GLADSTONE LAND Corp
Form S-11/A
May 12, 2015
Table of Contents

As filed with the Securities and Exchange Commission on May 11, 2015

Registration No. 333-199896

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Pre-effective Amendment No. 2

to

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 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:

Lori B. Morgan, Esq.	**James J. Barresi, Esq.**
Bass, Berry & Sims PLC	**Squire Patton Boggs (US) LLP**
150 Third Avenue South, Suite 2800	**221 E. Fourth St., Suite 2900**
Nashville, Tennessee 32701	**Cincinnati, Ohio 45202**
Telephone: (615) 742-6280	**Telephone: (513) 361-1200**
Facsimile: (615) 742-2780	**Facsimile: (513) 361-1201**

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(3)**
Common Stock, $0.001 par value per share	$19,000,000	$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 the offering price of the shares subject to the underwriters option to purchase additional shares to cover allotments, if any.
(3) This amount was previously paid in connection with the initial filing of this registration statement.

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.

Table of Contents

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 MAY 11, 2015

PRELIMINARY PROSPECTUS

1,100,000 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 1,100,000 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 May 11, 2015, was $11.89 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 as further described under Certain Provisions of Maryland Law and our Charter and Bylaws.

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 20 of this prospectus.

	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 165,000 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 $.

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.

We expect that delivery of the common stock will be made against payment for the common stock on or about , 2015.

Janney Montgomery Scott **Oppenheimer & Co.** **JMP Securities** **Ladenburg Thalmann**

Maxim Group LLC **J.J.B. Hilliard, W.L. Lyons, LLC**

The date of this prospectus is , 2015

Table of Contents

GLADSTONE LAND CORPORATION

TABLE OF CONTENTS

Prospectus Summary	1
Risk Factors	20
Cautionary Statement Regarding Forward-looking Statements	43
Use of Proceeds	45
Distribution Policy	46
Capitalization	47
Dilution	48
Selected Financial Data	50
Management s Discussion and Analysis of Financial Condition and Results of Operations	53
Business	82
Our Investment Focus	88
Our Investment Process	92
Our Current Properties	101
Our Structure	107
Management	110
Information Regarding the Board of Directors and Corporate Governance	115
Executive Compensation	121
Our Adviser and our Administrator	122
Conflicts of Interest	127
Certain Relationships and Related Party Transactions	130
Principal Stockholders	132
Description of our Capital Stock	133
Certain Provisions of Maryland Law and of our Charter and Bylaws	139
Shares Eligible for Future Sale	144
Our Operating Partnership and the Operating Partnership Agreement	145
Material U.S. Federal Income Tax Considerations	148
Transfer, Dividend Paying and Dividend Reinvestment Agent and Registrar	171
Underwriting	172
Experts	177
Legal Matters	177
Where You Can Find More Information	177
Incorporation of Certain Information by Reference	179
Index to Financial Statements	F-1

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.

Table of Contents

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 investment trust (REIT) 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 a portfolio of 1,630 acres on 12 farms in California and Florida that were leased to 6 separate and unrelated corporate and independent farmer tenants. At that time, we also owned two cooling facilities and one facility utilized for storage and assembly of boxes for shipping produce (a box barn). As of the date of this prospectus, we owned 8,789 acres comprised of 34 farms: 15 in California, 10 in Florida, 4 in Michigan, 4 in Oregon and 1 in Arizona. We also own three cooling facilities and one box barn. These properties are currently leased to 29 separate and unrelated tenants that are either corporate or independent farmers. We also lease a small parcel on our 653-acre farm near Oxnard, California (West Gonzales), to an oil company.

Historically, our farmland has predominantly been concentrated in locations where tenants are able to grow annual row crops, such as certain types of berries and vegetable crops, which are planted and harvested annually or more frequently. However, during 2013, we began to diversify the variety of crops grown on our properties, and we now own several farms with more permanent crops, such as blueberries, as well as a couple of farms that grow grains, such as corn and beans. While our focus remains on annual row crops, in the future, we may acquire additional land with 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 storage facilities utilized for cooling crops, freezer buildings, box barns, silos, storage facilities, green houses, processing plants, packaging buildings and distribution centers.

Table of Contents

The table below sets forth information regarding our portfolio of properties as of December 31, 2014, and properties acquired since that time, as noted in the table below:

