UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **June 30, 2023**

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to _______________

Commission file number: **001-35795**

GLADSTONE LAND CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	**54-1892552**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1521 Westbranch Drive, Suite 100 McLean, Virginia	**22102**
(Address of principal executive offices)	(Zip Code)

(703) 287-5800
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	LAND	The Nasdaq Stock Market, LLC
6.00% Series B Cumulative Redeemable Preferred Stock, $0.001 par value per share	LANDO	The Nasdaq Stock Market, LLC
6.00% Series C Cumulative Redeemable Preferred Stock, $0.01 par value per share	LANDP	The Nasdaq Stock Market, LLC
5.00% Series D Cumulative Redeemable Term Preferred Stock, $0.001 par value per share	LANDM	The Nasdaq Stock Market, LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant’s Common Stock, $0.001 par value per share, outstanding as of August 4, 2023, was 35,838,442.

GLADSTONE LAND CORPORATION

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2023

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)
(Unaudited)

	June 30, 2023	December 31, 2022
ASSETS		
Real estate, at cost	$ 1,433,714	$ 1,432,394
Less: accumulated depreciation	(124,300)	(106,966)
Total real estate, net	1,309,414	1,325,428
Lease intangibles, net	5,262	5,702
Cash and cash equivalents	48,208	61,141
Other assets, net	65,848	64,980
TOTAL ASSETS	**$ 1,428,732**	**$ 1,457,251**
LIABILITIES AND EQUITY		
LIABILITIES:		
Borrowings under lines of credit	$ 100	$ 100
Notes and bonds payable, net	593,656	626,400
Series D cumulative term preferred stock, net, $0.001 par value, $25.00 per share liquidation preference; 3,600,000 shares authorized, 2,415,000 shares issued and outstanding as of June 30, 2023, and December 31, 2022	59,313	59,107
Accounts payable and accrued expenses	14,096	16,266
Due to related parties, net	3,095	4,370
Other liabilities, net	23,538	19,646
Total liabilities	**693,798**	**725,889**
Commitments and contingencies (Note 7)		
EQUITY:		
Stockholders' equity:		
Series B cumulative redeemable preferred stock, $0.001 par value, $25.00 per share liquidation preference; 6,456,065 shares authorized, 5,956,065 shares issued and outstanding as of June 30, 2023, and December 31, 2022	6	6
Series C cumulative redeemable preferred stock, $0.001 par value, $25.00 per share liquidation preference; 25,902,437 shares authorized, 10,156,509 shares issued and outstanding as of June 30, 2023; 25,951,347 shares authorized, 10,191,353 shares issued and outstanding as of December 31, 2022	10	10
Series E cumulative redeemable preferred stock, $0.001 par value, $25.00 per share liquidation preference; 16,000,000 shares authorized, 135,409 shares issued and outstanding as of June 30, 2023; 16,000,000 shares authorized, 0 shares issued and outstanding as of December 31, 2022	0	—
Common stock, $0.001 par value; 48,041,498 shares authorized, 35,780,082 shares issued and outstanding as of June 30, 2023; 47,992,588 shares authorized, 35,050,397 shares issued and outstanding as of December 31, 2022	36	35
Additional paid-in capital	852,967	836,674
Distributions in excess of accumulated earnings	(126,799)	(114,370)
Accumulated other comprehensive income	8,714	9,007
Total stockholders' equity	734,934	731,362
Non-controlling interests in Operating Partnership	—	—
Total equity	**734,934**	**731,362**
TOTAL LIABILITIES AND EQUITY	**$ 1,428,732**	**$ 1,457,251**

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

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
OPERATING REVENUES:				
Lease revenue, net	$ 21,210	$ 20,293	$ 42,412	$ 40,236
Total operating revenues	21,210	20,293	42,412	40,236
OPERATING EXPENSES:				
Depreciation and amortization	9,044	8,392	18,163	16,738
Property operating expenses	887	695	2,015	1,398
Base management fee	2,148	2,043	4,296	4,079
Incentive fee	—	—	—	1,131
Administration fee	514	463	1,090	926
General and administrative expenses	790	567	1,577	1,253
Total operating expenses	13,383	12,160	27,141	25,525
OTHER INCOME (EXPENSE):				
Other income	364	63	2,984	2,829
Interest expense	(5,942)	(6,523)	(11,979)	(12,971)
Dividends declared on cumulative term preferred stock	(755)	(755)	(1,509)	(1,509)
Gain (loss) on dispositions of real estate assets, net	6,394	(305)	5,914	(1,280)
Property and casualty (loss) recovery, net	—	—	(1,016)	49
Loss from investments in unconsolidated entities	(33)	—	(60)	(29)
Total other income (expense), net	28	(7,520)	(5,666)	(12,911)
NET INCOME	**7,855**	**613**	**9,605**	**1,800**
Net loss (income) attributable to non-controlling interests	—	3	—	(6)
NET INCOME ATTRIBUTABLE TO THE COMPANY	7,855	616	9,605	1,794
Dividends declared on cumulative redeemable preferred stock	(6,084)	(4,486)	(12,152)	(8,398)
Loss on extinguishment of cumulative redeemable preferred stock	(44)	(3)	(46)	(6)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON STOCKHOLDERS	**$ 1,727**	**$ (3,873)**	**$ (2,593)**	**$ (6,610)**
INCOME (LOSS) PER COMMON SHARE:				
Basic and diluted	$ 0.05	$ (0.11)	$ (0.07)	$ (0.19)
WEIGHTED-AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
Basic and diluted	35,722,836	34,520,068	35,635,601	34,403,184
NET INCOME	$ 7,855	$ 613	$ 9,605	$ 1,800
Change in fair value related to interest rate hedging instruments	1,355	2,562	(293)	7,292
COMPREHENSIVE INCOME	9,210	3,175	9,312	9,092
Net loss (income) attributable to non-controlling interests	—	3	—	(6)
COMPREHENSIVE INCOME ATTRIBUTABLE TO THE COMPANY	$ 9,210	$ 3,178	$ 9,312	$ 9,086

