	
Stockholders equity:			
Common stock, $0.001 par value per share: 20,000,000 shares authorized, 7,680,264 shares issued and outstanding, actual; 7,753,717 shares issued and outstanding, pro forma; and , as adjusted	$ 7,680	$ 7,753	
Additional paid-in capital	64,545,787	65,402,617	
Distributions in excess of accumulated earnings	(4,763,774)	(4,763,774)	

Total stockholders equity	59,789,693	60,646,596
Total capitalization	$ 117,135,291	$ 146,888,956

(1) Reflects the issuance of (a) 73,453 shares on October 29, 2014, in connection with an over-allotment exercise of our September 2014 follow-on offering and (b) net borrowings under our MetLife Facility since September 30, 2014, through November 5, 2014, of approximately $28.9 million, which borrowings were used to fund approximately $30.7 million of acquisitions that have been consummated since September 30, 2014, through November 5, 2014.

(2) As of September 30, 2014, we had approximately $53.8 million outstanding under mortgage term notes and $3.5 million under our Line of Credit. See Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments Financing Activity.

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DILUTION

Dilution is the amount by which the offering price paid by the purchasers of the shares of common stock sold in the offering exceeds the net tangible book value per share of common stock after the offering. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

Our net tangible book value as of September 30, 2014 was $59.0 million, or $7.69 per share. After giving effect to the receipt of approximately $ million of estimated net proceeds from our sale of shares of common stock in this offering at an assumed offering price of $ per share, our net tangible book value as of September 30, 2014 would have been $ million, or $ per share. This represents an immediate increase in net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors purchasing shares of common stock in the offering. The following table illustrates this substantial and immediate per share dilution to new investors.

Assumed offering price per share		$
Net tangible book value per share at September 30, 2014	$ 7.69	
Pro forma increase per share attributable to new investors		
Pro forma net tangible book value per share after giving effect to this offering		
Dilution in net tangible book value per share to new investors		$

A $1.00 increase (decrease) in the assumed offering price of $ per share would increase (decrease) our pro forma net tangible book value by $ million, the pro forma net tangible book value per share by $0.51 per share and the dilution per share to new investors in this offering by $, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated expenses payable by us.

If the underwriters exercise their option to purchase additional shares in full, the pro forma net tangible book value per share after the offering would be $ per share, the increase in the pro forma net tangible book value per share to the existing stockholders would be $6.64 per share and the dilution to new investors purchasing common stock in this offering would be $ per share.

The following table summarizes, as of September 30, 2014:

- the total number of shares of common stock purchased from us by our existing stockholders and by new investors purchasing shares in this offering;

- the total consideration paid to us by our existing stockholders and by new investors purchasing shares in this offering, assuming an offering price of $ per share, before deducting the estimated underwriting discount and estimated offering expenses payable by us in connection with this offering; and

the average price per share paid by our existing stockholders and by new investors purchasing shares in this offering.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					$
Total		%	$	%	

A $1.00 increase (decrease) in the assumed offering price of $ per share would increase (decrease) total consideration paid by new investors by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and without deducting the underwriting discount and estimated expenses payable by us.

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SELECTED FINANCIAL DATA

You should read the following selected consolidated financial data together with Management s Discussion and Analysis of Financial Condition and Results of Operations, our consolidated statements and the related notes included elsewhere in this prospectus. The selected financial data in this section is not intended to replace our financial statements and the accompanying notes.

The selected consolidated financial data as of and for the years ended December 31, 2013 and 2012 and are derived from audited consolidated financial statements incorporated by reference into or included elsewhere in this prospectus. We have derived the selected balance sheet data as of September 30, 2014, and the selected statement of operations data for the nine months ended September 30, 2014 and 2013 from our unaudited financial statements that incorporated by reference into or are included in this prospectus.

The unaudited financial data include, in the opinion of our management, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of our financial position and results of operations for these periods. Our historical results of operations are not necessarily indicative of results of operations that should be expected in any future periods, and our results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year.

	As of and For the Nine Months Ended September 30,		As of and For the Years Ended December 31,	
	2014	2013	2013	2012
Balance Sheet Data:				
Total real estate, net(1)	$ 113,945,180	$ 42,069,990	$ 75,622,247	$ 37,351,944
Total assets	120,621,425	85,701,381	93,673,464	40,985,848
Total borrowings	57,345,598	29,589,165	43,154,165	30,817,880
Total liabilities	60,831,732	31,376,192	45,161,472	32,849,122
Total stockholders equity	59,789,693	54,325,189	48,511,992	8,136,726
Operating Data:				
Rental revenue	4,828,033	2,860,435	4,027,687	3,390,594
Operating income	1,054,243	1,063,517	1,357,453	1,901,615
Net (loss) income available to common stockholders	(179,803)	82,633	(1,224,683)	600,373
FFO available to common stockholders(2)	885,966	591,743	(502,228)	1,074,853
AFFO available to common stockholders(3)	2,088,565	824,196	1,193,931	1,390,146
Other Data:				
Farms owned	29	14	21	12
Acres owned	7,641	1,967	6,000	1,630
Occupancy rate	100.0%	100.0%	100.0%	100.0%

(1)

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

(2) FFO is a term approved by NAREIT. NAREIT developed FFO as a relative non-GAAP supplement measure of operating performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the same basis determined under GAAP. We calculate FFO in accordance with NAREIT s definition, which 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.

(3) AFFO is calculated by adjusting FFO for the following items:

A net adjustment for the straight-lining of rents. This adjustment includes the removal of amortization related to above- and below-market lease values and to leasehold improvements, resulting in rental income being reflected on a cash basis.

Plus acquisition-related expenses. Acquisition-related expenses are incurred for investment purposes and do not correlate with the operations of our existing portfolio. Further, due to the inconsistency in which these costs are incurred and how they are treated for accounting purposes, we believe the exclusion of these expenses improves comparability of our results on a period-by-period basis.

Plus income tax provision. We have elected to be treated as a REIT for federal tax purposes beginning with our taxable year ended December 31, 2013. As a REIT, we generally will not be subject to federal income taxes on amounts distributed to our stockholders, provided we meet certain conditions. As such, we believe it is beneficial for investors to view our results of operations excluding the impact of income taxes.

Plus amortization of deferred financing costs. The amortization of costs incurred to obtain financing is excluded from AFFO.

Adjustments for other one-time charges. Certain non-recurring charges and receipts will be adjusted for and explained accordingly.

FFO and AFFO do not represent cash flows from operating activities in accordance with GAAP, which, unlike FFO 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 and AFFO, using the NAREIT definition for FFO and the definition above for AFFO, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the definitions used by such REITs.

FFO and AFFO available to common stockholders is FFO and AFFO, respectively, adjusted to subtract distributions made to holders of preferred stock, if applicable. We believe that net income available to common stockholders is the most directly comparable GAAP measure to both FFO and AFFO available to common stockholders.

Basic funds from operations per share, or Basic FFO per share, and basic adjusted funds from operations per share, or Basic AFFO per share, are FFO and AFFO, respectively, available to common stockholders divided by the number of weighted average shares of common stock outstanding during a period. Diluted funds from operations per share, or Diluted FFO per share, and diluted adjusted funds from operations per share, or Diluted AFFO per share, are FFO and AFFO, respectively, available to common stockholders divided by the number of weighted average shares of common stock outstanding on a diluted basis during a period. We believe that FFO and AFFO available to common stockholders, Basic FFO and Basic AFFO per share, and Diluted FFO and Diluted AFFO per share are useful to investors because they provide investors with a further context for evaluating our FFO and AFFO results in the same manner that investors use net income and earnings per share, or EPS, in evaluating net income available to common stockholders. In addition, because many REITs provide FFO and AFFO available to common stockholders, Basic FFO and AFFO and Diluted FFO, 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 net income is the most directly comparable GAAP measure to each FFO and AFFO, basic EPS is the most directly comparable GAAP measure to each Basic FFO and Basic AFFO per share, and diluted EPS is the most directly-comparable GAAP measure to Diluted FFO and Diluted AFFO per share.

The following table provides a reconciliation of our FFO and AFFO to the most directly comparable GAAP measure, net (loss) income, and a computation of basic and diluted net (loss) income, FFO and AFFO per weighted average share of common stock.

	For the Nine Months Ended September 30,		For the Years Ended December 31,	
	2014	**2013**	**2013**	**2012**
	$ (179,803)	$ 82,633	$ (1,224,683)	$ 600,373

Net (loss) income available to common stockholders								
Plus: Real estate and intangible depreciation and amortization		1,065,769		509,110		722,455		474,480
FFO available to common stockholders		885,966		591,743		(502,228)		1,074,853
Net adjustment for straight-lining of rents		793,644		(62,462)		(7,320)		(197,992)
Plus: Acquisition-related expenses		334,886		81,107		153,725		153,494
Plus: Income tax provision		20,103		191,433		1,519,730		300,319
Plus: Amortization of deferred financing costs		35,648		22,375		30,024		59,472
Plus: Other one-time charges, net(i)		18,318						
AFFO available to common stockholders	$	2,088,565	$	824,196	$	1,193,931	$	1,390,146
Weighted average common shares outstanding - basic & diluted		6,555,539		6,108,165		6,214,557		2,750,000
Net (loss) income per weighted average common share basic and diluted	$	(0.03)	$	0.01	$	(0.20)	$	0.22
FFO per weighted average common share - basic and diluted	$	0.14	$	0.10	$	(0.08)	$	0.39
AFFO per weighted average common share - basic and diluted	$	0.32	$	0.13	$	0.19	$	0.51

(i) Includes the addition of $64,774 of repairs incurred as a result of the fire on the cooler on West Gonzales that were expensed during the nine months ended September 30, 2014, netted against the property and casualty recovery, net, of $46,456 recorded during the nine months ended September 30, 2014.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

General

We are an externally-managed real estate company that owns 7,641 acres comprised of 29 farms: 11 in California, 9 in Florida, 4 in Michigan, 4 in Oregon and 1 in Arizona, as of September 30, 2014. These farms are leased to 25 separate and unrelated tenants that are either corporate or independent farmers. We intend to acquire more farmland in these and other states in our regions of focus that is or will be leased to farmers, and we expect that most of our future tenants will be medium-sized independent farming operations or large corporate farming operations that are unrelated to us. We may also acquire property related to farming, such as cooling facilities, freezer buildings, packinghouses, box barns, silos, storage facilities, greenhouses, processing plants and distribution centers. We generally lease our properties under triple-net leases, an arrangement under which the tenant maintains the property while paying the related taxes, maintenance and insurance costs, as well as rent to us. We may also elect to sell farmland at certain times, such as when the land could be developed by others for urban or suburban uses.

To a lesser extent, we may, without the consent of stockholders, provide senior secured first-lien mortgages to farmers for the purchase of farmland and farm-related properties. We expect that any mortgages we make would be secured by farming properties that have been in operation for over five years with a history of crop production and profitable farming operations. To date, we have not identified any properties for which to make loans secured by properties.

We were incorporated in 1997, primarily for the purpose of operating strawberry farms through our former subsidiary, Coastal Berry Company, LLC, which we refer to as Coastal Berry, an entity that provided growing, packaging, marketing and distribution of fresh berries and other agricultural products. We operated Coastal Berry as our primary business until 2004, when it was sold to Dole Food Company, or Dole.

Since 2004, our operations have consisted solely of leasing our farms. We also lease a small parcel on our 653-acre farm near Oxnard, California, which we refer to as West Gonzales, to an oil company. We do not currently intend to enter into the business of growing, packing or marketing farmed products; however, if we do so in the future, we expect that it would be through a taxable REIT subsidiary, or TRS.

As described further below, we have used all of the proceeds received from our initial public offering in January 2013, or the IPO and from our follow-on offering in September 2014, which we refer to as the Follow-on Offering, via new property acquisitions, improvements on existing properties, distributions to stockholders and other general corporate purposes. We intend to continue to lease our farm properties to corporate farmers or independent farmers that sell their products through national corporate marketers-distributors. We currently have no plans to make mortgage loans on farms, but we may make mortgage loans on farms and farm-related properties in the future. We expect to continue to earn rental and interest income from our investments.

Gladstone Management Corporation, or our Adviser, manages our real estate portfolio pursuant to an advisory agreement, and Gladstone Administration, LLC, or 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.

We conduct substantially all of our investment activities through, and all of our properties are held, directly or indirectly, by, Gladstone Land Limited Partnership, or the Operating Partnership. We control our Operating Partnership as its sole general partner, and we also currently own, directly or indirectly, all limited partnership units, or OP Units, of our Operating Partnership. On October 7, 2014, we obtained the ability and expect to offer equity ownership in our Operating Partnership by issuing OP Units from time to time in exchange for agricultural real property. By structuring our acquisitions in this manner, the sellers of the real estate will generally be able to defer the realization of gains until they redeem the OP Units or sell the OP Units for cash. Persons who receive OP Units in our Operating Partnership in exchange for real estate or interests in entities that own real estate will be entitled to redeem these OP Units for cash or, at our election, shares of our common stock on a one-for-one basis at any time after holding the OP Units for one year. To date, no properties have been acquired through issuance of OP Units.

On September 3, 2014, we filed our 2013 federal income tax return, on which we elected to be taxed as a real estate investment trust, or REIT, for federal tax purposes beginning with our tax year ended December 31, 2013. As a REIT, we generally will not be required to pay federal and state income taxes on the distributions we make to our stockholders. Any TRS through which we may conduct operations will be required to pay federal and state income taxes on its taxable income, if any, at the then-applicable corporate rates. To the extent we do not qualify to be taxed as a REIT or revoke our REIT status for federal income tax purposes, we will be subject to regular corporate income tax on our taxable income.

Objectives and Strategies

Our principal business objective is to maximize stockholder returns through a combination of: (1) monthly cash distributions to our stockholders; (2) sustainable long-term growth in cash flows from increased rents, which we hope to pass on to stockholders in the form of increased distributions; (3) appreciation of our land; and (4) capital gains derived from the sale of our properties. Our primary strategy to achieve our business objective is to invest in a diversified portfolio of triple-net leased farmland and properties related to farming operations.

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We expect that most of our future tenants will be medium-sized independent farming operations or large corporate farming operations that are unrelated to us. We intend to continue to lease our properties under triple-net leases, an arrangement under which the tenant maintains the property while paying the related taxes, maintenance and insurance costs, as well as rent to us. We are actively seeking and evaluating other farm properties for potential purchase. All potential acquisitions will be subject to due diligence procedures, and there can be no assurance that we will be successful in identifying or acquiring additional properties in the future.

Agricultural Leases

Most of our agricultural leases have initial terms ranging from 3 to 10 years for properties growing row crops and five to fifteen years for properties growing permanent crops, often with options to extend the lease further. Rent is generally payable to us on either an annual or semi-annual basis, with one-half due at the beginning of the year and the other half due later in the year. Further, most of our leases contain provisions that provide for annual increases in the rental amounts payable by the tenants, often referred to as escalation clauses. The escalation clauses may specify fixed dollar amount or percentage increases each year, or it may be variable, based on standard cost of living or inflation indices. In addition, some leases that are longer-term in nature may require a regular survey of comparable land rents, with the rent owed per the lease being adjusted to reflect current market rents. Leases are generally on a triple-net basis, which means that, in addition to rent, the tenant will be required to pay taxes, insurance (including drought insurance for properties that depend upon rain water for irrigation), water costs, maintenance and other operating costs. We do not expect to enter into leases that include variable rent based on the success of the harvest each year. Our current leases have original lease terms ranging from 1 to 15 years, with 16 farms being leased on a pure triple-net basis, and 13 farms being leased on a modified triple-net basis, meaning the landlord is responsible for a portion of the related property taxes.

We monitor our tenants credit quality on an ongoing basis by, among other things, periodically conducting site visits of the properties to ensure farming operations are taking place and to assess the general maintenance of the properties. To date, no changes to credit quality of our tenants have been identified, and all tenants continue to pay pursuant to the terms of their respective leases.