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	$ 4,826,248	$ 11,344,000[3]
West Gonzales	Oxnard, CA	9/15/1998	1	653	502	12,406,298	49,900,000[4]
West Beach	Watsonville, CA	1/3/2011	3	196	195	8,979,337	9,980,000[3]
Dalton Lane	Watsonville, CA	7/7/2011	1	72	70	2,700,026	2,959,000[3]
Keysville Road	Plant City, FL	10/26/2011	2	59	56	1,232,260	1,498,000[3]
Colding Loop	Wimauma, FL	8/9/2012	1	219	181	3,925,704	4,300,000[4]
Trapnell Road	Plant City, FL	9/12/2012	3	124	110	4,106,218	4,806,500[4]
38th Avenue	Covert, MI	4/5/2013	1	119	89	1,449,670	1,411,000[3]
Sequoia Street	Brooks, OR	5/31/2013	1	218	206	3,521,564	3,135,000[3]
Natividad Road	Salinas, CA	10/21/2013	1	166	166	7,398,003	7,607,000[3]
20th Avenue	South Haven, MI	11/5/2013	3	151	94	1,884,981	2,080,000[3]
Broadway Road	Moorpark, CA	12/16/2013	1	60	60	2,935,348	3,403,000[3]
Oregon Trail	Echo, OR	12/27/2013	1	1,895	1,640	13,993,009	14,301,000[3]
East Shelton	Willcox, AZ	12/27/2013	1	1,761	1,320	7,760,059	7,900,000[4]
Collins Road	Clatskanie, OR	5/30/2014	2	200	157	2,532,950	2,591,333[2]
Spring Valley	Watsonville, CA	6/13/2014	1	145	110	5,882,738	5,900,000[2]
McIntosh Road	Dover, FL	6/20/2014	2	94	78	2,553,874	2,666,000[2]
Naumann Road	Oxnard, CA	7/23/2014	1	68	66	6,859,860	6,888,500[2]
Sycamore Road	Arvin, CA	7/25/2014	1	326	322	5,939,522	5,800,000[2]
Wauchula Road	Duette, FL	9/29/2014	1	808	590	13,772,371	13,765,000[2]
Santa Clara Avenue	Oxnard, CA	10/29/2014	2	333	331	24,497,797	24,592,000[2]
Dufau Road	Oxnard, CA	11/4/2014	1	65	64	6,099,925	6,125,600[2]
Espinosa Road	Salinas, CA	1/5/2015	1	331	329	16,905,500	16,905,500[2]
Parrish Road[5]	Duette, FL	3/10/2015	1	419	211	3,913,280	3,913,280[2]
			34	**8,789**	**7,185**	**$ 166,076,542**	**$ 213,771,713**

(1) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets, excluding those allocated to above- and below-market lease values), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for depreciation and amortization accumulated through December 31, 2014. As Espinosa Road and Parrish Road were both acquired subsequent to December 31, 2014, the net cost basis and current fair value for each is included as the purchase price.

(2) Valued at the purchase price paid.

(3) Represents values as determined by our internal valuation process.

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

(5) Includes $700,000 of contingent consideration to be paid to the tenant for irrigation improvements made on the property by the tenant upon the approval by a local water management district of certain water permits.

We generally lease our properties on a triple-net basis, an arrangement under which, in addition to rent, the tenant is required to pay the related taxes, insurance costs (including drought insurance if we were to acquire properties that depend upon rainwater for irrigation), maintenance and other operating costs. We may also 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 (TRS).

To a lesser extent, we may 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 a successful history of crop production and profitable farming operations and that, over time, 2

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.

We conduct our business through an Umbrella Partnership Real Estate Investment Trust (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 (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 (OP Units). In the future, we may offer equity ownership in our Operating Partnership by issuing OP Units to farmland owners from time to time in consideration for acquiring their farms. Holders of OP 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 OP Units for one year. Farmland owners who exchange their farms for OP Units may be able to do so in a tax-deferred exchange under U.S. federal income tax laws.

On September 3, 2014, we filed our 2013 federal income tax return, on which we elected to be taxed as a REIT for federal tax purposes beginning with the year ended December 31, 2013. As a REIT, we generally will not be subject to U.S. federal income tax if we distribute at least 90% of our taxable income to our stockholders and continue to meet certain other requirements. In addition, we have elected for Gladstone Land Advisers, Inc., a wholly-owned subsidiary of ours, to be taxed as a TRS. We may own or manage our assets and engage in other activities through Gladstone 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 our TRS.

Subject to certain restrictions and limitations, and pursuant to contractual agreements, our business and real estate portfolio investments are managed by Gladstone Management Corporation (our Adviser), a Delaware corporation, a registered investment adviser with the Securities and Exchange Commission (the SEC) and an affiliate of ours. Administrative services are provided to us by Gladstone Administration, LLC (our Administrator), a Delaware limited liability company and an affiliate of ours. 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.

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, which we hope to sustain and increase through long-term growth in cash flows from increased rents; (2) appreciation of our land; and (3) capital gains derived from the sale of our properties. Our primary strategy to achieve our business objective is to invest in high-quality farmland and diversify our current portfolio of primarily triple-net-leased farmland and properties related to farming operations. This strategy includes the following components:

- ***Owning Farms and Farm-Related Real Estate for Income.*** We own and intend to acquire 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.

Table of Contents

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 commodity crops (e.g., wheat, rice and corn) and bush, tree and vine crops (e.g., fruits and nuts).

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 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 lease the majority of 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, although we are not currently a party to any binding purchase agreements to acquire any properties. 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.

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 $1.8 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 (our IPO) in January 2013, we have invested $126.7 million into the acquisition of 22 new farms, and an additional $3.9 million has been invested in the form of capital improvements on existing farms.

Distribution Stability: Since our IPO in January 2013 through April 2015, we have made 27 consecutive monthly distributions on our common stock. We currently pay monthly distributions (declared quarterly) to holders of shares of our common stock at a current rate of $0.04 per share.