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

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except share data)
(Unaudited)

Three Months Ended June 30, 2023

	Series B Preferred Stock		Series C Preferred Stock		Series E Preferred Stock		Common Stock							
	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at March 31, 2023	**5,956,065**	**$ 6**	**10,195,602**	**$ 10**	**60,200**	**$ —**	**35,713,982**	**$ 36**	**$ 851,063**	**$ (123,594)**	**$ 7,359**	**$ 734,880**	**$ —**	**$ 734,880**
Redemptions of Series C Preferred Stock	—	—	(39,093)	—	—	—	—	—	(907)	(44)	—	(951)	—	(951)
Issuance of Series E Preferred Stock, net	—	—	—	—	75,209	—	—	—	1,679	—	—	1,679	—	1,679
Issuance of common stock, net	—	—	—	—	—	—	66,100	—	1,132	—	—	1,132	—	1,132
Net income	—	—	—	—	—	—	—	—	—	7,855	—	7,855	—	7,855
Dividends—cumulative redeemable preferred stock	—	—	—	—	—	—	—	—	—	(6,084)	—	(6,084)	—	(6,084)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	—	—	(4,932)	—	(4,932)	—	(4,932)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	—	—	1,355	1,355	—	1,355
Balance at June 30, 2023	**5,956,065**	**$ 6**	**10,156,509**	**$ 10**	**135,409**	**$ —**	**35,780,082**	**$ 36**	**$ 852,967**	**$ (126,799)**	**$ 8,714**	**$ 734,934**	**$ —**	**$ 734,934**

Six Months Ended June 30, 2023

	Series B Preferred Stock		Series C Preferred Stock		Series E Preferred Stock		Common Stock							
	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2022	**5,956,065**	**$ 6**	**10,191,353**	**$ 10**	**—**	**$ —**	**35,050,397**	**$ 35**	**$ 836,674**	**$ (114,370)**	**$ 9,007**	**$ 731,362**	**$ —**	**$ 731,362**
Issuance of Series C Preferred Stock, net	—	—	14,069	—	—	—	—	—	318	—	—	318	—	318
Redemptions of Series C Preferred Stock	—	—	(48,913)	—	—	—	—	—	(1,130)	(46)	—	(1,176)	—	(1,176)
Issuance of Series E Preferred Stock, net	—	—	—	—	135,409	—	—	—	3,028	—	—	3,028	—	3,028
Issuance of common stock, net	—	—	—	—	—	—	729,685	1	14,077	—	—	14,078	—	14,078
Net income	—	—	—	—	—	—	—	—	—	9,605	—	9,605	—	9,605
Dividends—cumulative redeemable preferred stock	—	—	—	—	—	—	—	—	—	(12,152)	—	(12,152)	—	(12,152)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	—	—	(9,836)	—	(9,836)	—	(9,836)
Comprehensive loss attributable to the Company	—	—	—	—	—	—	—	—	—	—	(293)	(293)	—	(293)
Balance at June 30, 2023	**5,956,065**	**$ 6**	**10,156,509**	**$ 10**	**135,409**	**$ —**	**35,780,082**	**$ 36**	**$ 852,967**	**$ (126,799)**	**$ 8,714**	**$ 734,934**	**$ —**	**$ 734,934**

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

Table of Contents

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Continued)
(In thousands, except share data)
(Unaudited)

Three Months Ended June 30, 2022

	Series B Preferred Stock		Series C Preferred Stock		Series E Preferred Stock		Common Stock							
	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at March 31, 2022	**5,956,065**	**$ 6**	**5,045,023**	**$ 5**	**—**	**$ —**	**34,520,068**	**$ 35**	**$ 713,805**	**$ (87,868)**	**$ 3,694**	**$ 629,677**	**$ 2,248**	**$ 631,925**
Issuance of Series C Preferred Stock, net	—	—	1,487,032	2	—	—	—	—	33,739	—	—	33,741	—	33,741
Redemptions of Series C Preferred Stock	—	—	(2,160)	—	—	—	—	—	(49)	(3)	—	(52)	—	(52)
Redemptions of OP Units	—	—	—	—	—	—	—	—	(3,700)	—	—	(3,700)	(3,970)	(7,670)
Net income	—	—	—	—	—	—	—	—	—	616	—	616	(3)	613
Dividends—cumulative redeemable preferred stock	—	—	—	—	—	—	—	—	—	(4,486)	—	(4,486)	—	(4,486)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	—	—	(4,701)	—	(4,701)	—	(4,701)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	—	—	2,562	2,562	—	2,562
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	—	—	(1,725)	—	—	(1,725)	1,725	—
Balance at June 30, 2022	**5,956,065**	**$ 6**	**6,529,895**	**$ 7**	**—**	**$ —**	**34,520,068**	**$ 35**	**$ 742,070**	**$ (96,442)**	**$ 6,256**	**$ 651,932**	**$ —**	**$ 651,932**