Agricultural Lease Expirations

Farm leases are often short-term in nature, so in any given year, we may have multiple leases up for renewal or extension. We had two agricultural leases that were originally due to expire in 2014, one on 196 acres of farmland, which we refer to as West Beach, and one on 307 acres of farmland, which we refer to as San Andreas, both near Watsonville, California. However, during the six months ended June 30, 2014, we were able to re-lease both properties prior to the expiration of their leases and without any downtime. The two properties were re-leased for periods of 9 and 6 years, respectively, at rental rates representing an average increase in minimum annualized straight-lined rental income of 26.0% over the previous leases. In aggregate, these properties accounted for approximately 6.6% of the total acreage owned as of September 30, 2014, and 14.1% and 14.5% of the total rental income recorded for the three and nine months ended September 30, 2014, respectively.

We have one agricultural lease due to expire in 2015, on 72 acres of farmland near Watsonville, California, which we refer to as Dalton Lane. We recently began negotiations regarding a lease renewal on this property, and we anticipate being able to renew the lease prior to its expiration on October 31, 2015. In addition, given that the property is in the same region as the two new leases we recently executed, on West Beach and San Andreas, we expect to be able to renew the lease at a higher rental rate, compared to that of the existing lease. However, there can be no assurance that we will be able to renew the lease at a rate favorable to us, if at all, or be able to find a replacement tenant for the lease, if necessary.

In addition, we also have a surface area lease with an oil company on eight acres of West Gonzales that is renewed on an annual basis and continues for so long as the tenant continues to use its oil rights. Under the terms of the lease, the amount of rent owed increases on an annual basis commensurate with the rental increases per the agricultural lease in place on West Gonzales. This lease accounted for approximately 0.4% and 0.5% of the rental income recorded during the three and nine months ended September 30, 2014.

Mortgages

We may, without the consent of stockholders, also make loans to farmers for the purchase of farmland and other properties related to farming, not to exceed 5.0% of the fair value of our total assets, over time. These loans would be secured by mortgages on the property. In the event that we make any such loans, we expect that the typical mortgage would carry a fixed interest rate over a term of three to five years and would require interest-only payments with no amortization of the principal until maturity. We expect that the mortgage would be set up to have the senior claim on the property but would not require the owner to guarantee the mortgage personally. If we make mortgage loans, we intend to provide borrowers with a conditional put option giving them the right to sell the property to us at a predetermined fair market value, and we also may have a call option to buy the property from the borrower. To date, we have not identified any properties for which to make loans secured by properties.

Business Environment

The United States, or the U.S., continues its unsteady recovery from the recession that began in late 2007 and from the harsh winter that adversely impacted the economy during the first quarter of 2014; however, uncertainty continues to exist on many levels. While the labor market continues its improvement and the employment rate continues its downward trajectory, broader unemployment measures remain historically high. Inflation appears to be on the rebound; however, it remains below the Federal Reserve s, or the Fed, goal of 2%, as it has for over two years. In the housing industry, overall activity remains relatively depressed, as most of the growth experienced in 2013 has cooled in 2014. Geopolitical concerns abroad also serve to intensify the broader economic uncertainties here in the U.S. Further, the Fed announced that it plans to end its bond-buying program in October 2014, which leads to questions as to when it will raise interest rates. In the meantime, interest rates remain near zero, which has led to increased competition for new acquisitions and compressed capitalization rates. The risk of rising interest rates could cause borrowing costs to rise, which may negatively impact our ability to access both the debt and equity markets on favorable terms. Unfavorable economic conditions and uncertainty of legislation related to agriculture could also have a material adverse effect on one or more of our tenants, as well as on our business, financial condition and results of operations.

Increasing global demand for food has led to both steady and significant increases in farmland values across the majority of the U.S. over the past decade. According to the U.S. Department of Agriculture, or the USDA, average per-acre values of U.S. farmland have more than doubled since 2009. Moreover, according to the National Council of Real Estate Investment Fiduciaries, the values of U.S. farmland have averaged 8.4% appreciation over the past year and 4.7% annually since 1990. When including the income generated by the underlying crops, the total average returns jump to 17.4% over the past year and 11.9% annually since 1990. These value increases have been exceptionally high for U.S. cropland in response to lifestyle shifts away from processed and frozen foods towards fresh produce. This trend becomes even stronger as per-capita income rises and a higher percentage of household income is dedicated towards food.

Domestic and global population growth is a major driver behind the increased value and demand for farmland. According to the Food and Agriculture Organization of the United Nations, global population is expected to grow by 34% between 2009 and 2050. In contrast, over the same period, the area of arable land is projected to expand by only 5%, with the ongoing trend of rapid urbanization and conversion of farmland continuing at an accelerating pace. Quality farmland in the U.S. currently has a near-zero vacancy rate, compared to vacancy rates of over 12% for urban office space, according to a recent quarterly report released by CBRE Group, Inc. Further, according to the USDA, approximately 40% of all U.S. farm acreage is farmed by non-owners, and we expect that steadily-increasing land prices, coupled with the increasing average age of farmers in the U.S., will influence growers towards renting versus owning their own farmland. Given the trends currently driving increased demand for farmland, we don t believe vacancy rates for U.S. farmland will change over the short- or long-terms.

We believe that population growth and the rising demand for food and U.S. farmland, which is drastically mismatched with the shrinking supply of farmland, will result in a strong increase in demand for our farms over the long-term, enabling us to consistently increase the rental rates on our farms. We also expect that the values of our farmland will increase at rates greater than that of inflation, helping to offset the impact of expected rising interest rates. However, while increased development and changing patterns of use are likely to increase the land values and rents in our portfolio, it could also result in upward pressure on prices for farms that we seek to acquire. We intend to mitigate this risk by continuing to seek out superior and diversified cropland across the U.S. and including market-rate adjustments to the rental rates in our leases.

Concerns over water rights and the overall availability of water have been a major cause in the slowing of acreage increases of U.S. croplands. In California, the recent drought has forced many producers to either cut back on acres in production or move to less-desirable regions. Fortunately, the drought has had little impact on our farms, since all of our properties have their own water sources via wells which undergo thorough testing to ensure adequate depth, flow and crop coverage. In addition, despite the impact of last year s drought, the weather in California has been favorable for strawberry production thus far in 2014, as quality and yields have remained high. Blueberry production conditions have also been excellent this year in the Pacific Northwest, where four of our farms are located. However, in the unlikely event that our tenants begin to experience significant losses due to the drought, a major mitigating factor is the recently-enacted U.S. farm bill, the Agricultural Act of 2014, or the Farm Bill. In addition to improving existing crop insurance program for farmers, the Farm Bill has also expanded the emergency programs to provide better coverage to such events as disaster and drought relief.

Recent Developments

REIT Conversion

On September 3, 2014, we filed our 2013 federal income tax return, on which we elected to be taxed as a REIT for federal income tax purposes beginning with our tax year ended December 31, 2013. As a REIT, we generally will not be subject to federal 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 (determined without regard to the deduction for dividends paid and excluding net capital gains) to our stockholders and meet certain other conditions.

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Investment and Leasing Activity

During the nine months ended September 30, 2014, we acquired eight farms in six separate transactions, which are summarized in the table below:

Name	Property Location	Acquisition Date	Total Acreage	Number of Farms	Primary Crop(s)	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs	Ar Str
ad	Clatskanie, OR	5/30/2014	200	2	Blueberries	10.3 years	3 (5 years each)	$ 2,591,333	$ 60,870 (4)	$
ley	Watsonville, CA	6/13/2014	145	1	Strawberries	2.3 years	None	5,900,000	50,896 (4)	
Road	Dover, FL	6/20/2014	94	2	Strawberries	3.0 years	1 (3 years) / None (2)	2,666,000	60,676 (4)	
Road	Oxnard, CA	7/23/2014	68	1	Strawberries	3.0 years	1 (3 years)	6,888,500	91,103 (4)	
Road	Arvin, CA	7/25/2014	326	1	Vegetables	1.3 years	None (3)	5,800,000	44,434 (4)	
Road	Duette, FL	9/29/2014	808	1	Strawberries	10.0 years	2 (5 years each)	13,765,000	123,500 (5)	
			1,641	8				$ 37,610,833	$ 431,479	$

(1) Annualized straight-line amount is based on the minimum rental payments required per the lease and includes the amortization of any above-market and below-market leases recorded.

(2) This property has separate tenants leasing each of the two farms. One lease provides for one 3-year renewal option, while the lease for the other farm includes no renewal option.

(3) Upon acquisition of this property, we assumed the in-place lease, which expires October 31, 2015. In addition, we executed a 9-year, follow-on lease with a new tenant that commences November 1, 2015. Under the terms of the follow-on lease, the tenant has one 3-year renewal option, and annualized, straight-line rents will be $311,760.

(4) Acquisition accounted for as a business combination under ASC 805. As such, all acquisition-related costs were expensed as incurred, other than direct leasing costs, which were capitalized. We incurred $17,558 of direct leasing costs in connection with these acquisitions. In addition, $19,277 of the acquisition costs related to the closing of McIntosh Road were expensed prior to 2014.

(5) Acquisition accounted for as an asset acquisition under ASC 360. As such, all acquisition-related costs were capitalized and allocated among the identifiable assets acquired.

In addition, the following significant events occurred with regard to our already-existing properties during 2014:

Trapnell Road: On January 20, 2014 we completed the work for the expansion and upgrade of the cooling facility on 124 acres of farmland near Plant City, Florida, for which we agreed to incur the costs, up to a maximum of $450,000. We expended a total of $446,108 in connection with this project, and, in accordance with the lease amendment executed on October 21 2013, we will earn additional rental income on the costs incurred related to this project at an initial annual rate of 8.5%, with prescribed rental escalations provided for in the lease.

West Beach: On March 27, 2014, we executed a lease with a new tenant to occupy 196 acres of farmland near Watsonville, California, that commences on November 1, 2014, as the lease term with the current tenants on the property will expire on October 31, 2014. The new lease term is for nine years, through December 31, 2023, and provides for prescribed rent escalations over its life, with minimum annualized GAAP straight-line rental income of $540,469, representing a 20.7% increase over that of the current lease.

San Andreas: On June 17, 2014, we extended the lease with the tenant occupying 307 acres of farmland near Watsonville, California, which was originally set to expire in December 2014. The lease was extended for an additional six years, through December 2020, and provides for rent escalations over its life, with annualized, GAAP straight-line rental income of $566,592, representing a 31.3% increase over that of the previous lease.

East Shelton: In July 2014, we completed an irrigation upgrade project on 1,761 acres of farmland near Willcox, Arizona, for which we rehabilitated several of the 13 existing wells on the property, in addition to adding two new wells. The total cost of this project was approximately $1.2 million. In connection with the completion of this project, subsequent to September 30, 2014, we executed a lease amendment with the current tenant on the property to provide for an additional $35,087 of annualized, straight-line rent, which will be effective as of the date we acquired the property, December 27, 2013.

We have also entered into three separate purchase and sale agreements to purchase, in the aggregate, approximately 459 acres of land for $34.5 million. The purchases of these properties are subject to customary conditions and termination rights for transactions of this type, including a due diligence inspection period, and there can be no assurance that the acquisition will be consummated by a certain time, or at all.

Involuntary Conversions and Property and Casualty Recovery

In April 2014, two separate fires occurred on two of our properties, partially damaging a structure on each property. One occurred on 20th Avenue, on which the majority of a residential house was destroyed by a fire. We determined the carrying value of the portion of the residential house damaged by the fire to be approximately $94,000. The second fire occurred on West Gonzales and damaged a portion of the cooling facility on the property. As of June 30, 2014, we estimated the carrying value of the portion of the cooler damaged by the fire to be approximately $156,000. However, during the three months ended September 30, 2014, as additional information became available to us through the repair process, we adjusted this estimate to approximately $139,000. Thus, we wrote down the carrying value of these properties on the accompanying *Condensed Consolidated Balance Sheets* by these respective amounts, and, in accordance with ASC 605, we also recorded a corresponding property and casualty loss during the three months ended June 30, 2014, included in Property and casualty recovery, net on the accompanying *Condensed Consolidated Statements of Operations.*

Both of the assets were insured, either by us or the tenant, at the time of the fires, and at least partial recovery of these costs is considered probable. As a result of the fire on 20th Avenue, we expect to receive insurance proceeds of at least $47,000, and collection of such recovery is considered to be probable as of September 30, 2014. Thus, in accordance with ASC 450, during the three months ended September 30, 2014, we recorded this expected recovery as an offset to the property and casualty loss we recorded during the three months ended June 30, 2014, and such recovery is included as part of Property and casualty recovery, net on the accompanying *Condensed Consolidated Statements of Operations*. In connection with the fire on West Gonzales, insurance proceeds of $231,710 were recovered during the three months ended

September 30, 2014; thus, we recorded this amount as an offset to the property and casualty loss we recorded during the three months ended June 30, 2014, and such recovery is included as part of Property and casualty recovery, net on the accompanying *Condensed Consolidated Statements of Operations*. However, of the $231,710 of insurance proceeds recovered during the three months ended September 30, 2014, $106,943 was deposited into the account of one of our affiliates in error, and this amount was remitted to us in full on October 2, 2014. We expect to recover an additional $124,767 for these repairs during the three months ending December 31, 2014, and we have received confirmation from the insurer regarding payment of this amount. Thus, we have recorded this expected recovery as a receivable and a corresponding liability, included in Other assets and Other liabilities, respectively, on the accompanying *Condensed Consolidated Balance Sheets*. We will recognize this amount and any other insurance recoveries as a gain upon receipt. We are still in the process of assessing the total amount expected to be recovered for each of these events, as well as the collectability of such amounts; thus, no further offsets to the property and casualty loss we recorded during the three months ended June 30, 2014, have been recorded at this time.

Repairs are currently ongoing on West Gonzales, and, during the three months ended September 30, 2014, we expended $231,709 to repair the portion of the cooler damaged by the fire. Of this amount, $166,935 was capitalized as a real estate addition, and $64,774 was recorded as repairs and maintenance expense, included in Property operating expense on the accompanying *Condensed Consolidated Statements of Operations*. Repairs have not yet begun on 20th Avenue.

Financing Activity

MetLife Credit Facility

On May 9, 2014, we closed on a new mortgage loan facility and a new revolving line of credit with Metropolitan Life Insurance Company, or MetLife, for an aggregate amount of up to $125.0 million, or the New MetLife Credit Facility. The New MetLife Credit Facility consists of a $100.0 million long-term note payable, or the New MetLife Note Payable and a $25.0 million revolving equity line of credit, or the New MetLife Line of Credit. Under the New MetLife Credit Facility, we may borrow up to 58% of the aggregate of the lower of cost or the appraised value of the real property pledged as collateral.

The New MetLife Note Payable is scheduled to mature on January 5, 2029, and advances will initially bear interest at a fixed rate of 3.50% per annum, plus an unused fee of 0.20% on undrawn amounts. The New MetLife Line of Credit is scheduled to mature on April 5, 2024, and advances will initially bear interest at a variable rate equal to the three-month LIBOR plus a spread of 2.50%, with a minimum annualized rate of 2.75%, plus an unused fee of 0.20% on undrawn amounts.

The New MetLife Credit Facility replaces the prior mortgage note payable and prior revolving line of credit with MetLife, or the Prior MetLife Credit Facility, and a portion of the proceeds from the New MetLife Credit Facility was used to repay amounts owed under the Prior MetLife Credit Facility. We intend to utilize the remaining availability under the New MetLife Credit Facility to acquire additional farmland in the U.S.

Among other changes from our Prior MetLife Credit Facility, under the New MetLife Credit Facility:

- the aggregate borrowing capacity increased by $75.0 million, or 150%;

- the maturity date of our prior mortgage note payable was extended by three years, to January 2029, while the initial interest rate on the mortgage remained at 3.5%;

- the maturity date of our prior revolving line of credit was extended by seven years, to April 2024; and

- the initial interest rate on our prior revolving line of credit was reduced by 50 bps, to 2.75%.