Properties Under Consideration

We currently have approximately 50 properties that are in various stages of our review process. During these review stages, we evaluate the properties to determine whether we believe they will meet our investment criteria, engage in preliminary discussions with some of the owners and, for certain of the properties, submit non-binding indications of interest or letters of intent. Generally, we do not commence the due diligence process during these review stages, nor do we agree upon price or terms relating to the potential acquisition of any of these properties. Therefore, we do not deem the acquisition of any property that we are considering in these review stages to be probable, and there can be no assurance that we will complete the acquisition of any property that we are currently evaluating.

Leases

We intend to own primarily single-tenant, agricultural real property. Generally, we will lease properties to tenants that our Adviser deems creditworthy under triple-net leases that will be full-recourse obligations of our tenants or their affiliates. Most of our agricultural leases have original terms ranging from 3 to 10 years for properties growing row crops and 5 to 15 years for properties growing permanent crops, often with options to extend the lease further. Rent is generally payable to us on either an annual or semi-annual basis, 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. We have not entered into any leases that include variable rent based on the success of the harvest each year; however, should we choose to do so, we would generally require the lease to include the guarantee of a minimum amount of rental income that satisfies our investment return criteria. Currently, our 34 farms are leased under original lease terms ranging from 1 to 15 years, with 21 farms leased on a pure triple-net basis, and 13 farms leased on a partial-net basis, with the landlord responsible for all or a portion of the related property taxes. However, due to follow-on leases we have executed on certain of our properties, two of our farms that are currently leased on a partial-net basis will convert to pure triple-net leases in November 2015.

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. We monitor our tenants credit quality on an ongoing basis by, among other things, periodically conducting site visits to 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.

Table of Contents

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 (West Beach) and one on 307 acres of farmland (San Andreas), both near Watsonville, California. However, during the first half of 2014, we were able to re-lease both properties prior to their expirations and without any downtime. The two properties were re-leased for periods of nine and six 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 6.3% of the total acreage owned as of December 31, 2014, and 13.4% of the total rental income recorded for the year ended December 31, 2014.

We have three agricultural leases due to expire in 2015: one on 72 acres of farmland near Watsonville, California (Dalton Lane), and two on 333 acres of farmland near Oxnard, California (Santa Clara Avenue). We have begun negotiations regarding lease renewals on both of these properties, and we anticipate being able to renew the leases prior to their respective expirations. In addition, given the current market conditions in the respective regions where these properties are located, we expect to be able to renew the leases at higher rental rates, compared to those of the existing leases. However, there can be no assurance that we will be able to renew the leases at a rate favorable to us, if at all, or be able to find a replacement tenant, 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. We have received confirmation that the tenant intends to continue its lease for 2015. 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% of the rental income recorded during the year ended December 31, 2014.

Summary Risk Factors

An investment in shares of our common stock includes substantial risks. You should carefully consider the matters discussed in the Risk Factors section of this prospectus beginning on page 20 prior to deciding to invest in our common stock. Some of the risks include, but are not limited to:

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. Currently, we own 34 farms, leased to 29 separate and unrelated 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 December 31, 2014, one tenant, Dole Food Company (Dole) was responsible for approximately 30% of our annualized generally accepted accounting principles in the U.S. (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.

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 and relationships of our Adviser. If our Adviser makes inadvisable investment or management decisions or is unable to source investments through their relationships and network, our operations could be materially adversely impacted.

Table of Contents

The following diagram depicts our organizational structure.

Our Adviser

Our business is externally managed by our Adviser, which was incorporated in 2002. The officers, directors and employees of our Adviser have significant experience in making investments in and lending to businesses of all sizes, including investing in real estate and making mortgage loans. We entered into an amended and restated Advisory Agreement with our Adviser (the Amended Advisory Agreement), under which our Adviser is responsible for managing our assets and liabilities, for operating our business on a day-to-day basis and for identifying, evaluating, negotiating and consummating investment transactions consistent with our investment policies as determined by our Board of Directors from time to time.

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.

Our Adviser maintains an investment committee that will screen each of our investments. This investment committee is currently comprised of Messrs. Gladstone and Brubaker. We believe that the review process of our Adviser s investment committee gives us a unique competitive advantage over other agricultural real estate companies because of the substantial experience that the members possess and their unique perspective in evaluating the blend of corporate credit, real estate and lease terms that collectively combine to provide an acceptable risk for our investments.

Table of Contents

Our Adviser s board of directors has empowered the investment committee to authorize and approve our investments, subject to the terms of the Amended Advisory Agreement. Before we acquire any property, the transaction will be reviewed by the investment committee to ensure that, in its view, the proposed transaction satisfies our investment criteria and is within our investment policies. Approval by the investment committee will generally be the final step in the property acquisition approval process, although the separate approval of our Board of Directors is required in certain circumstances.

Under the terms of our Amended Advisory Agreement that went into effect on February 1, 2013, 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, beginning January 1, 2014, we pay a base management fee equal to 2.0% of our adjusted stockholders equity, which no longer excludes uninvested cash proceeds from the IPO.