Six Months Ended June 30, 2022

	Series B Preferred Stock		Series C Preferred Stock		Series E Preferred Stock		Common Stock							
	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	No. of Shares	Par Value	Additional Paid-in Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non-Controlling Interests	Total Equity
Balance at December 31, 2021	**5,956,065**	**$ 6**	**3,493,333**	**$ 3**	**—**	**$ —**	**34,210,013**	**$ 34**	**$ 668,275**	**$ (80,467)**	**$ (1,036)**	**$ 586,815**	**$ 2,251**	**$ 589,066**
Issuance of Series C Preferred Stock, net	—	—	3,041,202	4	—	—	—	—	69,019	—	—	69,023	—	69,023
Redemptions of Series C Preferred Stock	—	—	(4,640)	—	—	—	—	—	(105)	(6)	—	(111)	—	(111)
Redemptions of OP Units	—	—	—	—	—	—		—	(3,700)	—	—	(3,700)	(3,970)	(7,670)
Issuance of common stock, net	—	—	—	—	—	—	310,055	1	10,321	—	—	10,322	—	10,322
Net income	—	—	—	—	—	—	—	—	—	1,794	—	1,794	6	1,800
Dividends—cumulative redeemable preferred stock	—	—	—	—	—	—	—	—	—	(8,398)	—	(8,398)	—	(8,398)
Distributions—OP Units and common stock	—	—	—	—	—	—	—	—	—	(9,365)	—	(9,365)	(27)	(9,392)
Comprehensive income attributable to the Company	—	—	—	—	—	—	—	—	—	—	7,292	7,292	—	7,292
Adjustment to non-controlling interests resulting from changes in ownership of the Operating Partnership	—	—	—	—	—	—	—	—	(1,740)	—	—	(1,740)	1,740	—
Balance at June 30, 2022	**5,956,065**	**$ 6**	**6,529,895**	**$ 7**	**—**	**$ —**	**34,520,068**	**$ 35**	**$ 742,070**	**$ (96,442)**	**$ 6,256**	**$ 651,932**	**$ —**	**$ 651,932**

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

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

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 9,605	$ 1,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,163	16,738
Amortization of debt issuance costs	519	548
Amortization of deferred rent assets and liabilities, net	(13)	(93)
Amortization of right-of-use assets from operating leases and operating lease liabilities, net	46	46
Loss from investments in unconsolidated entities	60	29
Bad debt expense	63	67
(Gain) loss on dispositions of real estate assets, net	(5,914)	1,280
Property and casualty loss (recovery), net	1,016	(49)
Changes in operating assets and liabilities:		
Other assets, net	(1,263)	(2,516)
Accounts payable and accrued expenses and Due to related parties, net	(3,628)	1,366
Other liabilities, net	3,923	139
Net cash provided by operating activities	22,577	19,355
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of new real estate assets	—	(24,320)
Capital expenditures on existing real estate assets	(5,691)	(10,118)
Proceeds from dispositions of real estate assets	9,037	—
Deposits on prospective real estate acquisitions and investments	(245)	(709)
Net cash provided by (used in) investing activities	3,101	(35,147)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from notes and bonds payable	—	9,932
Repayments of notes and bonds payable	(32,987)	(15,925)
Payments of financing fees	(3)	(743)
Proceeds from issuance of preferred and common equity	17,709	85,356
Offering costs	(496)	(6,191)
Redemptions of cumulative redeemable preferred stock	(1,176)	(111)
Payments for redemptions of OP Units	—	(7,670)
Dividends paid on cumulative redeemable preferred stock	(11,822)	(7,728)
Distributions paid on non-controlling common interests in Operating Partnership	—	(27)
Distributions paid on common stock	(9,836)	(9,365)
Net cash (used in) provided by financing activities	(38,611)	47,528
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(12,933)**	**31,736**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	61,141	16,708
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 48,208**	**$ 48,444**
NON-CASH INVESTING AND FINANCING INFORMATION:		
Real estate additions included in Accounts payable and accrued expenses and Due to related parties, net	$ 2,510	$ 4,182
Tenant-funded improvements included within Real estate, at cost	25	284
Stock offering and OP Unit issuance costs included in Accounts payable and accrued expenses and Due to related parties, net	155	10
Financing fees included in Accounts payable and accrued expenses and Due to related parties, net	5	13
Unrealized gain related to interest rate hedging instruments	8,714	6,256
Dividends paid on Series C Preferred Stock via additional share issuances	320	170

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

GLADSTONE LAND CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. BUSINESS AND ORGANIZATION

Business and Organization

Gladstone Land Corporation ("we," "us," or the "Company") is an agricultural real estate investment trust ("REIT") that was re-incorporated in Maryland on March 24, 2011, having been originally incorporated in California on June 14, 1997. We are primarily in the business of owning and leasing farmland, and we conduct substantially all of our operations through a subsidiary, Gladstone Land Limited Partnership (the "Operating Partnership"), a Delaware limited partnership. As we currently control the sole general partner of the Operating Partnership and own, directly or indirectly, a majority of the common units of limited partnership interest in the Operating Partnership ("OP Units"), the financial position and results of operations of the Operating Partnership are consolidated within our financial statements. As of June 30, 2023, and December 31, 2022, the Company owned 100.0% of the outstanding OP Units (see Note 8, "*Equity*," for additional discussion regarding OP Units).