Farm Credit Notes Payable

On September 19, 2014, we closed on two loans from Farm Credit of Central Florida, FLCA, or Farm Credit, in the aggregate amount of approximately $4.2 million. In addition, on September 29, 2014, we obtained an additional loan for approximately $8.3 million, bringing our total borrowings from Farm Credit to approximately $12.5 million (collectively, the Farm Credit Notes Payable).

The Farm Credit Notes Payable are scheduled to mature on August 1, 2034, and will bear interest (before interest repatriation) at a blended fixed rate of 3.53% per annum through July 31, 2017; thereafter, the interest rate will be equal to the one-month LIBOR, plus 2.875%. The original principal amounts borrowed from Farm Credit equaled approximately 60% of the aggregate appraised value of the real properties pledged as collateral under the Farm Credit Notes Payable.

We have also entered into a non-binding term sheet with one additional lender; however, there is no guaranty that we will be able to complete this transaction on terms favorable to us, or at all.

Executive Officers

On July 14, 2014, our Board of Directors appointed Lewis Parrish, our then-current chief accounting officer, as chief financial officer. Danielle Jones, our prior chief financial officer, remained as our treasurer. This transition has been planned for some time and was made to allow Ms. Jones to focus on her position as chief financial officer and treasurer for Gladstone Commercial Corporation, an affiliate of ours.

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Portfolio Diversity

Since our IPO in January 2013 to September 30, 2014, we have expanded our portfolio of 12 farms leased to 7 different, third-party tenants to a portfolio of 29 farms leased to a 25 different, third-party tenants. While our focus remains in fresh produce row crops, we have also begun to diversify our portfolio into other crop types, including permanent crops, primarily consisting of blueberries, and certain commodity crops, consisting primarily of corn and beans. The following table summarizes the different sources of revenues for our properties with leases in place as of and for the nine months ended September 30, 2014 and 2013, respectively:

	As of and For the Nine Months Ended September 30, 2014				**As of and For the Nine Months Ended September 30, 2013**				**Annualized Straight-line Rent as of September 30, 2014[(1)]**	
Revenue Source	**Total Farmable Acres**	**% of Total Farmable Acres**	**Rental Revenue**	**% of Total Revenue**	**Total Farmable Acres**	**% of Total Farmable Acres**	**Rental Revenue**	**% of Total Revenue**	**Total Rental Revenue**	**% of Total Revenue**
Annual row crops fresh produce[(2)]	4,315	69.1%	$ 3,603,643	74.6%	1,345	82.0%	$ 2,341,116	81.8%	$ 6,365,631	78.3%
Annual row crops commodity crops[(3)]	1,420	22.8%	280,211	5.8%	179	11.0%	49,849	1.7%	373,366	4.6%
Subtotal Total annual row crops	5,735	91.9%	3,883,854	80.4%	1,524	93.0%	2,390,965	83.5%	6,738,997	82.9%
Permanent crops[(4)]	506	8.1%	429,426	8.9%	116	7.0%	50,058	1.8%	636,202	7.8%
Subtotal Total crops	6,241	100.0%	4,313,280	89.3%	1,640	100.0%	2,441,023	85.3%	7,375,199	90.7%
Facilities and other[(5)]		0.0%	514,753	10.7%		0.0%	419,412	14.7%	753,255	9.3%
Total	**6,241**	**100.0%**	**$ 4,828,033**	**100.0%**	**1,640**	**100.0%**	**$ 2,860,435**	**100.0%**	**$ 8,128,454**	**100.0%**

(1) Annualized straight-line rent amount is based on the minimum rental payments required per the lease in place as of September 30, 2014, and includes the amortization of any above-market and below-market lease values recorded.

(2) Includes berries and other fruits, such as strawberries, raspberries and melons, and vegetables, such as carrots, lettuce, mint, onions, peas, peppers, potatoes and tomatoes.

(3) Includes beans, corn, grass and wheat.

(4) Includes blueberries, avocados and lemons.

(5)

Includes farm-related facilities, such as coolers, packinghouses, distribution centers and residential houses for tenant farmers, as well as a surface area lease with an oil company on a small parcel of one of our properties.

The acquisition of 17 farms since our IPO has also allowed us to further diversify our portfolio geographically. The following table summarizes the different geographic locations of our properties with leases in place as of and for the nine months ended September 30, 2014 and 2013, respectively:

	As of and For the Nine Months Ended September 30, 2014				As of and For the Nine Months Ended September 30, 2013				Annualized Straight-line Rent as of September 30, 2014[(1)]	
State	**Total Acres**	**% of Total Acres**	**Rental Revenue**	**% of Total Rental Revenue**	**Total Acres**	**% of Total Acres**	**Rental Revenue**	**% of Total Rental Revenue**	**Total Rental Revenue**	**% of Total Rental Revenue**
California	1,993	26.1%	$ 3,260,272	67.5%	1,228	62.4%	$ 2,408,110	84.2%	$ 4,962,302	61.1%
Florida	1,304	17.1%	384,861	8.0%	402	20.4%	345,113	12.1%	1,498,147	18.4%
Oregon	2,313	30.3%	775,438	16.1%	218	11.1%	64,539	2.2%	1,133,269	13.9%
Arizona	1,761	23.0%	217,899	4.5%	0	0.0%		0.0%	290,284	3.6%
Michigan	270	3.5%	189,563	3.9%	119	6.1%	42,673	1.5%	244,452	3.0%
	7,641	**100.0%**	**$ 4,828,033**	**100.0%**	**1,967**	**100.0%**	**$ 2,860,435**	**100.0%**	**$ 8,128,454**	**100.0%**

(1) Annualized straight-line rent amount is based on the minimum rental payments required per the lease in place as of September 30, 2014, and includes the amortization of any above-market and below-market lease values recorded.

Our Adviser and Administrator

Advisory and Administration Agreements

Since 2004, we have been externally managed pursuant to a contractual investment advisory arrangement with our Adviser, under which our Adviser has directly employed certain of our personnel and paid their payroll, benefits and general expenses directly. Prior to January 1, 2010, the advisory agreement also covered the administrative services we received from our Administrator, which, until January 1, 2010, was a wholly-owned subsidiary of our Adviser. Since January 1, 2010, our Administrator has provided administrative services to us pursuant to a separate administration agreement with our Administrator. Upon the closing of our IPO, on January 31, 2013, we entered into amended and restated versions of each of the advisory and administration agreements.

Prior Advisory and Administration Agreements

Prior Advisory Agreement

Under our advisory agreement in effect until January 31, 2013, or the Prior Advisory Agreement, we were required to reimburse our Adviser for our pro-rata share of our Adviser s payroll and benefits expenses on an employee-by-employee basis, based on the percentage of each employee s time devoted to our matters in relation to the time such employees devoted to all of our affiliated funds advised by the Adviser.

Under our Prior Advisory Agreement, we were also required to reimburse our Adviser for our pro-rata portion of all other expenses of our Adviser not reimbursed under the arrangements described above, which we refer to as overhead expenses, equal to the total overhead expenses of our Adviser multiplied by the ratio of hours worked by our Adviser s (and until January 1, 2010, our Administrator s) employees on our projects to the total hours worked by our Adviser s (and until January 1, 2010, our Administrator s) employees. However, we were only required to reimburse our Adviser for our portion of its overhead expenses if the amount of payroll and benefits we reimbursed to our Adviser was less than 2.0% of our average invested assets for the year. Additionally, we were only required to reimburse our Adviser for overhead expenses up to the point that reimbursed overhead expenses and payroll and benefits expenses, on a combined basis, equaled 2.0% of our average invested assets for the year. Our Adviser was required to reimburse us annually for the amount by which amounts billed to and paid by us exceed this 2.0% limit during a given year. These amounts never exceeded the 2.0% limit, and, therefore, we never received or qualified for any such reimbursement.

Prior Administration Agreement

Under our administration agreement in effect until January 31, 2013, or the Prior Administration Agreement, we were required to reimburse our Administrator for our pro-rata portion of its payroll and benefits expenses on an employee-by-employee basis, based on the percentage of each employee s time devoted to our matters. We were also required to reimburse our Administrator for our pro-rata portion of its overhead expenses, equal to the total overhead expenses of our Administrator multiplied by the ratio of hours worked by our Administrator s employees on our projects to the total hours worked by our Administrator s employees.

Amended and Restated Advisory and Administration Agreements

Amended Advisory Agreement

Under the terms of our amended and restated advisory agreement that went into effect on February 1, 2013, or the Amended Advisory Agreement, we pay an annual base management fee equal to a percentage of our adjusted stockholders equity, which is defined as our total stockholders equity at the end of each quarter less the recorded value of any preferred stock we may issue and, for 2013 only, any uninvested cash proceeds from the IPO. For 2013, the base management fee was set at 1.0% of our adjusted stockholders equity; however, in 2014, we will pay a base management fee equal to 2.0% of our adjusted stockholders equity, which will no longer exclude uninvested cash proceeds from the IPO.

Under the terms of our Amended Advisory Agreement, we also pay an additional quarterly incentive fee based on our funds from operations, or FFO. For purposes of calculating the incentive fee, our FFO before giving effect to any incentive fee (our Pre-Incentive Fee FFO) will include any realized capital gains or losses, less any distributions paid on any preferred stock we may issue, but will not include any unrealized capital gains or losses. The incentive fee will reward our Adviser if our Pre-Incentive Fee FFO for a particular calendar quarter exceeds a hurdle rate of 1.75%, or 7% annualized, of our total stockholders equity at the end of the quarter. We pay our Adviser an incentive fee with respect to our Pre-Incentive Fee FFO quarterly, as follows:

- no incentive fee in any calendar quarter in which our Pre-Incentive Fee FFO does not exceed the hurdle rate of 1.75% (7% annualized);

- 100% of the amount of the Pre-Incentive Fee FFO that exceeds the hurdle rate, but is less than 2.1875% in any calendar quarter (8.75% annualized); and

- 20% of the amount of our Pre-Incentive Fee FFO that exceeds 2.1875% in any calendar quarter (8.75% annualized).

Quarterly Incentive Fee Based on FFO

Pre-Incentive Fee FFO

(expressed as a percentage of total stockholders equity)

Percentage of Pre-Incentive Fee FFO allocated to the incentive fee

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Amended Administration Agreement

Under the terms of the amended and restated administration agreement that went into effect on February 1, 2013, or the Amended Administration Agreement, we pay separately for our allocable portion of the Administrator s overhead expenses in performing its obligations, including rent and our allocable portion of the salaries and benefits expenses of our chief financial officer, treasurer, chief compliance officer, general counsel and secretary, who also serves as our Administrator s president, and their respective staffs. From February 1, 2013, through June 30, 2014, our allocable portion of these expenses was derived by multiplying the Administrator s total allocable expenses by the percentage of our total assets at the beginning of each quarter in comparison to the total assets of all funds for whom our Administrator provides services. Beginning July 1, 2014, our allocable portion of these expenses will generally be derived by multiplying the Administrator s total allocable expenses by the percentage of time employees of the Administrator spend on our matters in relation to other companies managed by or affiliated with our Adviser under similar agreements.

Emerging Growth Company

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act, or the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. In particular, Section 107 of the JOBS Act provides that an emerging growth company may choose to take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, for complying with new or revised accounting standards, meaning that the company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Additionally, we are eligible to take advantage of certain other exemptions from various reporting requirements that are applicable to public companies that are not emerging growth companies, including, but not limited to, an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. We have elected to take advantage of this extended transition period, and, as a result, we will comply with new or revised accounting standards on the dates on which adoption of such standards is required for private companies for as long as we maintain our emerging company status. Accordingly, the accounting standards that we apply while we remain an emerging growth company may differ materially from the accounting standards applied by other similar public companies, including emerging growth companies that have not elected to opt into this extended transition period. This election could have a material impact on our financial statements and the comparability of our financial statements to the financial statements of similar public companies.

Critical Accounting Policies

The preparation of our financial statements in accordance with generally accepted accounting principles in the U.S., or 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 critical accounting policies is below. We consider these policies to be critical because they involve estimates and assumptions that require complex, subjective or significant judgments in their application and that materially affect our results of operations.

Purchase Price Allocation

When we acquire real estate, we allocate the purchase price to: (i) the tangible assets acquired and liabilities assumed, consisting of land, buildings, tenant improvements, horticulture and long-term debt, and (ii) if the acquisition is a business combination, the identified intangible assets and liabilities, consisting of the value of above-market and below-market leases, in-place leases, unamortized lease origination costs, tenant relationships and capital lease obligations, based, in each case, on their fair values.

Certain of our acquisitions involve sale-leaseback transactions with newly-originated leases, which we account for as asset acquisitions under Accounting Standards Codification, or ASC, 360, Property, Plant and Equipment. Other of our acquisitions involve the acquisition of farmland that is already being operated as rental property and has a lease in place that we assume at the time of acquisition, which we will generally consider to be a business combination under ASC 805, Business Combinations. In the case of an asset acquisition, we will capitalize the transaction costs incurred in connection with the acquisition, whereas in the case of a business combination, we will expense these transaction costs as incurred. When we account for an acquisition as a business combination, we may also record above-market and below-market in-place lease values based on the present value (using a discount rate which reflects the risks associated with the leases acquired) of the difference between the contractual amounts to be paid pursuant to the in-place leases and management s estimate of fair market lease rates for the corresponding in-place leases, measured over a period equal to the remaining, non-cancelable term of the lease. When present, we will amortize the capitalized above-market lease values, included in Other assets on the accompanying *Condensed Consolidated Balance Sheets*, as a reduction of rental income over the remaining, non-cancelable terms of the respective leases, and we will amortize the capitalized below-market lease values, included in Other liabilities on the accompanying *Condensed Consolidated Balance Sheets*, as an increase to rental income over the remaining, non-cancelable terms of the respective leases. Since our strategy will, to a large degree, involve sale-leaseback transactions with newly-originated leases at market rates, we do not expect that the above-market and below-market in-place lease values will be significant for many of the transactions we will ultimately enter into.

We will measure the aggregate value of other intangible assets acquired based on the difference between the property valued with existing in-place leases adjusted to market rental rates and the property valued as if vacant. Our Adviser will estimate values using methods similar to those used by independent appraisers, such as a sales comparison approach, a cost approach and either an income capitalization approach or discounted cash flow analysis. Factors to be considered by management in its analysis will include an estimate of carrying costs during hypothetical, expected lease-up periods, considering current market conditions and costs to execute similar leases. Our Adviser will also consider information obtained about each property as a result of our pre-acquisition due diligence and marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired. In estimating carrying costs, management will also include lost reimbursement of real estate taxes, insurance and other operating expenses, as well as estimates of lost rental income at market rates during the hypothetical, expected lease-up periods, which we expect will primarily range from 3 to 18 months, depending on specific local market conditions.

Our Adviser will also estimate costs to execute similar leases, including leasing commissions, legal and other related expenses, to the extent such costs are not already incurred in connection with a new lease origination as part of the transaction. The total amount of other intangible assets acquired will be further allocated to in-place lease values and customer relationship intangible values based on our Adviser s evaluation of the specific characteristics of each tenant s lease and our overall relationship with that respective tenant. Characteristics to be considered by our Adviser in allocating these values include the nature and extent of our existing business relationship with the tenant, prospects for developing additional business with the tenant, the tenant s credit quality and management s expectations of lease renewals, including those existing under the terms of the current lease agreement, among other factors. We will amortize the value of in-place leases to expense over the initial term of the respective leases, including that of any fixed-price or below-market renewal options. We primarily expect the initial terms of our leases to range from 3 to 10 years for properties growing row crops, with longer terms for properties growing long-term plants such as trees, bushes and vines. The value of customer relationship intangibles will be amortized to expense over the initial term and any renewal periods in the respective leases. Should a tenant terminate its lease, the unamortized portion of the in-place lease value and customer relationship intangibles would be charged to expense.