Pursuant to the Amended Advisory Agreement, we also pay an additional quarterly incentive fee based on our funds from operations (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 adjusted stockholders equity)

Percentage of Pre-Incentive Fee FFO allocated to Incentive Fee

Table of Contents

Our Administrator

Under the terms of the Amended Administration Agreement that went into effect on February 1, 2013, 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 generally derived by multiplying that portion of the Administrator s expenses allocable to all funds serviced by the Administrator 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 generally derived by multiplying our Administrator s total expenses by the approximate percentage of time the Administrator s employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under similar contractual agreements. This change in methodology resulted in an increase in the fee we paid to our Administrator of approximately 137% for the six months ended December 31, 2014, as compared to the first six months of the fiscal year. Management believes that the new methodology of allocating the Administrator s total expenses by approximate percentages of time services were performed more accurately approximates the fees incurred for the actual services performed. While this change in methodology resulted in an increase in the fee paid to our Administrator for the six months ended December 31, 2014, we are not currently able to determine whether the change in methodology will result in an increase or decrease for the upcoming fiscal year.

Table of Contents

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.

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 (Adviser)[2]	We pay our Adviser an incentive fee with respect to our Pre-Incentive Fee FFO in each calendar quarter as follows:	Actual amounts are dependent upon the amount of FFO we generate from time to time.
	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).	

Table of Contents

Type of Compensation (Recipient)	Description and Determination of Amount	Estimated Amount
Allocation of Administrator Overhead Expenses (Administrator)[3]	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 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.	Actual amounts will be dependent upon the expenses incurred by our Administrator and 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.

(1) As of March 31, 2015, we have incurred approximately $165,000 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 and assistant treasurer, is also an executive officer or director of

Table of Contents

Gladstone Commercial Corporation (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 Messrs. Beckhorn and Parrish, is also an executive officer or director of Gladstone Capital Corporation (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 Messrs. Beckhorn and Parrish, is also executive an officer or director of Gladstone Investment Corporation (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.

Each of our executive officers, other than Messrs. Beckhorn and 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 have operated and intend to continue to operate in a manner that will allow us to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the Code). 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. Our 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.

Table of Contents

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 nonqualifying 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.

- 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.

Table of Contents

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, but were subsequently re-incorporated in Delaware on May 25, 2004, and finally re-incorporated in Maryland on March 24, 2011. We have elected to be taxed as a real estate investment trust beginning with our tax year ended December 31, 2013. 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.

Table of Contents

The Offering

Issuer	Gladstone Land Corporation
Common stock offered by us	1,100,000 shares (or 1,265,000 shares of common stock if the underwriters exercise their overallotment option in full)
Common stock outstanding prior to this offering	7,753,717 shares(1)
Common stock to be outstanding after this offering	8,853,717 shares(2)
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 future property acquisitions, 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 $0.04 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.

(1) The common stock outstanding is as of May 8, 2015.
(2) Assumes that the underwriters do not exercise the overallotment option. If the underwriters exercise the overallotment option in full, 9,018,717 shares of common stock will be outstanding upon completion of this offering.

Table of Contents

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, 2014, 2013, 2012, 2011 and 2010 are derived from audited and, where noted, unaudited consolidated financial statements incorporated by reference into or included elsewhere in this prospectus and from internal records. 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 Years Ended December 31,				
	2014	2013	2012	2011	2010
Operating Data:					
Total operating revenues	$ 7,184,922	$ 4,038,138	$ 3,390,594	$ 2,964,082	$ 2,418,111
Operating income	$ 1,599,972	$ 1,357,453	$ 1,901,615	$ 1,282,828	$ 1,564,581
Net (loss) income before income taxes	$ (98,631)	$ 295,047	$ 900,692	$ 13,730	$ 877,127
Net (loss) income	$ (125,133)	$ (1,224,683)	$ 600,373	$ 6,219	$ 560,523
Funds from operations(1)(6)	$ 1,610,511	$ (502,228)	$ 1,074,853	$ 511,787	$ 877,767
Adjusted funds from operations(2)(6)	$ 3,126,433	$ 1,193,931	$ 1,291,337	$ 1,050,694	$ 1,204,545
Share and Per-Share Data:					
Weighted average common shares outstanding basic and diluted	6,852,917	6,214,557	2,750,000	2,750,000	2,750,000
(Loss) earnings per weighted average common share basic and diluted	$ (0.02)	$ (0.20)	$ 0.22	$ 0.00	$ 0.20
Funds from operations basic and diluted(1)(6)	$ 0.24	$ (0.08)	$ 0.39	$ 0.19	$ 0.32
Adjusted funds from operations basic and diluted(2)(6)	$ 0.46	$ 0.19	$ 0.47	$ 0.38	$ 0.44
Distributions per common share	$ 0.36	$ 1.49	$	$ 0.37	$
Balance Sheet Data:					
Real estate and lease intangibles, net(3)	$ 145,257,763	$ 75,622,247	$ 37,351,944	$ 30,326,780	$ 17,760,574
Total assets	$ 151,702,624	$ 93,673,464	$ 40,985,848	$ 32,768,277	$ 29,034,484
Aggregate borrowings(4)	$ 86,417,361	$ 43,154,165	$ 30,817,880	$ 24,133,000	$ 19,755,621
Total stockholders equity	$ 59,969,328	$ 48,511,992	$ 8,136,726	$ 7,536,353	$ 8,547,633
Total common shares outstanding	7,753,717	6,530,264	2,750,000	2,750,000	2,750,000
Supplemental Data:					
Cash flows from operations	$ 3,543,622	$ (460,353)	$ 1,137,777	$ 1,898,093	$ 665,261
Number of farms owned(6)	32	21	12	8	2
Gross acreage owned(6)	8,039	6,000	1,630	1,287	960
Occupancy rate(6)	100%	100%	100%	100%	100%
Fair value of farmland portfolio(5)(6)	$ 192,952,933	$ 115,977,120	$ 75,459,000	$ 66,080,073	$ 53,600,000
Net asset value per share(5)(6)	$ 13.94	$ 13.51	$ 16.82	$ 15.74	$ 15.99