Gladstone Land Advisers, Inc. ("Land Advisers"), a Delaware corporation and a subsidiary of ours, was created to collect any non-qualifying income related to our real estate portfolio and to perform certain small-scale farming business operations. We have elected for Land Advisers to be taxed as a taxable REIT subsidiary ("TRS") of ours. Since we currently own 100% of the voting securities of Land Advisers, its financial position and results of operations are consolidated within our financial statements. For the six months ended June 30, 2023, and for the tax year ended December 31, 2022, there was no taxable income or loss from Land Advisers, nor did we have any undistributed REIT taxable income.

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

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Information

Our interim financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q in accordance with Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with GAAP are omitted. The interim financial statements and accompanying notes should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022, as filed with the U.S. Securities and Exchange Commission (the "SEC") on February 21, 2023 (the "Form 10-K"). The results of operations for the three and six months ended June 30, 2023, are not necessarily indicative of the results that may be expected for other interim periods or for the full fiscal year.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making certain judgments. Actual results may materially differ from these estimates.

Recently-Issued Accounting Pronouncements

As of June 30, 2023, there were no recently-issued accounting pronouncements that had a material impact on our condensed consolidated financial statements.

NOTE 3. REAL ESTATE AND INTANGIBLE ASSETS

All of our properties are wholly-owned on a fee-simple basis, except where noted. The following table provides certain summary information about the169 farms we owned as of June 30, 2023 (dollars in thousands, except for footnotes):

Location	No. of Farms	Total Acres	Farm Acres	Acre-feet of Water	Net Cost Basis[(1)]	Encumbrances[(2)]
California[(3)(4)(5)]	63	34,844	32,321	45,016	$ 859,556	$ 398,110
Florida	26	22,468	17,639	0	220,401	98,369
Washington	6	2,529	1,997	0	62,738	20,597
Arizona[(6)]	6	6,320	5,333	0	53,230	12,545
Colorado	12	32,773	25,577	0	46,181	14,921
Nebraska	9	7,782	7,050	0	30,578	11,880
Oregon[(7)]	6	898	736	0	29,921	11,506
Michigan	23	1,892	1,245	0	23,515	14,037
Texas	1	3,667	2,219	0	8,138	4,814
Maryland	6	987	863	0	8,084	4,406
South Carolina	3	597	447	0	3,587	2,170
Georgia	2	230	175	0	2,676	1,667
North Carolina	2	310	295	0	2,138	—
New Jersey	3	116	101	0	2,105	1,238
Delaware	1	180	140	0	1,308	707
	169	**115,593**	**96,138**	**45,016**	**$ 1,354,156**	**$ 596,967**

(1) Consists of the initial acquisition price (including the costs allocated to both tangible and intangible assets acquired and liabilities assumed), plus subsequent improvements and other capitalized costs associated with the properties, and adjusted for accumulated depreciation and amortization. Specifically, includes Total real estate, net (excluding improvements paid for by the tenant) and Lease intangibles, net; plus long-term water assets, net above-market lease values, lease incentives, and investments in special-purpose LLCs included in Other assets, net; and less net below-market lease values and other deferred revenue included in Other liabilities, net; each as shown on the accompanying Condensed Consolidated Balance Sheets.

(2) Excludes approximately $3.2 million of debt issuance costs related to notes and bonds payable, included in Notes and bonds payable, net on the accompanying Condensed Consolidated Balance Sheets.

(3) Includes ownership in a special-purpose LLC that owns a pipeline conveying water to certain of our properties. As of June 30, 2023, this investment had a net carrying value of approximately $1.0 million and is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets.

(4) Includes eight acres in which we own a leasehold interest via a ground lease with a private individual that expires in December 2040 and five acres in which we own a leasehold interest via a ground sublease with a California municipality that expires in December 2041. As of June 30, 2023, these two ground leases had a net cost basis of approximately $ 709,000 and are included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheets.

(5) Includes 45,000 acre-feet of water stored with Semitropic Water Storage District, located in Kern County, California, and 16 acre-feet of groundwater pumping credits with Westlands Water District, located in Fresno County, California. See "—*Investments in Water Assets*" below for additional information.

(6) Includes two farms consisting of 1,368 total acres and 1,221 farm acres in which we own leasehold interests via two ground leases with the State of Arizona that expire in February 2025 and February 2032, respectively. As of June 30, 2023, these ground leases had an aggregate net cost basis of approximately $543,000 and are included in Lease intangibles, net on the accompanying Condensed Consolidated Balance Sheets.

(7) Includes ownership in a special-purpose LLC that owns certain irrigation infrastructure that provides water to two of our farms. As of June 30, 2023, this investment had a net carrying value of approximately $4.8 million and is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets.

Real Estate

The following table sets forth the components of our investments in tangible real estate assets as of June 30, 2023, and December 31, 2022 (dollars in thousands):

	June 30, 2023	December 31, 2022
Real estate:		
Land and land improvements	$ 843,210	$ 845,779
Permanent plantings	359,273	358,249
Irrigation and drainage systems	168,520	165,438
Farm-related facilities	49,407	48,690
Other site improvements	13,304	14,238
Real estate, at cost	1,433,714	1,432,394
Accumulated depreciation	(124,300)	(106,966)
Total real estate, net	**$ 1,309,414**	**$ 1,325,428**

Real estate depreciation expense on these tangible assets was approximately $8.8 million and $17.7 million for the three and six months ended June 30, 2023, respectively, and approximately $8.1 million and $16.2 million for the three and six months ended June 30, 2022, respectively.