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Results of Operations

A comparison of our operating results for the three and nine months ended September 30, 2014 and 2013 is below:

	For the Three Months Ended September 30,			
	2014	2013	$ Change	% Change
Operating revenues:				
Rental revenues	$ 1,771,106	$ 996,096	$ 775,010	77.8%
Tenant recovery revenue	6,569		6,569	N/A
Total operating revenues	1,777,675	996,096	781,579	78.5%
Operating expenses:				
Depreciation and amortization	447,251	171,751	275,500	160.4%
Management fee	300,552	19,485	281,067	1442.5%
Administration fee	144,952	39,562	105,390	266.4%
Professional fees	164,269	140,147	24,122	17.2%
Acquisition-related expenses	114,140	59,970	54,170	90.3%
Property operating expense	137,859	24,564	113,295	461.2%
General and administrative	167,069	192,001	(24,932)	13.0%
Total operating expenses	1,476,092	647,480	828,612	128.0%
Operating income	301,583	348,616	(47,033)	13.5%
Other income (expense)				
Interest and other income	9,809	17,594	(7,785)	44.2%
Interest expense	(501,094)	(276,044)	(225,050)	81.5%
Property and casualty recovery, net	296,934		296,934	N/A
Total other expense	(194,351)	(258,450)	64,099	24.8%
Net income before income taxes	107,232	90,166	17,066	18.9%
Income tax provision	(6,857)	(85,406)	78,549	92.0%
Net income	$ 100,375	$ 4,760	$ 95,615	2008.7%

N/A = Not Applicable

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	For the Nine Months Ended September 30, 2014	2013	$ Change	% Change
Operating revenues:				
Rental income	$ 4,828,033	$ 2,860,435	$ 1,967,598	68.8%
Tenant recovery revenue	11,213		11,213	N/A
Total operating revenues	4,839,246	2,860,435	1,978,811	69.2%
Operating expenses:				
Depreciation and amortization	1,065,769	509,110	556,659	109.3%
Management fee	778,047	103,786	674,261	649.7%
Incentive fee		41,037	(41,037)	N/A
Administration fee	276,157	135,402	140,755	104.0%
Professional fees	453,861	389,303	64,558	16.6%
Acquisition-related expenses	334,886	81,107	253,779	312.9%
Property operating expense	284,924	72,031	212,893	295.6%
General and administrative	591,359	506,179	85,180	16.8%
Operating expenses before credits from Adviser	3,785,003	1,837,955	1,947,048	105.9%
Credits to fees		(41,037)	41,037	N/A
Total operating expenses	3,785,003	1,796,918	1,988,085	110.6%
Operating income	1,054,243	1,063,517	(9,274)	0.9%
Other income (expense)				
Interest and other income	20,532	43,039	(22,507)	52.3%
Interest expense	(1,280,931)	(832,490)	(448,441)	53.9%
Property and casualty recovery	46,456		46,456	N/A
Total other expense	(1,213,943)	(789,451)	(424,492)	53.8%
Net (loss) income before income taxes	(159,700)	274,066	(433,766)	158.3%
Income tax provision	(20,103)	(191,433)	171,330	89.5%
Net (loss) income	$ (179,803)	$ 82,633	$ (262,436)	317.6%

N/A = Not Applicable

Operating Revenues

Rental revenues increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily as a result of the rental income attributable to 15 additional farms that we acquired since September 30, 2013. For the three and nine months ended September 30, 2014, we recorded additional rental income of approximately $681,000 and $1,613,000, respectively, as a result of the farms we acquired since September 30, 2013, and approximately $91,000 and $354,000, respectively, on farms held as of September 30, 2013, primarily as a result of renewing existing leases at higher rates and earning additional revenue on capital improvements constructed on certain properties. To further highlight the impact that acquisitions had on our increase in rental income, on a same-property portfolio basis, which only includes properties owned for the entirety of both periods presented, rental income increased by approximately $91,000, or 9.1%, and $225,000, or 8.2% for the three and nine months ended September 30, 2014, respectively, due to renewals of existing leases or new leases being put in place at higher rental rates.

Tenant recovery revenue represents real estate taxes and insurance premiums paid on certain of our properties that, per the lease, are required to be reimbursed by the tenant. The increase during the three and nine months ended September 30, 2014, was due to a lease on one of our properties that went into effect in 2014, and a corresponding amount was also recorded as property operating expenses during each period.

Operating Expenses

Depreciation and amortization expenses increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, as a result of the additional farms we acquired, as mentioned above, and additional site improvements made on existing properties since September 30, 2013. For the three and nine months ended September 30, 2014, we recorded additional depreciation and amortization expense of approximately $270,000 and $505,000, respectively, as a result of the 15 farms we acquired since September 30, 2013, and approximately $177,000 and $561,000, respectively, on farms held as of September 30, 2013, primarily as a result of capital improvements made on those properties. On a same-property portfolio basis, depreciation and amortization expense increased by approximately $5,000 and $400 for the three and nine months ended September 30, 2014, respectively.

The management fee increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily as a result of change in the calculation for 2014, as stipulated in the Amended Advisory Agreement. Per the agreement, for 2013, the base management fee was set at 1.0% of our adjusted stockholders equity, which was reduced by any uninvested cash proceeds from the IPO. For 2014, the base management fee is calculated at 2.0% of our adjusted stockholders equity, inclusive of any uninvested cash proceeds from the IPO.

For the month of January 2013, the management fee consisted of the reimbursement of expenses, including direct allocation of employee salaries and benefits, as well as general overhead expense, to our Adviser in accordance with the terms of the Prior Advisory Agreement. Beginning February 1, 2013, the management fee was calculated pursuant to the terms of the Amended Advisory Agreement. For the nine months ended September 30, 2013, our management advisory fee under the Prior Advisory Agreement, which was terminated on January 31, 2013, was $46,206, while the base management fee under the Amended Advisory Agreement, which became effective on February 1, 2013, was $19,485 and $57,580 for the three and nine months ended September 30, 2013, respectively. The calculation of the management fees is described in further detail above, under *Our Adviser and Administrator*.

For the three months ended March 31, 2013, we paid an incentive fee to our Adviser of $41,037. No incentive fee was earned by our Adviser during the three or six months ended September 30, 2013; however, due to a change in methodology, our Adviser issued a one-time, irrevocable waiver equal to the full amount of the incentive fee paid for the three months ended March 31, 2013, and such fee was credited to us during the three months ended June 30, 2013. There was no incentive fee earned by our Adviser during the three or nine months ended September 30, 2014, as our FFO did not exceed the hurdle rate. The calculation of the incentive fee is described in further detail above, under *Our Adviser and Administrator*.

The administration fee increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily as a result of a change of how the administration fee is allocated to us in relation to the other funds managed by our Administrator. During the three months ended September 30, 2014, the allocation of the administration fee was revised such that the fee is now based upon the percentage of time employees of the Administrator spend on our matters in relation to other companies managed by the Adviser, versus the old methodology whereby the fee was allocated based upon our total assets in relation to other companies managed by the Adviser. Going forward, under the new methodology, we anticipate our future administration fee to be similar to that incurred during the three months ended September 30, 2014.

For the month of January 2013, the administration fee consisted of the reimbursement of expenses, including direct allocation of employee salaries and benefits, as well as general overhead expense, to our Administrator in accordance with the terms of the Prior Administration Agreement. Beginning February 1, 2013, the administration fee was calculated pursuant to the terms of the Amended Administration Agreement. For the nine months ended September 30, 2013, our administration fee under the Prior Administration Agreement, which was terminated on January 31, 2013, was $18,532, while the administration fee under the Amended Administration Agreement, which became effective on February 1, 2013, was $39,562 and $116,870 for the three and nine months ended September 30, 2013, respectively. The administration fee is described in further detail above, under *Our Adviser and Administrator*.

Professional fees, consisting primarily of legal and accounting fees, increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily as a result of additional fees incurred for work performed related to the valuation of properties we acquired during the fourth quarter of 2013 and throughout 2014, as well as work performed related to our REIT conversion.

Acquisition-related expenses generally consist of legal fees and fees incurred for third-party reports prepared in connection with potential acquisitions and the related due diligence analyses. Acquisition-related expenses increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily as a result of acquiring more properties during the nine months ended September 30, 2014, as compared to the prior-year period, and how such acquisitions were classified for accounting purposes. In connection with the eight farms acquired during the nine months ended September 30, 2014, we incurred $431,479 of acquisition-related expenses. Of this amount, during the three and nine months ended September 30, 2014, $74,878 and $271,072, respectively, were expensed as incurred, while $134,384 and $141,059, respectively, were capitalized and allocated among the assets acquired for both respective periods. In connection with the two farms acquired during the nine months ended September 30, 2013, we incurred $146,410 of acquisition-related expenses, all of which were capitalized and allocated among the assets acquired. In general, we are incurring more acquisition-related expenses during 2014 than we were incurring during 2013 due to a larger pipeline of investments, in part because we curtailed our acquisition activity leading up to our IPO in January 2013 to focus on completing the IPO process, stalling our investment activity in the months following the IPO.

Property operating expenses consist primarily of real estate taxes, franchise taxes, insurance expense and other overhead expenses paid for certain of our properties. Property operating expenses increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily due to additional property taxes incurred related to certain properties acquired during the last 12 months, as well as repairs and maintenance performed on certain of our properties. For the three and nine months ended September 30, 2014, the amount of property taxes we expensed increased by approximately $39,000 and $109,000, respectively, over the respective prior-year periods. Further, in connection with the cooler damaged by the fire on West Gonzales, as of September 30, 2014, we had expended approximately $232,000 in repairs, of which approximately $167,000 was capitalized and $65,000 was expensed as repairs and maintenance. The full amount expended to date has been recovered via insurance proceeds. During the nine months ended September 30, 2014, we also incurred expenses related to maintenance performed on wells on one of our properties.

General and administrative expenses decreased for the three months ended September 30, 2014, but increased for the nine months ended September 30, 2014, as compared to the respective prior-year periods. The decrease in general and administrative expenses during the three

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months ended September 30, 2014, was primarily due to fewer stockholder-related expenses incurred during the three months ended September 30, 2014, while the increase for the nine months ended September 30, 2014, was a result of increases in stockholder-related expenses related to our first annual stockholders meeting and overhead insurance premiums due to our being a public company for the full period during the nine months ended September 30, 2014.

Other Income (Expense)

Interest and other income decreased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily due to the interest earned on the net proceeds from our IPO during 2013, a portion of which was invested in short-term U.S. Treasuries during the three and nine months ended September 30, 2013. These U.S. Treasuries matured on June 27, 2013.

Interest expense increased for both the three and nine months ended September 30, 2014, as compared to the respective prior-year periods, primarily due to increased overall borrowings. The weighted-average balance of our aggregate borrowings for the three and nine months ending September 30, 2014, was $53.9 million and $46.0 million, respectively, as compared to $29.6 million and $29.8 million for the respective prior-year periods. The overall effective interest rate charged on our aggregate borrowings, excluding the impact of deferred financing costs, was 3.6% for both the three and nine months ended September 30, 2014, as well as for each of the respective prior-year periods.

The property and casualty recovery we incurred during the nine months ended September 30, 2014, relates to two separate fires in April 2014 that partially damaged a structure on each of two properties. As of June 30, 2014, we estimated the aggregate carrying value of the portions of the structures damaged by the fires to be approximately $250,000, and we recognized the write-down in the carrying value of the assets as a property and casualty loss during the three months ended June 30, 2014. However, during the three months ended September 30, 2014, as additional information became available to us through the repair process, we adjusted this estimate to be approximately $233,000. Further, during the three months ended September 30, 2014, aggregate insurance reimbursement proceeds of approximately $279,000 were either received or determined by us to be probable or assured and were recorded as an offset to the previously-recorded property and casualty loss, resulting in a net property and casualty recovery.

Income Tax Provision

Net income before income taxes increased for the three months ended September 30, 2014, and decreased for the nine months ended September 30, 2014, as compared to the respective prior-year periods, as a result of the reasons discussed above. In addition, both our income tax provision and our effective tax rate decreased for the three and nine months ended September 30, 2014, when compared to the respective prior-year periods. During the three months ended September 30, 2014, we filed our 2013 federal income tax return, on which we elected to be taxed as a REIT for federal income tax purposes beginning with our tax year ended December 31, 2013. As such, the impact of this conversion has been reflected in the accompanying *Condensed Consolidated Financial Statements* as of September 30, 2014, and December 31, 2013, and for the three and nine months ended September 30, 2014. This impact included recognizing $2.1 million of income taxes that became due upon our REIT conversion. Partially offsetting this amount was the reversal of $743,676 of deferred tax liabilities and the recognition of this amount against the income tax provision as a benefit of REIT conversion. In addition, while we were able to reverse the portion of our income tax provision that related to federal income taxes, as well as certain state taxes, certain other state tax amounts are still owed and will continue to be owed through 2014, primarily to California. For additional information, refer to Note 2, Summary of Significant Accounting Policies Income Taxes.

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LIQUIDITY AND CAPITAL RESOURCES

Overview and Future Capital Needs

Since our IPO in January 2013, we have invested $75.9 million into 17 new farms, and an additional $2.8 million has been expended or accrued for capital improvements on existing properties. As of September 30, 2014, all of the proceeds received in connection with our IPO and our Follow-on Offering have been expended, with the majority being invested into new property acquisitions. A significant portion of the proceeds from the IPO and Follow-on Offering was also used to pay distributions to our stockholders, to repay existing debt and for improvements on existing properties, and for other general corporate purposes. As of September 30, 2014, our available liquidity was approximately $27.8 million, comprised of $3.0 million in cash and, based on the current level of collateral pledged, $24.8 million of availability under the New MetLife Credit Facility, subject to compliance with covenants. We also currently have properties appraised at an aggregate value of approximately $8.4 million that have yet to be pledged under any facility.

We intend to use our available liquidity to purchase additional farms and farm-related properties, as well as for other general corporate purposes. We are actively seeking and evaluating acquisitions of additional farm properties that satisfy our investment criteria, and our pipeline of potential acquisitions remains healthy. We currently have four properties under signed purchase and sale agreements for an aggregate proposed purchase price amount of approximately $34.5 million, and we also have many other properties that are in various other stages of our due diligence process. However, all potential acquisitions will be subject to our due diligence investigation of such properties, and there can be no assurance that we will be successful in identifying or acquiring any properties in the future.

Our short-term and long-term liquidity requirements both consist primarily of funds necessary to acquire additional farmland and make other investments consistent with our investment strategy and to make principal and interest payments on outstanding borrowings. Further short-term liquidity needs include making distributions to qualify for taxation as a REIT and funding our operations. Our current sources of funds are primarily operating cash flows and borrowings, including the availability under the New MetLife Credit Facility. We believe that these cash resources will be sufficient to fund our distributions to stockholders, service our debt 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 OP Units), long-term mortgage indebtedness and other secured and unsecured borrowings.

As of September 30, 2014, our total-debt-to-total-capitalization ratio, at book value, was 48.9%, which is up slightly from 47.1% as of December 31, 2013. We are currently exploring other options available to provide us with additional capital, including negotiations with several other lenders. We have entered into a non-binding term sheet with one such lender, and we expect to execute term sheets with other of these lenders before year-end. In addition, as of September 30, 2014, we had the ability to raise up to $285.0 million of additional equity capital through the sale and issuance of securities that are registered under our universal registration statement on Form S-3 (File No. 333-194539) in one or more future offerings, subject to the applicable aggregate dollar limits stipulated in Form S-3. However, there is no guaranty that we will be able to obtain additional capital financing on terms favorable to us, if at all.