Table of Contents

(1) Funds from operations is a term developed by the National Association of Real Estate Investment Trusts and is defined below.
(2) Adjusted funds from operations is defined below.
(3) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets, excluding those allocated to above- and below-market lease values), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for depreciation and amortization accumulated through December 31, 2014.
(4) Representative of all borrowings of the Company, including mortgage notes payable, bonds payable and borrowings under lines of credit.
(5) As presented in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Net Asset Value.
(6) Unaudited.

The National Association of Real Estate Investment Trusts (NAREIT) developed funds from operations (FFO) as a relative non-GAAP supplemental measure of operating performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the same basis 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 (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 removes the straight-lining of rental income and also includes the removal of amortization related to above- and below-market lease values and to leasehold improvements, resulting in rental income 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-to-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, as it is a non-cash expense item.

Adjustments for other one-time charges. We will adjust for certain non-recurring charges and receipts and will explain such adjustments 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.

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 (Basic AFFO) per share and diluted adjusted funds from operations (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 (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.

The following table provides a reconciliation of our FFO and AFFO for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 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 Years Ended				
	2014	2013	2012	2011	2010
Net (loss) income available to common stockholders	$ (125,133)	$ (1,224,683)	$ 600,373	$ 6,219	$ 560,523
Plus: Real estate and intangible depreciation and amortization	1,735,644	722,455	474,480	505,568	317,244
FFO available to common stockholders	1,610,511	(502,228)	1,074,853	511,787	877,767
Net adjustment for straight-lining of rents	1,089,057	(7,320)	(296,801)	441,539	
Plus: Acquisition-related expenses	520,352	153,725	153,494	63,489	
Plus: Income tax provision	26,502	1,519,730	300,319	7,511	316,604
Plus: Amortization of deferred financing costs	53,286	30,024	59,472	26,368	10,174
(Minus) plus: Other one-time (receipts) charges, net[1]	(173,275)				
AFFO available to common stockholders	$ 3,126,433	$ 1,193,931	$ 1,291,337	$ 1,050,694	$ 1,204,545
Weighted average common shares outstanding basic & diluted	6,852,917	6,214,557	2,750,000	2,750,000	2,750,000
FFO per weighted average common share basic and diluted	$ 0.24	$ (0.08)	$ 0.39	$ 0.19	$ 0.32
AFFO per weighted average common share basic and diluted	$ 0.46	$ 0.19	$ 0.47	$ 0.38	$ 0.44

(1) Includes the addition of $89,688 of repairs incurred as a result of the fire on the cooler on West Gonzales that were expensed during the year ended December 31, 2014, netted against the property and casualty recovery, net, of $262,963 recorded during the year ended December 31, 2014.

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, and if Dole is no longer able to make rental payments or chooses to terminate its leases prior to or upon their expiration, it could have a material adverse effect on our financial performance and our ability to make distributions to our stockholders.

Two of our 30 current leases, representing approximately 30% of our annualized, straight-line rental revenue as of December 31, 2014, are with Dole and 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 could 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 and states, which subjects us to an increased risk of significant loss if any property declines in value, if we are unable to lease a property or adverse weather, economic or regulatory changes or developments in the markets in which our properties are located.

As of the date of this prospectus, we owned 34 farms located in 5 different states across the U.S. that are leased to 29 separate and unrelated 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 more than 25% 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 up to half the value of our total assets. Lack of diversification and investment concentration 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 the 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. Finally, the geographic concentration of our portfolio could cause us to be more susceptible to adverse weather, economic or regulatory changes or developments in the markets in which our properties are located than if we owned a more geographically-diverse portfolio, which could materially and adversely affect the value of our farms and our ability to lease our farms on favorable terms or at all.

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

Table of Contents

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 may be 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 we are able to maintain our qualification as a REIT and other factors as our

Table of Contents

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 farms, 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.

Table of Contents

Because we expect to continue to enter into some 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 ranging from 3 to 10 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 with long-term leases, such as properties farmed for permanent crops, 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.