Included in the figures above are amounts related to improvements made on certain of our properties paid for by our tenants but owned by us, or tenant-funded improvements. As of June 30, 2023, and December 31, 2022, we recorded tenant-funded improvements, net of accumulated depreciation, of approximately $2.7 million and $3.0 million, respectively. We recorded additional lease revenue related to these tenant-funded improvements of approximately $136,000 and $284,000 during the three and six months ended June 30, 2023, respectively, and approximately $103,000 and $207,000 during the three and six months ended June 30, 2022, respectively.

Intangible Assets and Liabilities

The following table summarizes the carrying values of certain lease intangible assets and the related accumulated amortization as of June 30, 2023, and December 31, 2022 (dollars in thousands):

	June 30, 2023	December 31, 2022
Lease intangibles:		
Leasehold interest – land	$ 4,295	$ 4,295
In-place lease values	2,763	2,763
Leasing costs	3,136	3,088
Other[(1)]	141	133
Lease intangibles, at cost	10,335	10,279
Accumulated amortization	(5,073)	(4,577)
Lease intangibles, net	**$ 5,262**	**$ 5,702**

(1) Other includes tenant relationships and acquisition-related costs allocated to miscellaneous lease intangibles.

Total amortization expense related to these lease intangible assets was approximately $256,000 and $508,000 for the three and six months ended June 30, 2023, respectively, and approximately $245,000 and $511,000 for the three and six months ended June 30, 2022, respectively.

The following table summarizes the carrying values of certain lease intangible assets or liabilities included in Other assets, net or Other liabilities, net, respectively, on the accompanying Condensed Consolidated Balance Sheets and the related accumulated amortization or accretion, respectively, as of June 30, 2023, and December 31, 2022 (dollars in thousands):

	June 30, 2023		December 31, 2022	
Intangible Asset or Liability	**Deferred Rent Asset (Liability)**	**Accumulated (Amortization) Accretion**	**Deferred Rent Asset (Liability)**	**Accumulated (Amortization) Accretion**
Above-market lease values and lease incentives[(1)]	$ 4,691	$ (933)	$ 4,702	$ (585)
Below-market lease values and other deferred revenue[(2)]	(2,010)	606	(2,010)	518
	$ 2,681	**$ (327)**	**$ 2,692**	**$ (67)**

(1) Net above-market lease values and lease incentives are included as part of Other assets, net on the accompanying Condensed Consolidated Balance Sheets, and the related amortization is recorded as a reduction of Lease revenue on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

(2) Net below-market lease values and other deferred revenue are included as a part of Other liabilities, net on the accompanying Condensed Consolidated Balance Sheets, and the related accretion is recorded as an increase to Lease revenue on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

Total amortization related to above-market lease values and lease incentives was approximately $200,000 and $359,000 for the three and six months ended June 30, 2023, respectively, and approximately $122,000 and $203,000 for the three and six months ended June 30, 2022, respectively. Total accretion related to below-market lease values and other deferred revenue was approximately $44,000 and $88,000 for the three and six months ended June 30, 2023, respectively, and approximately $44,000 and $89,000 for the three and six months ended June 30, 2022, respectively.

Acquisitions

2023 Acquisitions

We did not acquire any new farms during the six months ended June 30, 2023.

2022 Acquisitions

During the six months ended June 30, 2022, we completed the following acquisitions, which are summarized in the table below (dollars in thousands, except for footnotes):

Property Name	Property Location	Acquisition Date	Total Acres	No. of Farms	Primary Crop(s) / Use	Lease Term	Renewal Options	Total Purchase Price	Acquisition Costs	Annualized Straight-line Rent[(1)]
Farm Road[(2)]	Charlotte, FL	5/20/2022	15	0	Adjacent parcel	N/A	N/A	$ 54	$ 15	$ —
County Road 35	Glenn, CA	6/16/2022	1,374	1	Olives for Olive Oil	14.5 years	1 (5 years)	24,500	55	1,714
			1,389	**1**				**$ 24,554**	**$ 70**	**$ 1,714**

(1) Based on the minimum cash rental payments guaranteed under the respective leases, as required under GAAP, and excludes contingent rental payments, such as participation rents.
(2) Represents the acquisition of a parcel of land adjacent to an existing farm, providing additional road access to such farm. No new lease was executed related to this acquisition.

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

Purchase Price Allocations

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

Assets (Liabilities) Acquired	2022 Acquisitions
Land and land improvements	$ 16,237
Permanent plantings	5,933
Irrigation & drainage systems	1,298
In-place lease values	359
Leasing costs	727
Total Purchase Price	**$ 24,554**

Property Disposition

On June 23, 2023, we completed the sale of a 138-acre parcel of unfarmed land in Florida for $9.6 million. Including closing costs of approximately $563,000, we recognized a net gain on the sale of approximately $6.4 million.

Investments in Unconsolidated Entities

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

As of June 30, 2023, our aggregate ownership interest in the Fresno LLC and the Umatilla LLC was 50.0% and 20.4%, respectively. As our investments in the Fresno LLC and Umatilla LLC are both deemed to constitute "significant influence," we have accounted for these investments under the equity method.