The following table summarizes total cash flows for operating, investing and financing activities for the nine months ended September 30, 2014 and 2013:

	2014	2013	Change ($)	Change (%)

Net cash provided by (used in) operating activities	$ 2,032,643	$ (1,803,839)	$ 3,836,482	212.7%
Net cash used in investing activities	(40,193,359)	(5,242,922)	(34,950,437)	666.6%
Net cash provided by financing activities	24,920,630	45,551,224	(20,630,594)	45.3%
Change in Cash and Cash Equivalents	$ (13,240,086)	$ 38,504,463	$ (51,744,549)	134.4%

Operating Activities

The majority of cash from operating activities is generated from the rental payments we receive from our tenants, which is utilized to fund our property-level operating expenses, with any excess cash being primarily used for debt and interest payments on our mortgage note payable, management fees to our Adviser, administrative fees to our Administrator and other corporate-level expenses. The increase in cash provided by operating activities during the nine months ended September 30, 2014, as compared to the prior-year period, was primarily a result of a $2.1 million tax prepayment that was paid to the Internal Revenue Service in the form of a cash bond during 2013 in anticipation of taxes that became due upon our election to be taxed as a REIT, as well as a significant amount of rents received in advance related to our recent acquisitions. Additionally, we received a higher amount of prepaid rents and incurred additional depreciation and amortization expense during the nine months ended September 30, 2014, in connection with our 2014 property acquisitions.

Investing Activities

The increase in cash used in investing activities during the nine months ended September 30, 2014, as compared to the prior-year period, was primarily due to the acquisition of additional farms and capital improvements made on existing farms during the nine months ended September 30, 2014, which exceeded that of the prior-year period by approximately $34.5 million.

Financing Activities

The decrease in cash provided by financing activities during the nine months ended September 30, 2014, as compared to the prior-year period, was primarily due to the net proceeds we received in the prior-year period from our IPO in January 2013, partially offset by the net proceeds we received in connection with our Follow-on Offering in September 2014.

Borrowings

New MetLife Credit Facility

On May 9, 2014, we closed on a New MetLife Credit Facility with Metropolitan Life Insurance Company, or MetLife, for an aggregate amount of up to $125.0 million, or the New MetLife Credit Facility, increasing our overall borrowing capacity by 150%. The New MetLife Credit Facility consists of a $100.0 million long-term mortgage note payable, or the New MetLife Note Payable, and a $25.0 million revolving equity line of credit, or the New MetLife Line of Credit. Under the New MetLife Credit Facility, we may borrow up to 58% of the aggregate of the lower of cost or the appraised value of the real property pledged as collateral.

The New MetLife Note Payable is scheduled to mature on January 5, 2029, and we may not repay the note prior to maturity, except on one of the interest rate adjustment dates. Advances will initially bear interest at a fixed rate of 3.50% per annum, plus an unused fee of 0.20% on undrawn amounts. The interest rate for subsequent disbursements will be based on prevailing market rates at the time of such disbursements. The interest rates on the initial advance and any subsequent disbursements will be subject to adjustment every three years. If we have not drawn the full commitment amount of $100.0 million by December 31, 2016, MetLife has the option to be relieved of its obligation to disburse the additional funds under this loan. As of September 30, 2014, there was $41.3 million outstanding under the New MetLife Note Payable.

The New MetLife Line of Credit is scheduled to mature on April 5, 2024, and advances will initially bear interest at a variable rate equal to the three-month LIBOR plus a spread of 2.50%, with a minimum annualized rate of 2.75%, plus an unused fee of 0.20% on undrawn amounts. The interest rate spread on borrowings under the New MetLife Line of Credit will be subject to adjustment in April 2017. We may use advances under the New MetLife Line of Credit for both the acquisition of new properties and general corporate purposes. As of September 30, 2014, there was $3.5 million outstanding under the New MetLife Line of Credit.

The New MetLife Credit Facility replaces loan agreements with MetLife, dated December 30, 2012, and May 23, 2012, for a promissory mortgage note, or the Prior MetLife Note Payable and a revolving line of credit, or the Prior MetLife Line of Credit, and together with the Prior MetLife Note Payable, the Prior MetLife Credit Facility, respectively. The Prior MetLife Note Payable provided mortgage financing in an amount not to exceed $45.2 million and was scheduled to mature on January 5, 2026. The Prior MetLife Line of Credit provided a revolving line of credit in an amount up to $4.8 million and was scheduled to mature on April 5, 2017.

Farm Credit Notes Payable

On September 19, 2014, we closed on two loans from Farm Credit of Central Florida, FLCA, or Farm Credit, in the aggregate amount of approximately $4.2 million. In addition, on September 29, 2014, we obtained an additional loan for approximately $8.3 million, bringing our total borrowings from Farm Credit to approximately $12.5 million (collectively, the Farm Credit Notes Payable).

The Farm Credit Notes Payable are scheduled to mature on August 1, 2034, and will bear interest (before interest repatriation) at a blended fixed rate of 3.53% per annum through July 31, 2017; thereafter, the interest rate will be equal to the one-month LIBOR, plus 2.875%. The original principal amounts borrowed from Farm Credit equaled approximately 60% of the aggregate appraised value of the real properties pledged as collateral under the Farm Credit Notes Payable.

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Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

The following table presents a summary of our material contractual obligations as of September 30, 2014:

		Payments Due During the Fiscal Years Ending December 31,			
Contractual Obligations	**Total**	**2014**[(1)]	**2015 2016**	**2017 2018**	**2019+**
Debt obligations [(2)]	$ 57,345,598	$ 103,237	$ 4,093,968	$ 3,898,468	$ 49,249,925
Interest on debt obligations [(3)]	24,223,829	390,426	4,146,311	3,865,426	15,821,666
Purchase obligations [(4)]	1,267,506	517,506	750,000		
Total	$ 82,836,933	$ 1,011,169	$ 8,990,279	$ 7,763,894	$ 65,071,591

(1) For the remaining three months ending December 31, 2014.

(2) Debt obligations represent borrowings under our New MetLife Line of Credit, New MetLife Note Payable and Farm Credit Notes Payable that were outstanding as of September 30, 2014. The New MetLife Line of Credit matures in April 2024, the New MetLife Note Payable matures in January 2029 and the Farm Credit Notes Payable mature in August 2034.

(3) Interest on debt obligations includes estimated interest on our borrowings under our New MetLife Line of Credit. The balance and interest rate on our New MetLife Line of Credit are variable, thus the amount of interest calculated for purposes of this table was based upon the balance and interest rate as of September 30, 2014.

(4) Purchase obligations represent commitments outstanding as of September 30, 2014, related to capital improvements on two of our properties.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of September 30, 2014.

NON-GAAP FINANCIAL INFORMATION

Funds from Operations and Adjusted Funds from Operations

The National Association of Real Estate Investment Trusts, or NAREIT, developed 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 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 adjusted fund from operations, or AFFO, as an additional non-GAAP financial measure, as we believe AFFO to be a more useful supplemental metric for investors to use in assessing our operational performance on a more sustainable basis than FFO.

We calculate AFFO by adjusting FFO for the following items:

A net adjustment for the straight-lining of rents. This adjustment includes the removal of amortization related to above- and below-market lease values and to leasehold improvements, resulting in rental income being reflected on a cash basis.

Plus acquisition-related expenses. Acquisition-related expenses are incurred for investment purposes and do not correlate with the operations of our existing portfolio. Further, due to the inconsistency in which these costs are incurred and how they are treated for accounting purposes, we believe the exclusion of these expenses improves comparability of our results on a period-by-period basis.

Plus income tax provision. We have elected to be treated as a REIT for federal tax purposes beginning with our taxable year ended December 31, 2013. As a REIT, we generally will not be subject to federal income taxes on amounts distributed to our stockholders, provided we meet certain conditions. As such, we believe it is beneficial for investors to view our results of operations excluding the impact of income taxes.

Plus amortization of deferred financing costs. The amortization of costs incurred to obtain financing is excluded from AFFO.

Adjustments for other one-time charges. Certain non-recurring charges and receipts will be adjusted for and explained accordingly.

FFO and AFFO do not represent cash flows from operating activities in accordance with GAAP, which, unlike FFO 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 and AFFO, using the NAREIT definition for FFO and the definition above for AFFO, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the definitions used by such REITs.

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AFFO available to common stockholders is AFFO, adjusted to subtract distributions made to holders of preferred stock, if applicable. We believe that net income available to common stockholders is the most directly comparable GAAP measure to AFFO available to common stockholders.

Basic adjusted funds from operations, or Basic AFFO, per share and diluted adjusted funds from operations, or Diluted AFFO, per share are AFFO available to common stockholders divided by the number of weighted average shares of common stock outstanding and AFFO available to common stockholders divided by the number of weighted average shares of common stock outstanding on a diluted basis, respectively, during a period. We believe that AFFO available to common stockholders, Basic AFFO per share and Diluted AFFO per share are useful to investors because they provide investors with a further context for evaluating our AFFO results in the same manner that investors use net income and earnings per share, or EPS, in evaluating net income available to common stockholders. In addition, because many REITs provide AFFO available to common stockholders, Basic AFFO and Diluted AFFO per share information to the investment community, we believe these are useful supplemental measures when comparing us to other REITs. We believe that net income is the most directly-comparable GAAP measure to AFFO, basic EPS is the most directly-comparable GAAP measure to Basic AFFO per share, and diluted EPS is the most directly-comparable GAAP measure to Diluted AFFO per share.

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The following table provides a reconciliation of our FFO and AFFO for the three and nine months ended September 30, 2014 and 2013 to the most directly-comparable GAAP measure, net income, and a computation of basic and diluted AFFO per weighted average share of common stock:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss) available to common stockholders	$ 100,375	$ 4,760	$ (179,803)	$ 82,633
Plus: Real estate and intangible depreciation and amortization	447,251	171,751	1,065,769	509,110
FFO available to common stockholders	547,626	176,511	885,966	591,743
Net adjustment for straight-lining of rents	328,765	(260,428)	793,644	(62,462)
Plus: Acquisition-related expenses	114,140	59,970	334,886	81,107
Plus: Income tax provision	6,857	85,406	20,103	191,433
Plus: Amortization of deferred financing costs	15,636	7,485	35,648	22,375
(Minus) plus: Other one-time (receipts) charges, net[1]	(232,160)		18,318	
AFFO available to common stockholders	$ 780,864	$ 68,944	$ 2,088,565	$ 824,196
Weighted average common shares outstanding - basic & diluted	6,605,264	6,530,264	6,555,539	6,108,165
AFFO per weighted average common share - basic and diluted	$ 0.12	$ 0.01	$ 0.32	$ 0.13

(1) Includes the addition of $64,774 of repairs incurred as a result of the fire on the cooler on West Gonzales that were expensed during the three months ended September 30, 2014, netted against the property and casualty recovery, net, of $296,934 and $46,456 recorded during the three and nine months ended September 30, 2014, respectively.

Net Asset Value

The following table provides certain summary information about our 29 farm properties as of September 30, 2014.

Property Name	Location	Date Acquired	Number of Farms	Total Acres	Farmable Acres	Net Cost Basis[1]	Prior Fair Value[2]	Current Fair Value

San Andreas	Watsonville, CA	6/16/1997	1	307	237	$ 4,836,147	$ 10,700,000[3]	$ 10,700,000[3]
West Gonzales	Oxnard, CA	9/15/1998	1	653	502	12,241,930	49,900,000[3]	49,900,000[3]
West Beach	Watsonville, CA	1/3/2011	3	196	195	8,406,970	9,150,000[3]	9,150,000[3]
Dalton Lane	Watsonville, CA	7/7/2011	1	72	70	2,706,126	2,800,000[3]	2,959,000[5]
Keysville Road	Plant City, FL	10/26/2011	2	59	50	1,230,757	1,498,000[5]	1,498,000[5]
Colding Loop	Wimauma, FL	8/9/2012	1	219	181	3,924,951	4,300,000[3]	4,300,000[3]
Trapnell Road	Plant City, FL	9/12/2012	3	124	110	4,146,807	4,425,000[3]	4,806,500[3]
38th Avenue	Covert, MI	4/5/2013	1	119	89	1,451,684	1,411,000[5]	1,411,000[5]
Sequoia Street	Brooks, OR	5/31/2013	1	218	206	3,156,674	3,135,000[5]	3,135,000[5]
Natividad Road	Salinas, CA	10/21/2013	1	166	166	7,417,364	7,325,120[4]	7,607,000[5]
20th Avenue	South Haven, MI	11/5/2013	3	151	94	1,901,569	1,985,000[4]	1,985,000[4]
Broadway Road	Moorpark, CA	12/16/2013	1	60	60	2,957,471	3,000,000[4]	3,000,000[4]
Oregon Trail	Echo, OR	12/27/2013	1	1,895	1,640	14,011,872	13,855,000[4]	13,855,000[4]
East Shelton	Willcox, AZ	12/27/2013	1	1,761	1,320	7,798,747	6,700,000[4]	7,900,000[3]
Collins Road	Clatskanie, OR	5/30/2014	2	200	157	2,560,286	2,591,333[4]	2,591,333[4]
Spring Valley	Watsonville, CA	6/13/2014	1	145	110	5,914,002	5,900,000[4]	5,900,000[4]
McIntosh Road	Dover, FL	6/20/2014	2	94	78	2,560,062	2,666,000[4]	2,666,000[4]
Naumann Road	Oxnard, CA	7/23/2014	1	68	64	6,879,182		6,888,500[4]
Sycamore Road	Arvin, CA	7/25/2014	1	326	322	5,954,079		5,800,000[4]
Wauchula Road	Duette, FL	9/29/2014	1	808	590	13,888,500		13,765,000[4]
			29	**7,641**	**6,241**	**$ 113,945,180**	**$ 131,341,453**	**$ 159,817,333**

(1) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for depreciation and amortization accumulated through September 30, 2014.
(2) As reported in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.
(3) Represents values based on third-party appraisals performed between January 2014 and October 2014.
(4) Valued at the purchase price paid.
(5) Represents values as determined by an internal valuation process.

Real estate companies are required to record real estate using the historical cost basis of the real estate, and, as a result, the carrying value of the real estate does not change as the fair value of the assets change. Thus, a difficulty in owning shares of an asset-based company is determining the fair value of the assets so that stockholders can see the value of the assets increase or decrease over time. For this reason, we believe determining the fair value of our real estate assets is useful to our investors.

Determination of Fair Value

We have adopted a valuation policy, or the Valuation Policy, whereby our Board of Directors reviews and approves valuation recommendations that are provided by professionals of the Adviser and Administrator with oversight and direction from the Valuation Officer, employed by the Administrator, or the Valuation Team. In determining the fair value of our properties, the Valuation Team, led by the Valuation Officer, uses the Valuation Policy, which has been approved by our Board of Directors, and each quarter, our 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.

For properties acquired within 12 months prior to the date of valuation, the purchase price of the property is generally used as the current fair value. For real estate we acquired more than one year prior to the date of valuation, we have determined the fair value either by relying on estimates provided by independent, third-party appraisers or through an internal valuation process. We intend to have each property valued by an independent, third-party appraiser at least once every three years, with interim values being determined by our internal valuation process.

Various methodologies were used, both by the appraisers and in the internal valuations, to determine the fair value of our real estate on an As Is basis, including the sales comparison, income capitalization (or a discounted cash flow analysis) and cost approaches of valuation. In performing their analyses, the appraisers (i) performed site visits to the properties, (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 info 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 September 30, 2014, determined by each method is shown in the table below:

Valuation Method	**Value**	**% of Total Value**
Third-Party Appraisal	$ 86,756,500	54.3%
Purchase Price	56,450,833	35.3%
Internal Valuation	16,610,000	10.4%
Total	**$ 159,817,333**	**100.0%**

Some of the significant assumptions used by appraisers and the Valuation Team in valuing our portfolio as of September 30, 2014, include land values per farmable acre, market rental rates per farmable acre 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 assumptions is provided in the following tables:

	Appraisal Assumptions	**Internal Valuation Assumptions**

	Range (Low - High)	Weighted Average	Range (Low - High)	Weighted Average
Land Value (per farmable acre)	$6,000 - $85,000	$ 63,025	$14,000 - $45,453	$ 34,884
Market Rent (per farmable acre)	$258 - $3,700	$ 2,812	$704 - $2,134	$ 1,669
Market Capitalization Rate	3.12% - 5.00%	4.36%	4.50% - 6.50%	4.83%

The tables above apply only to the farmland portion of our portfolio and exclude assumptions made relating to farm-related property, such as coolers and box barns, and other structures on our properties, including residential housing and horticulture, as their aggregate value was deemed to be immaterial 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 since September 30, 2013, and the most recent appraisals available for the farms acquired prior to September 30, 2013, that were not internally valued, which appraisals were performed between the periods of January 2014 and October 2014, as well as the farms that were valued internally as of June 30, 2014, fairly represent the current market values of the properties as of September 30, 2014, and, accordingly, did not make any adjustment to these values. Further, no adjustment was made to the fair values of the two properties that had fires partially damage one structure on each of the properties, as the revenue streams associated with each of the properties remain uninterrupted, and management believes the values of the properties to be fully recoverable. In addition, the claims process is still ongoing with the insurance companies, and recovery of the assets is expected.