Currently, 13 of our 30 leases have original lease terms 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 or market reset periods. Annual rent escalations may be a fixed amount each year or be variable based on standard cost of living or inflation indices. In addition, some long-term leases may require a regular survey of comparable land rents, with the rent owed per the lease being adjusted to reflect current market rents. We do not expect to enter into many 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.

Currently, 8 of our 34 farms are 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.

Table of Contents

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 the regions where our properties are located. Further, all of our properties are reliant upon groundwater, as they are not located in any state or federal water districts and, thus, are not limited by any government-regulated restrictions. 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

Table of Contents

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.

As permanent crops produce yearly crops without being replanted, they are more expensive to replace and more susceptible to disease and poor weather than annual row crops. 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 maintain our qualification as a REIT, we will be largely dependent on third-party sources of capital to fund our future capital needs.

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, and meet certain other conditions. 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 articles of incorporation 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

Table of Contents

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.

We currently have various borrowing facilities in place that are secured by certain of our farms. As of December 31, 2014, our total borrowings of $86.4 million, which had a blended annual interest rate of 3.5%, were secured by 27 of our 32 farms. 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.

We face a risk from the fact that certain of our properties are cross-collateralized.

As of December 31, 2014, the mortgages on certain of our properties were cross-collateralized. To the extent that any of the properties in which we have an interest are cross-collateralized, any default by the property owner subsidiary under the mortgage note relating to the one property will result in a default under the financing arrangements relating to any other property that also provides security for that mortgage note or is cross-collateralized with such mortgage note. Such a default may adversely affect our financial condition, results of operations and ability to pay distributions to our stockholders.

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, private equity funds 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

Table of Contents

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, as well as prevent us from achieving diversification by geography and crop type, having a material adverse effect on our results of operations and available cash for distributions to 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 distributions on our common stock.

We generally operate as a holding company that conducts its businesses primarily through our operating partnership, which in turn is a holding company conducting its business through its 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 distributions, loans, advances, leases or other payments from our subsidiaries to generate the funds necessary to make distributions on our common stock. Our subsidiaries ability to pay such distributions and/or make such loans, advances, leases or other payments may be restricted by, among other things, applicable laws and regulations, current and future 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.

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.

Failure to succeed in new markets may have adverse consequences.

As we expand and diversify our geographic portfolio, we may acquire properties located in new markets, exposing us to risks associated with a lack of market knowledge or understanding of the local market. This includes the availability and identity of quality tenant farmers, forging new business relationships in the area and unfamiliarity with local government requirements and procedures. Furthermore, the negotiation of a potential expansion into new markets would divert management time and other resources. As a result, we may have difficulties executing our business strategy in these new markets, which could have a negative impact on our results of operations and ability to make distributions to stockholders.

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

Table of Contents

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 or underinsured 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. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to issue reimbursement. Further, the amount of losses may exceed our coverage, which could have an adverse effect on our cash flow.

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.

Table of Contents

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.

Continued disruptions in the U.S. financial markets could affect our ability to obtain debt financing on reasonable terms or have other adverse effects on us.

Over the last several years, the U.S. capital markets have experienced significant price volatility, which have caused market prices of many stocks and debt securities to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in certain cases have resulted in the lack of availability of certain types of financing. Continued uncertainty in the stock and credit markets may negatively impact our ability to access additional financing at reasonable terms, which may negatively affect our ability to make acquisitions. These disruptions in the financial markets also may have a material adverse effect on the market value of our common stock and the lease rates we can charge for our properties, as well as other unknown adverse effects on us or the economy in general. In addition, credit market constraints may increase the operating expenses of our tenants and decrease their ability to make lease payments and may adversely affect our liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

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 Capital, Gladstone Commercial 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 or directors, as applicable, of Gladstone Commercial, which actively makes real estate investments. Each of our executive officers, other than Messrs. Beckhorn and Parrish, and each of our directors are also executive officers or directors, as applicable, of Gladstone Capital and Gladstone Investment, which actively make loans to and invest in small- and medium-sized companies. 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 Commercial and Gladstone Investment, 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.

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.

Table of Contents

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 number of shares (whichever is more restrictive) of the outstanding shares of our commons 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 of the votes entitle 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.

Table of Contents

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, our charter (i) 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) authorizes us to obligate ourselves 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 be able to maintain our qualification 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.

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. Our ability to maintain our qualification as a REIT depends 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 continuing to operate 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 REIT election, which it may do without stockholder approval.

If we lose our REIT status or if it was revoked, 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 maintain our qualification 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 maintain our qualification 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 maintain our qualification 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 maintain our qualification 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.

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 would not have qualified to be taxed as a REIT for our taxable year ended December 31, 2013, and may not qualify to be taxed as a REIT for our taxable year ended December 31, 2014, or subsequent taxable years.

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 maintain our qualification as a REIT, which could require us to pay taxes and negatively impact our cash available for future distribution.

In order to maintain our qualification 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 after our election to be treated as a REIT. In order to facilitate compliance with this requirement, our articles of incorporation prohibit any individual from owning more than 3.3% in value of our outstanding 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, owns approximately 8.6% of our outstanding common stock. For purposes of the REIT stock ownership diversification requirements, the shares owned by Gladstone Future Trust are attributed to Mr. Gladstone, resulting in Mr. Gladstone having an aggregate beneficial ownership of 32.7% of our outstanding common stock. 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 maintain our qualification for REIT treatment. However, such a reduction would not be effective for any stockholder who beneficially owns more than the reduced ownership limit.