We recorded an aggregate loss of approximately $33,000 and $60,000 during the three and six months ended June 30, 2023, respectively, and approximately $0 and $29,000 during the three and six months ended June 30, 2022, respectively (included in Loss from investments in unconsolidated entities on our Condensed Consolidated Statements of Operations and Comprehensive Income), which represents our pro-rata share of the aggregate loss recognized by the Fresno LLC and Umatilla LLC. As of both June 30, 2023, and December 31, 2022, our combined ownership interest in the Fresno LLC and Umatilla LLC had an aggregate carrying value of approximately $5.8 million and is included within Other assets, net on the accompanying Condensed Consolidated Balance Sheets.

Investments in Water Assets

In connection with the acquisition of certain farmland located in Kern County, California, we also acquired three contracts to purchase an aggregate of 45,000 acre-feet of banked water held by Semitropic Water Storage District ("SWSD"), a water storage district located in Kern County, California. During the year ended December 31, 2021, we executed all three contracts to purchase all 45,000 acre-feet of banked water for an aggregate additional cost of approximately $2.8 million. The purchased banked water was recognized at cost, including any administrative fees necessary to transfer the water to our banked water account. While we may, in the future, sell the banked water to an unrelated third party for a profit, our current intent is to hold the water for the long-term for future use on our farms. There is no amount of time by which we must use the water held by SWSD.

As of June 30, 2023, the investment in banked water had a carrying value of approximately $34.0 million, which includes the subsequent cost to execute the contracts, and is included within Other assets, net on our Condensed Consolidated Balance Sheets.

Portfolio Concentrations

Credit Risk

As of June 30, 2023, our farms were leased to various different, unrelated third-party tenants, with certain tenants leasing more than one farm. No individual tenant represented greater than 10% of the total lease revenue recorded during the six months ended June 30, 2023.

Geographic Risk

Farms located in California and Florida accounted for approximately $27.1 million (64.0%) and $7.5 million (17.7%), respectively, of the total lease revenue recorded during the six months ended June 30, 2023. Though we seek to continue to further diversify geographically, as may be desirable or feasible, should an unexpected natural disaster (such as an earthquake, wildfire, or flood) occur or climate change impact the regions where our properties are located, there could be a material adverse effect on our financial performance and ability to continue operations. None of our farms in California or Florida have been materially impacted by the recent wildfires, droughts, or hurricanes that occurred in those respective regions. See "*—California Floods*" below for a discussion on damage caused on certain of our farms by the recent floods that occurred in California. No other single state accounted for more than 10% of the total rental revenue recorded during the six months ended June 30, 2023.

California Floods

In January 2023, periods of heavy rainfall in California resulted in floods that impacted several areas of the state, including regions where certain of our farms are located. As a result of the flooding, one of our farms in the Central Valley suffered damage to certain structures located on the farm. We are still in the process of assessing the damage; however, as of June 30, 2023, we estimated the carrying value of the structures on this property damaged by the floods to be approximately $855,000. As such, during the three months ended March 31, 2023, we wrote down the carrying value of these structures and also recorded a corresponding property and casualty loss, included within Property and casualty (loss) recovery, net on our Condensed Consolidated Statements of Operations and Comprehensive Income. Certain of our other farms in California suffered minor damage as a result of the floods, but no other farms were materially impacted.

Impairment

We evaluate our entire portfolio each quarter for any impairment indicators and perform an impairment analysis on those select properties that have an indication of impairment. As of June 30, 2023, and December 31, 2022, we concluded that none of our properties were impaired. There have been no impairments recognized on our real estate assets since our inception.

NOTE 4. BORROWINGS

Our borrowings as of June 30, 2023, and December 31, 2022, are summarized below (dollars in thousands):

	Carrying Value as of		As of June 30, 2023	
	June 30, 2023	December 31, 2022	Stated Interest Rates[1] (Range; Wtd. Avg)	Maturity Dates (Range; Wtd. Avg)
Notes and bonds payable:				
Fixed-rate notes payable	$ 539,894	$ 550,974	2.45%-5.70%; 3.73%	9/1/2024–7/1/2051; June 2033
Variable-rate notes payable	—	1,104	N/A	N/A
Fixed-rate bonds payable	56,973	77,776	2.13%–4.57%; 3.54%	7/31/2023–12/30/2030; May 2026
Total notes and bonds payable	596,867	629,854		
Debt issuance costs – notes and bonds payable	(3,211)	(3,454)	N/A	N/A
Notes and bonds payable, net	**$ 593,656**	**$ 626,400**		
Variable-rate revolving lines of credit	**$ 100**	**$ 100**	7.02%	4/5/2024
Total borrowings, net	**$ 593,756**	**$ 626,500**		

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

As of June 30, 2023, the above borrowings were collateralized by certain of our farms with an aggregate net book value of approximately $1.2 billion. The weighted-average stated interest rate charged on the above borrowings (excluding the impact of debt issuance costs and before any interest patronage, or refunded interest) was3.79% and 3.78% for the three and six months ended June 30, 2023, respectively, as compared to 3.75% and 3.73% for the three and six months ended June 30, 2022, respectively. In addition, 2022 interest patronage from our Farm Credit Notes Payable (as defined below) resulted in a 24.1% reduction (approximately 109 basis points) to the stated interest rates on such borrowings. See below under "*—Farm Credit Notes Payable—Interest Patronage*" for further discussion on interest patronage.