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Further, using a discounted cash flow analysis, management determined that the fair value of all encumbrances on our properties as of September 30, 2014, was $57.2 million, as compared to a carrying value of $57.3 million.

A rollforward of the change in our portfolio value for the three months ended September 30, 2014, from the prior value basis as of June 30, 2014, is provided in the table below:

Total portfolio fair value as of June 30, 2014		**$ 131,341,453**
Plus Acquisitions:		
Naumann Road	$ 6,888,500	
Sycamore Road	5,800,000	
Wauchula Road	13,765,000	
Total acquisitions for the three months ended September 30, 2014		26,453,500
Plus Value Appreciation:		
Dalton Lane	$ 159,000	
Trapnell Road	381,500	
Natividad Road	281,880	
East Shelton	1,200,000	
Total appreciation for the three months ended September 30, 2014		2,022,380
Total portfolio fair value as of September 30, 2014		**$ 159,817,333**

Calculation of Net Asset Value

To provide our stockholders with an estimate of the fair value of our real estate assets, we will estimate the fair value of our farm properties, expressed in terms of net asset value, or NAV, per share, and provide that to our stockholders on a quarterly basis. NAV is a non-GAAP, supplemental measure of financial position of an equity REIT. NAV is calculated as total stockholders equity, adjusted for the increase or decrease in fair value of our real estate assets and encumbrances relative to their respective costs bases, or Estimated Net Worth. Estimated Net Worth is then divided by our total common shares outstanding to calculate the NAV per share.

As of September 30, 2014, we estimate the NAV per share to be $13.77, as detailed below:

Total assets	$ 120,621,425	
Less: net cost basis of tangible and intangible real estate assets	(113,945,180)	
Plus: estimated fair value of property portfolio(1)	159,817,333	
Estimated fair value of total assets		$ 166,493,578
Total liabilities	60,831,732	
Less: book value of aggregate borrowings	(57,345,598)	

Plus: fair value of aggregate borrowings[2]	57,240,900	
Estimated fair value of total liabilities		60,727,034
Estimated Net Worth		$ 105,766,544
Shares outstanding		7,680,264
Estimated NAV per share		**$ 13.77**

(1) Per current value basis presented in the table above.
(2) Valued using a discounted cash flow model.

A rollforward in the estimated NAV per share for the three months ended September 30, 2014, is provided below:

Estimated NAV per share as of June 30, 2014		**$ 13.93**
Plus net income		0.02
Plus Change in Valuations:		
Net change in unrealized appreciation of farmland portfolio	$ 0.26	
Net change in unrealized fair value of borrowings	0.01	
Net change in valuations		0.27
Less Distributions		(0.09)
Less Dilutive effect of offering		(0.36)
Estimated NAV per share as of September 30, 2014		**$ 13.77**

Comparison of NAV, using the above definition, 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, please note that the trading

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price of our common shares may differ from our most recent estimated NAV per share calculation. For example, while we estimated the NAV per share as of September 30, 2014, to be $13.77 per the calculation above, the closing price of our common stock on September 30, 2014, was $12.01, and it has subsequently traded between $10.85 and $12.27 per share.

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 fair value above.

We intend to report any adjustments to the NAV, as well as to the values of our properties, in this section on a periodic basis, but in no case less than annually. However, the determination of NAV is subjective and involves a number of assumptions, judgments and estimates, and minor inaccuracies in our assumptions 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.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market-sensitive instruments. The primary market risk that we believe we are and will be exposed to is interest rate risk. While none of our existing leases contain escalations based on market interest rates, the interest rates on our existing borrowings are variable, and, in the case of our mortgage notes payable, the interest rate adjusts only once every three years. Although we seek to mitigate this risk by structuring certain provisions into many of our leases, such as escalation clauses or adjusting the rent to prevailing market rents at two- to three-year intervals, these features do not eliminate this risk. To date, we have not entered into any derivative contracts to attempt to manage our exposure to interest rate fluctuations.

There have been no material changes in the quantitative and qualitative market risk disclosures for the nine months ended September 30, 2014, from that disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as filed with the SEC on February 24, 2014.

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BUSINESS

Corporate Overview

We are an externally-managed real estate company formed to engage in the business of owning and leasing farmland located in major agricultural markets throughout the United States. Our farmland is predominantly concentrated in locations where tenants are able to grow annual row crops such as berries, lettuce and melons, among others, which are planted and harvested annually or more frequently. We may also acquire property related to farming, such as storage facilities utilized for cooling crops, processing plants, packaging buildings and distribution centers. We completed our initial public offering on January 28, 2013 with 1,630 acres on twelve farms, leased to six separate corporate and independent farmer tenants, in California and Florida. At that time, we also owned two storage facilities utilized for cooling crops (coolers) and a facility utilized for storage and assembly of boxes for shipping (box barn). As of the date of this prospectus, we own 8,039 acres on 32 farms: 14 in California, 9 in Florida, 4 in Michigan, 4 in Oregon and 1 in Arizona. We also own three coolers and a box barn.

These properties are currently leased to 26 separate, unrelated tenants that are either corporate or independent farmers. Historically, our farmland has predominantly been concentrated in locations where tenants are able to grow annual row crops, such as certain types of berries (such as strawberries and raspberries), lettuce and other crops, which are planted and harvested annually or more frequently. However, during 2013 and continuing in 2014, we began to diversify the variety of crops grown on our properties, and now own several farms with more permanent crops, such as blueberries, as well as one farm that grows grains, such as corn and beans. While our focus remains on annual row crops, in the future, we may acquire additional land farmed for fruit or nut trees, bushes, wine berries and wine grapes, as well as land to grow grains. We may also acquire more property related to farming such as coolers, freezer buildings, box barns, silos, storage facilities, green houses, processing plants, packaging buildings and distribution centers. We may also acquire more property related to farming, such as coolers, freezer buildings, box barns, silos, storage facilities, green houses, processing plants, packaging buildings and distribution centers.

We generally lease our properties under triple-net leases, an arrangement under which the tenant pays rent to us and maintains the property while paying the related taxes, maintenance and insurance costs. We may also elect to sell farmland at certain times, such as when the land could be developed by others for urban or suburban uses. We do not currently intend to enter the business of growing, packing or marketing farmed products; however, if we do so in the future, we expect that we would conduct such business through a taxable REIT subsidiary, or TRS.

To a lesser extent, we may, without the consent of stockholders, provide senior secured first lien mortgage loans to farmers for the purchase of farmland and farm-related properties. We expect that any mortgage loans we make would be secured by farming properties that have a successful history of crop production and profitable farming operations and that, over time, such mortgages would not exceed 5.0% of the fair value of our total assets. Currently, we do not hold any mortgages, and we have not identified any properties for which to make loans secured by mortgages.

Our business is managed by our external adviser, Gladstone Management Corporation, or our Adviser, which is an affiliated registered investment adviser under the Investment Advisers Act of 1940. Our Adviser is responsible for managing our business on a daily basis and for identifying and making acquisitions and dispositions that it believes satisfy our investment criteria. Administrative services are provided to us by Gladstone Administration, LLC, or our Administrator, also an affiliate of ours and our Adviser. Our Adviser and our Administrator are owned and controlled by David Gladstone, our chief executive officer, president, chairman of our board of directors and our largest stockholder.

We conduct our business through an Umbrella Partnership Real Estate Investment Trust, or UPREIT, structure in which our properties and the mortgage loans we make will be held directly or indirectly by Gladstone Land Limited Partnership, our Operating Partnership. We are the manager and 100% owner of Gladstone Land Partners, LLC, or Land Partners, which is the sole general partner of our Operating Partnership, and we currently hold, directly and indirectly through Land Partners, 100% of its outstanding limited partnership units, or Units. In the future, we may offer equity ownership in our Operating Partnership by issuing Units to farmland owners from time to time in consideration for acquiring their farms. Holders of Units in our Operating Partnership will be entitled to redeem these units for cash or, at our election, shares of our common stock on a one-for-one basis at any time after holding the Units for one year. Farmland owners who exchange their farms for Units may be able to do so in a tax-deferred exchange under U.S. federal income tax laws.

The Operating Partnership is the sole member of our subsidiary, Gladstone Land Advisers, Inc., which operates as a TRS. We may own or manage our assets and engage in other activities through Gladstone Land Advisers or another TRS we form or acquire when we deem it necessary or advisable. The taxable income generated by any TRS will be subject to regular corporate income tax. Currently, we do not conduct any operations through a TRS.

World Supply of Farmland

Domestic and global population growth is the major driver behind increased demand for farmland to feed the growing population. The U.S. Census bureau estimates that the U.S. population will grow by 10.0% during the current decade to 348 million people and the global population will grow by 11.8% over the same period to approximately 8 billion people worldwide.

In addition to population growth spurring demand for farmland, changing consumption patterns also contribute to the increasing value of farmland. As large nations such as China and India modernize, their consumption of meat protein continues to increase. It takes over five times the amount of grain to produce an equivalent amount of calories in meat protein, so as the demand for meat protein increases it is expected that the demand for grains will increase.

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At the same time that that there is demand for more food to feed an increasing population, there is increasing demand for urban and suburban uses of farmland. The increased demand due to population growth and changing consumption patterns, coupled with the development of agricultural land for urban and industrial purposes, could result in significant upward pressure on farmland prices as farmland is converted to urban or suburban uses. This is a major investment thesis of our business. Figure 1 below shows the historical and projected decline of arable land, which is land suitable for growing crops, per capita, as illustrated in the chart from 2000 below from the Food and Agricultural Organization of the United Nations:

Figure 1

United States Farmland

The USDA s 2012 Census of Agriculture estimated there were approximately 2.1 million farms on 914.5 million acres of land in the United States, roughly 8 million fewer acres than in 2007. Out of this total, there were 1.6 million farms dedicated to producing crops, which we refer to in this prospectus as cropland. According to the USDA, in 2012, crop farms utilized 390.0 million acres of land, with approximately 240 acres per farm. The total estimated annual market value of crops harvested in the United States, according to the USDA s 2012 Census of Agriculture, was $212.4 billion.

The USDA s agricultural projections anticipate continued increases in domestic farm income, despite the current global economic slowdown. Figure 2 below illustrates the continued trend of increasing farm income projected by the USDA from 2013 onward.

Figure 2

Farmland Returns

According to the USDA, cropland values increased 130% over the 10-year period from 2004 to 2013. As an investment, we believe that U.S. farmland has performed comparatively well in recent years compared to other asset classes and has provided investors with a relatively

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safe haven during the recent turbulence in the financial markets. Figure 3 below illustrates the returns farmland has experienced compared to domestic REITs and public equity. We believe the relatively stable returns of farmland in the periods of dramatic changes in the stock market and the economic recession is significant.

Figure 3

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Annual Average
NCREIF - Farmland Index(*)	**20.5%**	**33.9%**	**21.2%**	**15.9%**	**15.8%**	**6.3%**	**8.8%**	**15.2%**	**18.6%**	**20.9%**	**17.7%**
NAREIT REIT Index	30.4%	8.3%	34.4%	17.8%	37.3%	27.5%	27.6%	7.3%	20.1%	2.9%	10.3%
S&P 500 Index - Total Returns	10.7%	4.9%	15.6%	5.5%	36.6%	25.9%	14.9%	2.1%	15.8%	32.4%	9.1%

(a) The NCREIF Farmland Index is a composite return measure of investment performance, determined on a non-leveraged basis, of a large pool of approximately 546 individual agricultural properties with an estimated aggregate value over $4.5 billion. We believe that the NCREIF Farmland Index is representative of the overall agricultural market.

(b) The NAREIT All REIT Index is a composite return measure of all U.S. REITs.

Cropland Values

Figure 4 below illustrates the increase in domestic cropland value over the last 10 years:

Figure 4

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Farmland Debt

Farmland in the United States has continued to improve from a balance sheet perspective. In general, the farming sector is not heavily leveraged, as illustrated in Figure 5 below, and has maintained relatively low debt levels during a period in which leverage has increased in other asset classes. As a result, farm values and income have not experienced the extreme volatility seen in other asset classes. Although there can be no assurance that the debt ratios of our tenants will be similar to those set forth in Figure 5 below, in general we have found most farmers to be conservative when using debt. In addition, there can be no assurance that our debt ratios will be consistent with the statistics set forth in Figure 5 below, this consistency increases our confidence in evaluating prospective individual farm acquisitions, including projecting the income that may be generated from our properties.

Figure 5

Balance Sheet of the U.S. Farming Sector ($ in Millions)

	2010	2011	2012	2013F	2014F
Farm Assets	$ 2,294,524	$ 2,433,488	$ 2,689,601	$ 2,839,921	$ 2,906,277
Real estate	$ 1,823,264	$ 1,981,973	$ 2,193,943	$ 2,384,754	$ 2,454,295
Total Farm Debt	$ 278,931	$ 294,472	$ 300,315	$ 305,335	$ 313,519
Total Farm Equity	$ 2,015,593	$ 2,139,016	$ 2,389,286	$ 2,534,585	$ 2,592,757
Debt / Assets	12.2%	12.1%	11.2%	10.8%	10.8%
Debt / Real Estate	15.3%	14.9%	13.7%	12.8%	12.8%

Source: USDA

F = forecast

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OUR INVESTMENT FOCUS

Our Investment Objectives and Our Strategy

Our principal business objective is to maximize stockholder returns through a combination of: (1) monthly cash distributions to our stockholders, (2) sustainable long-term growth in cash flows from increased rents, which we hope to pass on to stockholders in the form of increased distributions, (3) appreciation of our land, and (4) capital gains derived from the sale of our properties. Our primary strategy to achieve our business objective is to invest in and diversify our current portfolio of net leased farmland and properties related to farming operations. This strategy includes the following components:

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

Owning Farms and Farm-Related Real Estate for Appreciation. We intend to lease acquired properties over the long term. However, from time to time we may sell one or more properties if we believe it to be in the best interests of our stockholders. Potential purchasers may include real estate developers desiring to develop the property or financial purchasers seeking to acquire property for investment purposes. Accordingly, we will seek to acquire properties that we believe have potential for long-term appreciation in value.

Continue Expanding our Operations Geographically. While our properties are currently located in five states across the U.S., we expect that we will acquire properties in other farming locations in the future. We believe the Southeast and Mid-Atlantic regions of the United States, specifically, states such as Georgia, North Carolina and New Jersey, offer attractive locations for expansion. We also expect to seek farmland acquisitions in the Midwest and may also expand into other areas in the United States.

Continue Expanding our Crop Varieties. Currently, the majority of tenants who farm our properties grow row crops dedicated to produce, such as lettuce and tomatoes, and berries, such as strawberries and raspberries. While we have begun expanding into longer-term crops, such as blueberries, as well as into grains, in the future, we will seek to continue expanding into other crops, such as wheat, rice and corn, and into tree and vine crops, such as nuts and fruits.

Using Leverage. To make more investments than would otherwise be possible, we intend to borrow through loans secured by long-term mortgages on our properties, and we may also borrow funds on a short-term basis or incur other indebtedness.

Owning Mortgages on Farms and Farm-Related Real Estate. In circumstances where our purchase of farms and farm-related properties is not feasible, we may provide the owner of the property with a mortgage loan secured by the property along with an option to sell the property to us in the future at a predetermined price. We do not expect that, over time, our mortgages held will exceed 5.0% of the fair value of our total assets.