We believe that we have satisfied the ownership diversification requirements during the last half of our taxable year ended December 31, 2014. However, if, at any point in time during the last half of a future taxable year, we are unable to comply with this requirement, we could fail to maintain our qualification as a REIT, which would require us to pay income taxes on all of our taxable income without the benefit of the deduction for dividends paid and would negatively impact our cash available for future distribution.

Table of Contents

We will not seek to obtain a ruling from the Internal Revenue Service (the 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 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 (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.

Table of Contents

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 Gladstone Land Advisers, Inc., our wholly-owned subsidiary, 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.

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.

Table of Contents

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 take advantage of the option to delay adoption of new or revised accounting standards until they are required to be adopted by private companies; consequently, our current and 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 (defined below) 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, 2015. 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 common stock, senior common stock, preferred stock, debt securities, depositary shares and subscription rights that are registered under our universal shelf registration statement on Form S-3 (the Universal Shelf), in one or more future public offerings. As of the date of this prospectus, we have issued $15.0 million of securities 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.

Table of Contents

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 do not restrict our ability 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.

Table of Contents

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 do not restrict our ability 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.

Table of Contents

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 of these words and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements will contain these words. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Statements regarding the following subjects, among others, are 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;

Table of Contents

- 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;
- 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 executive 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.

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 indebtedness and for other general corporate purposes. This offering is not contingent upon the closing of any pending acquisitions.

Our line of credit matures in April 2024, and the applicable interest rate per annum is equal to the greater of (i) the London Interbank Offered Rate (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. Currently, our line of credit has an outstanding balance of $8.5 million, and the maximum amount available to be drawn is approximately $10.8 million. Capacity to borrow under the line of credit, which has a maximum commitment amount of $25.0 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	$	100.00%
Less offering expenses:		
Underwriting discount		
SEC registration fee	4,067	0.03%
FINRA filing fees	5,750	0.04%
NASDAQ fee	16,500	0.13%
Printing and engraving expenses(1)	25,000	0.19%
Legal fees and expenses(1)	94,000	0.72%
Accounting fees and expenses(1)	40,000	0.31%
Transfer agent and registrar fees(1)	10,000	0.08%
Miscellaneous offering expenses(1)	50,000	0.38%
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.

Table of Contents

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, AFFO, 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.

Distributions

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 years ended December 31, 2014 and 2013 and for the current fiscal year through April 24, 2015. Distributions to common stockholders are currently declared quarterly and paid monthly. As of March 16, 2015, there were 3,996 holders of our common stock. During the years ended December 31, 2014 and 2013, we paid aggregate distributions to stockholders of approximately $2.5 million and $9.7 million, respectively.

		Price Range		Distributions per Common Share
Period		**Low**	**High**	
2013:	Q1(1)	$ 14.00	$ 15.83	$ 0.080
	Q2	15.00	18.74	0.360
	Q3	14.99	17.45	0.360
	Q4	15.48	17.40	0.690(2)
2014:	Q1	$ 11.75	$ 16.17	$ 0.090
	Q2	10.78	14.50	0.090
	Q3	11.56	13.87	0.090
	Q4	8.89	12.27	0.090
2015:	Q1	$ 9.95	$ 12.28	$ 0.105
	Q2(3)	11.76	12.39	0.120

(1) From January 29, 2013, through March 31, 2013.
(2) Includes a one-time distribution of $0.33 per share representing the final distribution of our remaining accumulated earnings and profits from prior years.
(3) From April 1, 2015, through May 8, 2015. See *Recent Developments Payment of Distributions* for more information regarding distributions declared during this quarter.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2014:

- on an actual basis;
- on a pro-forma basis to reflect certain transactions since December 31, 2014; and
- on an as adjusted basis to reflect (i) the sale of 1,100,000 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, assuming a sales price of $11.89 per share of common stock, which is the closing stock price on May 11, 2015. The table does not give effect to the issuance of up to 165,000 additional shares of our common stock that may be sold pursuant to the underwriters over-allotment option and does not take into account any underwriting discounts.

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
Cash and cash equivalents	$ 2,619,342	$ 4,078,689	5,012,372
Debt:			
Mortgage notes and bonds payable	$ 82,417,361	$ 92,595,361	92,595,361
Borrowings under line of credit	4,000,000	12,000,000	100,000
Total debt	$ 86,417,361	$ 104,595,361	92,695,361
Stockholders equity:			
Common stock, $0.001 par value per share: 20,000,000 shares authorized, 7,753,717 shares issued and outstanding, actual and pro-forma; and 8,853,717 shares issued and outstanding, as adjusted	$ 7,754	$ 7,754	8,854
Additional paid-in capital	65,366,309	65,366,309	78,198,892
Distributions in excess of accumulated earnings	(5,404,735)	(5,413,367)	(5,413,367)
Total stockholders equity	59,969,328	59,960,696	72,794,379
Total capitalization	$ 146,386,689	$ 164,556,057	165,489,740

(1) Reflects additional borrowings under the Farmer Mac Facility since December 31, 2014, of approximately $10.2 million, and additional borrowings under the New MetLife Line of Credit since December 31, 2014, of $8.0 million, which borrowings were used to fund approximately $17.0 million of acquisitions that have been consummated since December 31, 2014.