As of June 30, 2023, we were in compliance with all covenants applicable to the above borrowings.

MetLife Facility

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

The following table summarizes the pertinent terms of the Current MetLife Facility as of June 30, 2023 (dollars in thousands, except for footnotes):

Issuance	Aggregate Commitment	Maturity Dates	Principal Outstanding	Interest Rate Terms	Undrawn Commitment[1]
MetLife Lines of Credit	$ 75,000	4/5/2024	$ 100	3-month Term SOFR + 2.11% (2)	$ 74,900
2020 MetLife Term Note	75,000 (3)	1/5/2030	36,900	2.75%, fixed through 1/4/2030 (4)	38,100
2022 MetLife Term Note	100,000 (3)	1/5/2032	—	(4)	100,000
Totals	**$ 250,000**		**$ 37,000**		**$ 213,000**

(1) Based on the properties that were pledged as collateral under the Current MetLife Facility, as of June 30, 2023, the maximum additional amount we could draw under the facility was approximately $ 110.3 million.

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

(3) If the aggregate commitments under the 2020 MetLife Term Note and the 2022 MetLife Term Note are not fully utilized by December 31, 2024, MetLife has no obligation to disburse the additional funds under either note.

(4) Interest rates on future disbursements under each of the 2020 MetLife Term Note and the 2022 MetLife Term Note will be based on prevailing market rates at the time of such disbursements. In addition, through December 31, 2024, the 2020 MetLife Term Note and the 2022 MetLife Term Note are each subject to an unused fee ranging from 0.10% to 0.20% on undrawn amounts (based on the balance drawn under the respective note).

Farmer Mac Facility

Through certain subsidiaries of our Operating Partnership, we have entered into a bond purchase agreement (the "Bond Purchase Agreement") with Federal Agricultural Mortgage Corporation ("Farmer Mac") and Farmer Mac Mortgage Securities Corporation (the "Bond Purchaser") for a secured note purchase facility (the "Farmer Mac Facility"). As amended from time to time, the Farmer Mac Facility currently provides for bond issuances up to an aggregate amount of $225.0 million. Pursuant to the Bond Purchase Agreement, as further amended on June 2, 2023, we may issue new bonds under the Farmer Mac Facility through December 31, 2026, and the final maturity date for new bonds issued under the facility will be the date that is ten years from the applicable issuance date.

As of June 30, 2023, we had approximately $57.0 million of bonds issued and outstanding under the Farmer Mac Facility.

Farm Credit Notes Payable

From time to time since September 2014, we, through certain subsidiaries of our Operating Partnership, have entered into various loan agreements (collectively, the "Farm Credit Notes Payable") with various different Farm Credit associations (collectively, "Farm Credit"). We did not enter into any new loan agreements with Farm Credit during the six months ended June 30, 2023.

Interest Patronage

Interest patronage, or refunded interest, on our borrowings from Farm Credit is generally recorded upon receipt and is included within Other income on our Condensed Consolidated Statements of Operations and Comprehensive Income. Receipt of interest patronage typically occurs in the first half of the calendar year following the calendar year in which the respective interest expense is accrued.

During the three months ended March 31, 2023, we recorded interest patronage of approximately $2.3 million related to interest accrued on the Farm Credit Notes Payable during the year ended December 31, 2022, and during the three months ended September 30, 2022, we received approximately $113,000 of interest patronage, as certain Farm Credit associations paid a portion of the 2022 interest patronage (which relates to interest accrued during 2022 but is typically paid during the first half of 2023) early. In total, 2022 interest patronage resulted in a 24.1% reduction (approximately 109 basis points) to the interest rates on such borrowings.

Debt Service – Aggregate Maturities

Scheduled principal payments of our aggregate notes and bonds payable as of June 30, 2023, for the succeeding years are as follows (dollars in thousands):

Period		Scheduled Principal Payments
For the remaining six months ending December 31: 2023	$	12,622
For the fiscal years ending December 31: 2024		40,869
2025		39,246
2026		18,412
2027		51,638
2028		78,071
Thereafter		356,009
	$	**596,867**

During the six months ended June 30, 2023, we repaid approximately $24.3 million of maturing loans. On a weighted-average basis, these borrowings bore interest at a stated rate of 3.50% and an effective interest rate (after interest patronage, where applicable) of 3.36%.

Fair Value

ASC 820, "Fair Value Measurement (Subtopic 820)" ("ASC 820"), provides a definition of fair value that focuses on the exchange (exit) price of an asset or liability in the principal, or most advantageous market, and prioritizes the use of market-based inputs to the valuation. ASC 820-10 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- *Level 1* — inputs that are based upon quoted prices (unadjusted) for identical assets or liabilities in active markets;
- *Level 2* — inputs are based upon quoted prices for similar assets or liabilities in active or inactive markets or model-based valuation techniques, for which all significant inputs are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

- *Level 3* — inputs are generally unobservable and significant to the fair value measurement. These unobservable inputs are generally supported by little or no market activity and are based upon management's estimates of assumptions that market participants would use in pricing the asset or liability.

As of June 30, 2023, the aggregate fair value of our notes and bonds payable was approximately $541.2 million, as compared to an aggregate carrying value (excluding unamortized related debt issuance costs) of approximately $596.9 million. The fair value of our notes and bonds payable is valued using Level 3 inputs under the hierarchy established by ASC 820-10 and is calculated based on a discounted cash flow analysis, using discount rates based on management's estimates of market interest rates on debt with comparable terms. Further, due to the revolving nature and variable interest rates applicable to the MetLife Lines of Credit, their aggregate fair value as of June 30, 2023, is deemed to approximate their aggregate carrying value of $100,000.