Joint Ventures. Some of our investments may be made through joint ventures that would permit us to own interests in large properties without restricting the diversity of our portfolio.

We expect that our future tenants will continue to be medium-sized independent farming operations or large corporate farming operations that are unrelated to us. We intend to continue to lease our properties under triple-net leases, an arrangement under which the tenant maintains the property while paying the related taxes, maintenance and insurance costs, as well as rent to us. We continue to actively seek and evaluate other farm properties for potential purchase. All potential acquisitions will be subject to due diligence investigations, and there can be no assurance that we will be successful in identifying or acquiring future properties on favorable terms, or at all.

Annual Row Crops

Farm crops can generally be divided into two main categories, permanent crops and annual row crops. Permanent crops have plant structures (such as trees, vines or bushes) that produce yearly crops without being replanted. Examples include oranges, apples, almonds and grapes. Annual row crops, on the other hand are both planted and harvested annually or more frequently. Examples of annual row crops include lettuce, strawberries and melons. We intend to continue to buy farms that produce annual row crops. We do not expect to buy a substantial amount of farmland used for permanent crops. We believe that annual row cropland has less risk than permanent cropland because annual row crops require less time and capital to plant. If a farmer loses an annual row crop to drought, flooding, fire or disease one year, the farmer can generally resume production on the land in a few weeks or months. However, if a farmer loses a permanent crop there would generally be significant time and capital needed to return the land to production because a tree or vine may take years to grow before bearing fruit

Annual row crop farmland also enables the farmer to rotate crop types to keep up with changing market conditions or changes to the weather or soil. If demand for one type of annual row crop, for example lettuce, decreases, the annual row crop farmer can convert the farm to another annual row crop such as radicchio. Permanent crop farmland is dedicated to one crop during the lifespan of the trees or vines and therefore cannot be rotated to adapt to changing environmental or market conditions. As a result we believe that annual row crop farms have a lower risk profile than permanent crop farms.

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Fresh Produce

Annual row crops can be further divided into two sub-categories, fresh produce and commodity crops. Fresh produce generally means fruits and vegetables including strawberries, lettuce, melons and peppers. Examples of commodity crops include corn, soybeans, rice, cotton and wheat. We seek to acquire and lease farmland for the primary purpose of harvesting annual row crops, with an emphasis on fresh produce farms. Under the annual row cropland category, we believe fresh produce farmland possesses attributes that are more likely to provide appreciation and increasing rental income over time. Because fresh produce is more perishable than commodity crops and permanent crops, the majority of fresh produce farmed in the United States is consumed domestically. In contrast, commodity crops and permanent crops, which can generally endure much longer periods of time from harvest to consumption, allow for global shipment and trade. As a result, fresh produce is usually more insulated from the global market volatility than commodity and permanent crops. We believe this generally helps provide for better price stability of the harvested crop and therefore greater stability of the underlying land value for land producing fresh produce crops. In addition fresh produce farms that we have purchased include fresh water wells on the land that are used for irrigation. Many of the commodity farms without wells depend on rain water and are therefore susceptible to extended droughts. While our primary focus is acquiring fresh produce farms with annual row crops, from time to time we purchase commodity crop farms where we find attractive valuations, land with water rights, productive soil and financially strong tenants.

Prices of Farmland

The map in Figure 6 below is from the USDA National Agricultural Statistics Service, or NASS. It shows that some of the most expensive farmland in the United States, outside of densely populated areas in the Northeast, is in California, with Iowa and Florida being similar.

Figure 6

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Leased Property

We expect to continue to lease our farmland and other agricultural real estate under triple-net leases, which require the tenant to either pay or reimburse us for all operating expenses, including, but not limited to: taxes, water usage, maintenance and insurance. Because we utilize a triple-net lease structure, we believe that we directly incur fewer operating expenses than real estate investment trusts that do not use triple-net leases and are required to pay these expenses. To date, we have not experienced any defaults under our leases. The rent and interest payments we receive from the farmers will be the primary source of any distributions to our stockholders.

While we do not share operating profit or losses with a tenant, we do expect that over time rental income will increase and therefore that our net income will increase. Most farmland in the areas where we initially intend to buy land is leased under short-term leases, and we plan to lease our property under short-term leases. By entering into short-term leases, we believe we will be in a position to increase our rental rates when the leases are renewed, if prevailing rental rates have increased. Our business model anticipates that the value of our farmland will increase, as it has in the past, at a rate that is equal to or greater than the rate of inflation in part because of the trend of prices for fresh fruits and vegetables, though there can be no guarantee that this appreciation will occur.

We believe farmland has historically maintained relatively low vacancy rates when compared to other types of rental real estate, and we believe that it is rare for good farmland not to be leased and farmed every year. As a result, we believe there is a reduced risk of vacancy on our properties when compared to properties with structures, such as office buildings or industrial facilities.

Diversified Portfolio

We intend to continue to acquire numerous properties in order to build a diversified portfolio. We believe that owning many properties farmed for multiple crop types in different geographic growing regions with a broad tenant base will reduce the risk of rental income reduction or depreciation of the land value. We may also purchase some smaller amount of agricultural real estate structures that are used by farmers for their crops, such as processing plants, freezer or cooler facilities, storage sheds, box barns and other similar structures that may already exist on some of the farms we buy. We rent one cooler and one box barn to the tenant on our West Gonzales Farm, one cooler to the tenant on our Trapnell Road Farms and one cooler to the tenant on our Wauchula Road Farm.

Members of our management team have experience in leasing farms that are used for strawberries, raspberries, tomatoes, beans, peppers, lettuce and other crops in California and Florida. We believe that this experience will provide us with an opportunity to lease land to a wide variety of different farmers from year to year and mitigates the risk of owning land dedicated to a single crop.

When a farmer only grows one crop, such as wheat, the farmer is subject to the risks specific to that one crop. We seek to have a diversification of crops on our various farms by renting the farms to tenants that specialize in growing a variety of different crops so that our ability to collect rent is not dependent on just one crop. In addition, we seek to diversify our investments in land that grows many different crops.

Strong Tenants

We intend to continue to lease to corporate and independent farmers with sufficient experience and capital. We do not have the resources or the desire to farm the land we acquire, so we will rely on prospective tenants who have these resources and who desire to continue farming the land over the long term. We will seek tenants that have experience, financial strength and adhere to quality standards. We also will seek

tenants that have selling and distribution experience or relationships with national marketers-distributors, as distribution is a key component to successful farming operations. For example, many farm operations include salespeople that have relationships with grocery store buyers and wholesale food groups. These salespeople are integral to getting the farm products sold as they are being harvested.

We expect that our tenants own and farm other properties that they may offer to us for purchase and then lease them back from us. Strong tenants also may have the operational scale to lease additional properties and could help us identify properties for future acquisition that they could farm. These kinds of tenants would enable us to increase our pipeline of potential acquisitions.

Family-owned Properties

We also believe that much of the real estate we are seeking to acquire is owned by families and farming businesses who would like to sell their property for cash or for interests in our Operating Partnership. According to the USDA, as of 2012, approximately 87% of farms in the United States were owned by families. Some of these sellers may wish to simultaneously lease their property back and continue their agricultural businesses under short-term, net leases. Sellers in these sale-leaseback transactions can then use the proceeds to repay existing indebtedness, for growth of their farming operations or in other business endeavors. We believe that the real estate that we acquire and do not simultaneously lease back to the seller can be leased at attractive rental rates to other independent or corporate farmers.

As an alternative to selling their real estate to us for cash, we believe that farm owners may be interested in exchanging their farmland for Units in our Operating Partnership in order to retain the ability to participate in the equity of our company and the potential appreciation in value of our properties. By making such an exchange, these farm owners would become investors in a more diversified portfolio of agricultural real estate. Under certain circumstances, the exchange of real estate for Units is a tax-free exchange under U.S. tax laws. In addition, because we intend to make cash distributions each month, Unit holders would receive regular monthly cash distributions as well as participate in the future plans of our company. Finally, Unit holders would have the flexibility to redeem their Units in the future for cash, or at our election, shares of our common stock that they could then sell in the public market, thereby allowing these sellers to receive the value of their property in a tax-efficient manner. Because we expect the decision to issue Units to acquire real estate will generally be driven by the desires of the prospective seller, we do not know how frequently we will use this method to acquire properties. However, we believe that the utilization of Units to acquire properties will likely be a significant part of our property acquisition strategy.

OUR INVESTMENT PROCESS

Types of Investments

We expect that substantially all of our investments will be in income-producing agricultural real property and, to a lesser extent, mortgages on agricultural real estate. We expect that the vast majority of our leases will continue to be structured as triple-net leases. If we make mortgage loans, we expect the ratio of loan amount to value of the real estate to be greater than for conventional mortgage loans on farms and the interest rate to be higher than those for conventional loans. Investments will not be restricted as to geographical areas, but currently, our properties are located across five states in the U.S.

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

Property Acquisitions and Net Leasing

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

We generally own primarily single-tenant, agricultural real property. Generally, we lease properties to tenants that our Adviser deems creditworthy under leases that are full-recourse obligations of our tenants or their affiliates. For farmland growing annual row crops, we generally seek to enter into short-term leases with terms of three to ten years, which we believe is customary within many farmland communities, including those in regions where our properties are located. While we expect that we will renew most of these leases at the end of their terms, we believe that this strategy will also permit us to increase rental rates. However, there can be no assurance that this strategy will result in increasing rents upon renewal, and it may result in decreasing rents or no renewals by existing tenants. For farmland growing longer-term plants, such as trees, bushes and vines, we will enter into leases for longer terms with provisions to protect against changes in market rates, such as built-in rent escalation clauses and/or periodic market resets based on surveys of comparable land values and/or rental rates.

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We believe that most of the farmland that we have an interest in purchasing can be rented at annual rental rates ranging from 4% to 6% of the properties market values. However, there can be no assurance that we will be able to achieve this level of rental rates. Since rental contracts in the farming business for annual row crops are customarily short-term agreements, rental rates are typically renegotiated regularly to market rates.

Our Board of Directors has adopted a policy that we will not make an investment in any individual property with a cost in excess of 20% of our total assets at the time of investment. However, our Board of Directors may amend or waive this policy at any time.

Underwriting Criteria and Due Diligence Process

Selecting the Property

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

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

Water availability. Availability of water is essential to farming. We seek to purchase properties with ample access to water through an operating water well on it or rights to use a well or other source that is located nearby. However, we may consider properties that rely on rainfall for water if the tenant on that property mitigates the drought risk by purchasing drought insurance. Typically, the leases on properties that rely on rainfall would be longer-term in nature.

Soil composition. In addition to water, for farming efforts to be successful, the soil must be suitable for growing crops. We do not buy or finance any real property that does not have soil conditions that we believe are favorable for growing the crops farmed on the property, except to the extent that a portion of an otherwise suitable property, while not favorable for growing the crops farmed on the property, may be utilized to build coolers, which are storage facilities utilized for cooling crops, freezer buildings, packing houses, silos, facilities used for storage and assembling boxes, known as box barns, storage facilities, green houses, or other property used in the farming business.

Location. Farming also requires optimal climate and growing seasons. We typically seek to purchase properties in locations that take advantage of climate conditions that are needed to grow fresh produce crops. We intend to continue to expand throughout the United States in locations with productive farmland and financially sound farming tenants.

Price. We generally purchase and finance properties that we believe are a good value and that we will be able to profitably rent for farming over the long term. Generally, the closer that a property is located to urban developments, the higher the value of the property. As a result, properties that are currently located in close proximity to urban developments are likely to be too expensive to justify farming over an extended period of time, and, therefore, we are unlikely to invest in such properties.

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

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

- The comparable value of similar real property in the same general area of the prospective property. In this regard, comparable property is hard to define since each piece of real estate has its own distinct characteristics. But to the extent possible, comparable property in the area that has sold or is for sale will be used to determine if the price being paid for the property is reasonable.
- The comparable real estate rental rates for similar properties in the same area of the prospective property.
- Alternative uses for the property to determine if there is another use for the property that would give it higher value, including potential future conversion to urban or suburban uses such as commercial or residential development.
- The assessed value as determined by the local real estate taxing authority.

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

Underwriting the Tenant, Due Diligence Process and Negotiating Lease Provisions

In addition to property selection, underwriting the tenant that will lease the property is also an important aspect of many of our investments. Our Adviser generally evaluates the creditworthiness of the tenant and assesses its ability to generate sufficient cash flow from its agricultural operations to make payments to us pursuant to our lease. Because our tenants are in the farming industry, their cash flows may fluctuate according to season. The following is a list of criteria that our Adviser may consider when evaluating potential tenants for our properties, although not all criteria may be present for each lease:

Experience. We believe that experience is the most significant characteristic when determining the creditworthiness of a tenant. Therefore, we seek to rent our properties to farmers that have an extensive track record of farming their particular crops successfully.

Financial Strength. We seek to rent to farmers that have financial resources to invest in planting and harvesting their crops. We generally require annual financial statements of the tenant to evaluate the financial capability of the tenant and its ability to perform its obligations under the lease.

Adherence to Quality Standards. We seek to lease our properties to those farmers that are committed to farming in a manner that will generate high-quality crops. We intend to identify such commitment through their track records of selling produce into established distribution chains and outlets.

Lease Provisions that Enhance and Protect Value. When appropriate, our Adviser attempts to include provisions in our leases that require our consent to specified tenant activity or require the tenant to satisfy specific operating tests. These provisions may include, for example, operational or financial covenants of the tenant, as well as indemnification of us by the tenant against environmental and other contingent liabilities. We believe that these provisions serve to protect our investments from changes in the operating and financial characteristics of a tenant that may impact its ability to satisfy its obligations to us or that could reduce the value of our properties. Our Adviser generally also seeks covenants requiring tenants to receive our consent prior to any change in control of the tenant.

Credit Enhancement. Our Adviser may also seek to enhance the likelihood of a tenant s lease obligations being satisfied through a cross-default with other tenant obligations, a letter of credit or a guaranty of lease obligations from each tenant s corporate affiliates, if any. We believe that this type of credit enhancement, if obtained, provides us with additional financial security. These same enhancements may apply to mortgage loans.

Diversification. Our Adviser will seek to further diversify our portfolio to avoid dependence on any one particular tenant or geographic location. By further diversifying our portfolio, our Adviser intends to reduce the adverse effect on our portfolio of a single underperforming investment or a downturn in any particular geographic region. Many of the areas in which we purchase or finance properties are likely to have their own microclimates and will not be similarly affected by weather or other natural occurrences at the same time. We currently own properties in five different states across the U.S., and over time, we expect to further expand our geographic focus to other areas of the Southeast, Midwest and the Mid-Atlantic. We also attempt to further diversify our portfolio by expanding our current operations, which consist primarily of row crops dedicated to produce and berries, into other crop types such as wheat, rice and corn and also tree, bush and vine crops, such as nuts and fruits.

While our Adviser seeks tenants it believes to be creditworthy, tenants are not required to meet any minimum rating established by an independent credit rating agency. Our Adviser s standards for determining whether a particular tenant is creditworthy will vary in accordance with a variety of factors relating to specific prospective tenants. The creditworthiness of a tenant is determined on a tenant-by-tenant and case-by-case basis. Therefore, general standards for creditworthiness cannot be applied. We monitor the creditworthiness of our tenants on an ongoing basis by conducting site visits of the properties to ensure farming operations are taking place as expected and to assess the general maintenance of the properties.

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Mortgage Loans

Borrower Selection

Our value-oriented investment philosophy is primarily focused on maximizing yield relative to risk. Upon identifying a potential mortgage opportunity, our Adviser will perform an initial screen to determine whether pursuing intensive due diligence is merited. As part of this process, we have identified several criteria we believe are important in evaluating and investing in prospective borrowers. These criteria provide general guidelines for our investment decisions. However, each prospective borrower may not meet all of these criteria:

Positive cash flow. Our investment philosophy begins with a credit analysis. We intend to generally focus on borrowers to which we can lend at relatively low multiples of operating cash flow and that are profitable at the time of investment on an operating cash flow basis. Although we will obtain liens on the underlying real estate and other collateral, we are primarily focused on the predictability of future cash flow from their operations.