Table of Contents

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 December 31, 2014, was $58.8 million, or $7.58 per share. After giving effect to the receipt of approximately $12.8 million of estimated net proceeds from our sale of shares of common stock in this offering at an assumed offering price of $11.89 per share, our net tangible book value as of December 31, 2014, would have been $71.6 million, or $8.09 per share. This represents an immediate increase in net tangible book value of $0.51 per share to our existing stockholders and an immediate dilution of $3.80 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		$ 11.89
Net tangible book value per share at December 31, 2014	$ 7.58	
Pro-forma increase per share attributable to new investors	0.51	
Pro forma net tangible book value per share after giving effect to this offering		8.09
Dilution in net tangible book value per share to new investors		$ 3.80

A $1.00 increase (decrease) in the assumed offering price of $11.89 per share would increase (decrease) our pro forma net tangible book value by $1.1 million, the pro forma net tangible book value per share by $0.12 per share and the dilution per share to new investors in this offering by $0.88, 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 $8.16 per share, the increase in the pro forma net tangible book value per share to the existing stockholders would be $0.58 per share and the dilution to new investors purchasing common stock in this offering would be $3.73 per share.

The following table summarizes, as of December 31, 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 $11.89 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	7,753,717	87.6%	$ 71,730,713	84.6%	$ 9.25
New investors	1,100,000	12.4	13,079,000	15.4	$ 11.89

Total	8,853,717	100.0%	$ 84,809,713	100.0%

Table of Contents

A $1.00 increase (decrease) in the assumed offering price of $11.89 per share would increase (decrease) total consideration paid by new investors by $1.1 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.

Table of Contents

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, 2014, 2013, 2012, 2011 and 2010 are derived from audited and, where noted, unaudited consolidated financial statements incorporated by reference into or included elsewhere in this prospectus and from internal records. 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 Years Ended December 31,				
	2014	2013	2012	2011	2010
Operating Data:					
Total operating revenues	$ 7,184,922	$ 4,038,138	$ 3,390,594	$ 2,964,082	$ 2,418,111
Operating income	$ 1,599,972	$ 1,357,453	$ 1,901,615	$ 1,282,828	$ 1,564,581
Net (loss) income before income taxes	$ (98,631)	$ 295,047	$ 900,692	$ 13,730	$ 877,127
Net (loss) income	$ (125,133)	$ (1,224,683)	$ 600,373	$ 6,219	$ 560,523
Funds from operations(1)(6)	$ 1,610,511	$ (502,228)	$ 1,074,853	$ 511,787	$ 877,767
Adjusted funds from operations(2)(6)	$ 3,126,433	$ 1,193,931	$ 1,291,337	$ 1,050,694	$ 1,204,545
Share and Per-Share Data:					
Weighted average common shares outstanding basic and diluted	6,852,917	6,214,557	2,750,000	2,750,000	2,750,000
(Loss) earnings per weighted average common share basic and diluted	$ (0.02)	$ (0.20)	$ 0.22	$ 0.00	$ 0.20
Funds from operations basic and diluted(1)(6)	$ 0.24	$ (0.08)	$ 0.39	$ 0.19	$ 0.32
Adjusted funds from operations basic and diluted(2)(6)	$ 0.46	$ 0.19	$ 0.47	$ 0.38	$ 0.44
Distributions per common share	$ 0.36	$ 1.49	$	$ 0.37	$
Balance Sheet Data:					
Real estate and lease intangibles, net(3)	$ 145,257,763	$ 75,622,247	$ 37,351,944	$ 30,326,780	$ 17,760,574
Total assets	$ 151,702,624	$ 93,673,464	$ 40,985,848	$ 32,768,277	$ 29,034,484
Aggregate borrowings(4)	$ 86,417,361	$ 43,154,165	$ 30,817,880	$ 24,133,000	$ 19,755,621
Total stockholders equity	$ 59,969,328	$ 48,511,992	$ 8,136,726	$ 7,536,353	$ 8,547,633
Total common shares outstanding	7,753,717	6,530,264	2,750,000	2,750,000	2,750,000
Supplemental Data:					
Cash flows from operations	$ 3,543,622	$ (460,353)	$ 1,137,777	$ 1,898,093	$ 665,261
Number of farms owned(6)	32	21	12	8	2
Gross acreage owned(6)	8,039	6,000	1,630	1,287	960
Occupancy rate(6)	100%	100%	100%	100%	100%
Fair value of farmland portfolio(5)(6)	$ 192,952,933	$ 115,977,120	$ 75,459,000	$ 66,080,073	$ 53,600,000
Net asset value per share(5)(6)	$ 13.94	$ 13.51	$ 16.82	$ 15.74	