Seasoned management with significant equity ownership. Strong, committed management teams are important to the success of any farm, and we intend to invest in farm businesses where strong management teams are already in place with a history of successful crop production and profitable farming operations.

Strong competitive position. We seek to lend to farm businesses that have developed competitive advantages and defensible market positions within their respective markets and are well-positioned to capitalize on growth opportunities.

Exit strategy. We seek to lend to farm businesses that we believe will generate consistent cash flow to repay our loans and reinvest in their respective businesses. We expect such internally generated cash flow in these farms to be a key means by which we exit from our loans.

Mortgage Loan Terms

We expect that most of the mortgage loans we make will contain some or all of the following terms and conditions:

Loan to value. We will consider the appraised value of each property when we consider a mortgage on that property. Our goal is to loan an amount that is no more than 75% of the appraised value of the real estate. However, there may be circumstances in which we may increase the percentage, such as for land that we would like to own or for a borrower that is well-capitalized.

Cash flow coverage. We expect most borrowers to have a farming operation that has and is expected to continue to have substantial cash flow from its operations. We will seek to have cash flow generated by the businesses to be at least 1.2 times the amount of the mortgage payments. However, there may be circumstances in which we may lower that ratio below 1.2, such as for land we would like to own and for borrowers that have cash flow from other operations.

Term. In general, we expect to make mortgage loans of three to five years that will be interest-only, with the entire principal amount due at the end of the term.

Guarantees. In general, we do not expect the owner of the property to personally guarantee the mortgage. However, we do expect the owner to pledge any assets or crops planted on the property as collateral for the loan.

Property Review

We expect to perform a standard review of the property that will be collateral for the mortgage, including many of the following:

- an independent appraisal;
- land record searches for possible restrictions;
- water samples and availability;
- soil samples;
- environmental analysis;
- zoning analysis;
- crop yields;
- possible future uses of the property; and
- government regulation impacting the property including taxes and restrictions.

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Underwriting the Borrower

We view underwriting a borrower in the same way as underwriting a tenant, with criteria similar to those for tenants described above. We believe that, for assessing credit risk, a borrower and tenant are functionally the same, as they each are operating a farm business and will owe us money, either as rent or as interest and principal on a loan.

Other Investments

From time to time, we may purchase cooling buildings, freezer buildings, packing houses, facilities used for storage and assembling boxes, known as box barns, silos, storage facilities, green houses and similar improved property to rent to independent farmers in connection with the services provided to independent farmers. We may also build these types of buildings on property that we purchase if there is sufficient business to make this worthwhile. We do not expect these to be a material portion of the land and buildings that we purchase.

Temporary Investments

Pending investments in real properties or mortgages, we intend to continue to invest our cash on hand in permitted temporary investments, which include short-term U.S. Government securities, bank certificates of deposit and other short-term liquid investments. We also may invest in securities that qualify as real estate assets and produce qualifying income under the REIT provisions of the Internal Revenue Code of 1986, as amended (the Code).

If at any time the character of our investments would cause us to be deemed an investment company, as defined in the Investment Company Act of 1940, we will take the necessary action to ensure that we are not deemed to be an investment company. Our Adviser will continually review our investment activity and the composition of our portfolio to ensure that we do not come within the application of the Investment Company Act. Our working capital and other reserves will be invested in permitted temporary investments. Our Adviser will evaluate the relative risks and rates of return, our cash needs and other appropriate considerations when making short-term investments on our behalf. The rates of return of permitted temporary investments may be less than or greater than would be obtainable from real estate investments.

Joint Ventures

We may enter into joint ventures, partnerships and other mutual arrangements with real estate developers, property owners and others for the purpose of obtaining an equity interest in a property in accordance with our investment policies. Many REITs have used joint ventures as sources of capital during periods where debt or equity capital was either unavailable or not available on favorable terms. Joint venture investments could permit us to own interests in large properties without unduly restricting the diversity of our portfolio. We will not enter into a joint venture to make an investment that we would not otherwise be permitted to make on our own. We expect that in any joint venture the cost of structuring joint investments would be shared ratably by us and the other participating investors.

Use of Leverage

Our strategy is to use borrowings as a financing mechanism in amounts that we believe will maximize the return to our stockholders. We generally enter into borrowing arrangements directly or indirectly through our Operating Partnership. There is no limitation on the amount we may borrow against any single investment property. Neither our charter nor our bylaws impose any limitation on our borrowing.

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

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

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

Other Investment Policies

Working Capital Reserves

We may establish a working capital reserve in an amount that we anticipate to be sufficient to satisfy our liquidity requirements. Our liquidity could be adversely affected by unanticipated costs, greater-than-anticipated operating expenses or cash shortfalls in funding our distributions. To the extent that the working capital reserve is insufficient to satisfy our cash requirements, additional funds may be produced from cash generated from operations or through short-term borrowings. In addition, subject to limitations described in this prospectus, we may incur indebtedness in connection with:

- the acquisition of any property;
- the refinancing of the debt upon any property; or
- the leveraging of any previously unleveraged property.

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For additional information regarding our borrowing strategy, see *Our Investment Process Use of Leverage*.

Holding Period For and Sale of Investments; Reinvestment of Sale Proceeds

We intend to hold each property we acquire for an extended period until it can be sold for conversion into urban or suburban uses, such as residential or commercial development. However, circumstances might arise which could result in the earlier sale of some properties. We may sell a property before the end of its expected holding period if in the judgment of our Adviser the sale of the property is in the best interest of our stockholders. The determination of whether a particular property should be sold or otherwise disposed of will be made after consideration of several relevant factors, including prevailing economic conditions, with a view to achieving maximum capital appreciation. No assurance can be given that the foregoing objective will be realized. The selling price of a property which is subject to a net lease will be determined in large part by the amount of rent payable under the lease and the creditworthiness of the tenant. In connection with our sales of properties we may lend the purchaser all or a portion of the purchase price. In these instances, our taxable income may exceed the cash received in the sale, which could cause us to delay required distributions to our stockholders.

The terms of any sale will be dictated by custom in the area in which the property being sold is located and the then-prevailing economic conditions. A decision to provide financing to any purchaser would be made only after an investigation into and consideration of the same factors regarding the purchaser, such as creditworthiness and likelihood of future financial stability, as are undertaken when we consider a net lease transaction. We may continually reinvest the proceeds of property sales in investments that either we or our Adviser believe will satisfy our investment policies.

Investment Limitations

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

- invest 20% or more of our total assets in a particular property or mortgage at the time of investment;
- invest in real property owned by our Adviser, any of its affiliates or any business in which our Adviser or any of its affiliates have invested;
- invest in commodities or commodity futures contracts, with this limitation not being applicable to futures contracts when used solely for the purpose of hedging in connection with our ordinary business of investing in properties and making mortgage loans;
- invest in contracts for the sale of real estate unless the contract is in recordable form and is appropriately recorded in the chain of title;
- issue equity securities on a deferred payment basis or other similar arrangement;

- grant warrants or options to purchase shares of our stock to our Adviser or its affiliates;
- engage in trading, as compared with investment activities, or engage in the business of underwriting, or the agency distribution of, securities issued by other persons;
- invest more than 5% of the value of our assets in the securities of any one issuer if the investment would cause us to fail to qualify as a REIT;
- invest in securities representing more than 10% of the outstanding securities (by vote or value) of any one issuer if the investment would cause us to fail to qualify as a REIT;
- acquire securities in any company holding investments or engaging in activities prohibited in the foregoing clauses; or
- make or invest in mortgage loans that are subordinate to any mortgage or equity interest of any of our affiliates.

Conflict of Interest Policy

We have adopted policies to reduce potential conflicts of interest. In addition, our directors are subject to certain provisions of Maryland law that are designed to minimize conflicts. However, we cannot assure you that these policies or provisions of law will reduce or eliminate the influence of these conflicts. We have adopted a policy that, without the approval of a majority of our independent directors, we will not:

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

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

- the fact of the common directorship or interest is disclosed or known to our Board of Directors or a committee of our Board, and our Board or the committee authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of the directors not interested in the contract or transaction, even if the disinterested directors do not constitute a quorum of the Board or committee;

- the fact of the common directorship is disclosed or known to our stockholders entitled to vote on the contract or transaction, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote on the matter, other than shares owned of record or beneficially by the interested director or corporation or entity; or

- the contract or transaction is fair and reasonable to us as of the time authorized, approved or ratified by the Board of Directors, a committee or the stockholders.

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

Future Revisions in Policies and Strategies

Our independent directors will review our investment policies at least annually to determine whether the policies continue to be in the best interest of our stockholders. The methods of implementing our investment policies also may vary as new investment techniques are developed. The methods of implementing our investment procedures, objectives and policies, except as otherwise provided in our bylaws or charter, may be altered by a majority of our directors, including a majority of our independent directors, without the approval of our stockholders, to the extent that our Board of Directors and the independent directors thereon determine that such modification is in the best interest of the stockholders.

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OUR CURRENT PROPERTIES

A summary of our 32 current farm properties is below. The aggregate value of these properties, comprised of 8,039 acres of farmland in California, Florida, Michigan, Oregon, and Arizona, of which approximately 6, 638 acres are farmable, is approximately $190.5 million. The aggregate cost basis of these properties is approximately $144.7 million. We intend to commission third-party appraisals on each of our properties every two to three years. The most recent appraisals on our properties range from January 2014 to October 2014. Because of the relatively low volatility of farmland prices compared to other types of real estate, we believe updating appraisals every few years is sufficient. Although we believe these appraisals are reasonable, appraisals are only estimates of value as of their respective dates and should not be relied on as a measure of the values that we would necessarily realize if we were to sell these properties. Corporate and independent farmers actively manage the operations of these properties to plant, harvest and fresh fruits and vegetables. We do not farm the properties and do not take any crop risk. Our tenants take the risk of growing crops on our properties.

We track the weighted-average yield on our properties as a way of measuring the income generation of the particular properties and our portfolio as a whole. We calculate the weighted-average yield on our portfolio by taking the annualized GAAP straight-line rents, reflected as rental income on our condensed consolidated statements of operations, of each property as a percentage of the acquisition cost and subsequent improvements. As of September 30, 2014, the gross annualized weighted-average yield, based on the net cost basis our properties, was approximately 7.1%. Because this weighted-average yield is determined on an unleveraged basis, it does not account for the interest expense incurred on the mortgages placed on these properties, which, as of September 30, 2014, is approximately $2.1 million on an annualized basis.

Our current farmland leases typically range from one to ten years in length. Our tenants spend considerable time and capital to maintain these properties and therefore we believe they will renew their leases at the time of lease expiration. We offer our tenants renewal terms that we believe are in line with market conditions. If a tenant chooses not renew a lease in the future, we believe that we will be able to locate other farmers who would be suitable tenants that would be willing to lease the property. In the opinion of management, we carry sufficient insurance covering all of the properties in our portfolio.

The table below sets forth information regarding our current portfolio of properties.

Current Portfolio Information

Property Name	Location	Date Acquired	Number of Farms	Total Acres	Farmable Acres	Net Cost Basis(1)	Current Fair Value	Encumbrances
San Andreas	Watsonville, CA	6/16/1997	1	307	238	$ 4,836,147	$ 10,700,000 (2)	$ 4,190,581
West Gonzales	Oxnard, CA	9/15/1998	1	653	502	12,241,930	49,900,000 (2)	21,320,479
West Beach	Watsonville, CA	1/3/2011	3	196	195	8,406,970	9,150,000 (2)	4,082,204
Dalton Lane	Watsonville, CA	7/7/2011	1	72	70	2,706,126	2,959,000 (4)	1,352,546
Keysville Road	Plant City, FL	10/26/2011	2	59	50	1,230,757	1,498,000 (4)	
Colding Loop	Wimauma, FL	8/9/2012	1	219	181	3,924,951	4,300,000 (2)	
Trapnell Road	Plant City, FL	9/12/2012	3	124	110	4,146,807	4,806,500 (2)	2,655,000
38th Avenue	Covert, MI	4/5/2013	1	119	89	1,451,684	1,411,000 (4)	645,928
Sequoia Street	Brooks, OR	5/31/2013	1	218	206	3,156,674	3,135,000 (4)	1,493,196

Natividad Road	Salinas, CA	10/21/2013	1	166	166	7,417,364	7,607,000 (4)	3,371,732
20th Avenue	South Haven, MI	11/5/2013	3	151	94	1,901,569	1,985,000 (3)	963,352
Broadway Road	Moorpark, CA	12/16/2013	1	60	60	2,957,471	3,000,000 (3)	1,445,028
Oregon Trail	Echo, OR	12/27/2013	1	1,895	1,640	14,011,872	13,855,000 (3)	6,743,464
East Shelton	Willcox, AZ	12/27/2013	1	1,761	1,320	7,798,747	7,900,000 (2)	3,227,229
Collins Road	Clatskanie, OR	5/30/2014	2	200	157	2,560,286	2,591,333 (3)	
Spring Valley	Watsonville, CA	6/13/2014	1	145	110	5,914,002	5,900,000 (3)	2,841,889
McIntosh Road	Dover, FL	6/20/2014	2	94	78	2,560,062	2,666,000 (3)	1,599,600
Naumann Road	Oxnard, CA	7/23/2014	1	68	64	6,879,182	6,888,500 (3)	3,318,748
Sycamore Road	Arvin, CA	7/25/2014	1	326	322	5,954,079	5,800,000 (3)	2,793,721
Wauchula Road	Duette, FL	9/29/2014	1	808	590	13,888,500	13,765,000 (3)	8,155,763
Santa Clara Avenue	Oxnard, CA	10/29/2014	2	333	332	24,592,000	24,592,000 (3)	12,041,901
Dufau Road	Oxnard,CA	11/4/2014	1	65	64	6,125,600	6,125,600 (3)	
			32	**8,039**	**6,638**	**$ 144,662,780**	**$ 190,534,933**	**$ 82,242,361**

(1) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for depreciation and amortization accumulated through September 30, 2014. As Santa Clara Avenue and Dufau Road were acquired subsequent to September 30, 2014, the net cost basis and current fair value were both included as the purchase price.

(2) Represents values based on third-party appraisals performed between January 2014 and October 2014.

(3) Valued at the purchase price paid.

(4) Represents values as determined by an internal valuation process.

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Material or Significant Properties

San Andreas Farm

Average Rent per Acre

The following table summarizes the average annual effective rent per acre, which is determined by dividing annual GAAP straight-line rental revenue by total leased acreage, for our San Andreas Farm:

	2014(3)	2013	2012	2011	2010	2009
Annual rental revenue(1)(2)	$ 486,313	$ 431,655	$ 431,655	$ 431,655	$ 405,000	$ 405,000
Total leased acreage	238	238	238	238	238	238
Annual rental per acre	$ 2,043	$ 1,814	$ 1,814	$ 1,814	$ 1,702	$ 1,702
Occupancy rate	100%	100%	100%	100%	100%	100%

(1) The tenant did not receive any tenant concessions or abatements for the periods presented.
(2) We did not receive tenant expense reimbursements from the tenant on this property for the periods presented.
(3) For 2014, the annual rental revenue is the annualized amount, based on the rental revenue recorded for the nine months ended September 30, 2014.

Depreciation

The following table summarizes the federal tax basis, rate, method and life claimed with respect to components of our San Andreas Farm for purposes of depreciation:

Property Type	Federal Tax Basis	Convention	Method	Life Claimed
Land	$4,350,000	None	None	None
Improvements and other	579,307	Mid-month	MACRS (150% or 200%)	7 15 years
Total	$4,929,307			

Real Estate Taxes

The 2014 annual real estate taxes for our San Andreas Farm are approximately $59,000.

West Gonzales Farm

Average Rent per Acre

The following table summarizes the average annual effective rent per acre, which is determined by dividing annual GAAP straight-line rental revenue by total leased acreage, for our West Gonzales Farm:

	2014(5)	2013	2012	2011	2010