Interest Rate Swap Agreements

In order to hedge our exposure to variable interest rates, we have entered into various interest rate swap agreements in connection with certain of our mortgage financings. In accordance with these swap agreements, we will pay our counterparty a fixed interest rate on a quarterly basis and receive payments from our counterparty equal to the respective stipulated floating rates. We have adopted the fair value measurement provision for these financial instruments, and the aggregate fair value of our interest rate swap agreements is recorded in Other assets, net or Other liabilities, net, as appropriate, on our accompanying Condensed Consolidated Balance Sheets. Generally, in the absence of observable market data, we will estimate the fair value of our interest rate swaps using estimates of certain data points, including estimated remaining life, counterparty credit risk, current market yield, and interest rate spreads of similar securities as of the measurement date. In accordance with the Financial Accounting Standards Board's fair value measurement guidance, we have made an accounting policy election to measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. As of June 30, 2023, our interest rate swaps were valued using Level 2 inputs.

In addition, we have designated our interest rate swaps as cash flow hedges. For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is initially recorded in Accumulated other comprehensive income (loss) on the accompanying Condensed Consolidated Balance Sheets and subsequently reclassified into interest expense in the same period(s) during which the hedged transaction affects. During the next 12 months, we estimate that an additional $2.6 million will be reclassified as a reduction to interest expense.

We had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk as of June 30, 2023, and December 31, 2022 (dollars in thousands):

Period	Number of Instruments	Aggregate Notional Amount
As of June 30, 2023	4	$ 71,701
As of December 31, 2022	4	73,392

The following table presents the fair value of our interest rate swaps as well as their classification on the Condensed Consolidated Balance Sheets as of June 30, 2023, and December 31, 2022 (dollars in thousands):

		Derivative Asset (Liability) Fair Value	
Derivative Type	Balance Sheet Location	June 30, 2023	December 31, 2022
Derivatives Designated as Hedging Instruments:			
Interest rate swaps	Other assets, net	$ 8,714	$ 9,007
Total		**$ 8,714**	**$ 9,007**

The following table presents the amount of (loss) income recognized in comprehensive income within our condensed consolidated financial statements for the three and six months ended June 30, 2023 and 2022 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Derivative in cash flow hedging relationship:				
Interest rate swaps	$ 1,355	$ 2,562	$ (293)	$ 7,292
Total	**$ 1,355**	**$ 2,562**	**$ (293)**	**$ 7,292**

Credit-risk-related Contingent Features

We have agreements with each of our derivative counterparties that contain a provision where if we default on any of our indebtedness, then we could also be declared in default on our derivative obligations. As of June 30, 2023, we did not have any derivatives in a net liability position, nor have we posted any collateral related to these agreements.

NOTE 5. CUMULATIVE TERM PREFERRED STOCK

In January 2021, we completed a public offering of 5.00% Series D Cumulative Term Preferred Stock, par value $0.001 per share (the "Series D Term Preferred Stock"), at a public offering price of $25.00 per share. As a result of this offering (including the underwriters' exercise of their option to purchase additional shares to cover over-allotments), we issued a total of 2,415,000 shares of the Series D Term Preferred Stock for gross proceeds of approximately $60.4 million and net proceeds, after deducting underwriting discounts and offering expenses borne by us, of approximately $58.3 million. The Series D Term Preferred Stock is traded under the ticker symbol "LANDM" on Nasdaq.

The shares of the Series D Term Preferred Stock have a mandatory redemption date of January 31, 2026, and are not convertible into our common stock or any other securities. Generally, we were not permitted to redeem shares of the Series D Term Preferred Stock prior to January 31, 2023, except in limited circumstances to preserve our qualification as a REIT. On or after January 31, 2023, we may redeem the shares at a redemption price of $25.00 per share, plus any accumulated and unpaid dividends up to, but excluding, the date of redemption.

We incurred approximately $2.1 million in total offering costs related to this issuance, which have been recorded net of the Series D Term Preferred Stock as presented on the accompanying Condensed Consolidated Balance Sheets and are being amortized over the mandatory redemption period as a component of interest expense on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income. The Series D Term Preferred Stock is recorded as a liability on our accompanying Condensed Consolidated Balance Sheets in accordance with ASC 480, "Distinguishing Liabilities from Equity," which states that mandatorily-redeemable financial instruments should be classified as liabilities. In addition, the related dividend payments are treated similarly to interest expense on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

As of June 30, 2023, the fair value of our Series D Term Preferred Stock was approximately $56.9 million, as compared to the carrying value (exclusive of unamortized offering costs) of approximately $60.4 million. The fair value of our Series D Term Preferred Stock uses Level 1 inputs under the hierarchy established by ASC 820-10 and is calculated based on the closing per-share price on June 30, 2023, of $23.55.

For information on the dividends declared by our Board of Directors and paid by us on the Series D Term Preferred Stock during the three months ended June 30, 2023, see Note 8, "*Equity—Distributions*."

NOTE 6. RELATED-PARTY TRANSACTIONS

Our Adviser and Administrator

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

We have entered into an investment advisory agreement with our Adviser (the "Advisory Agreement") and an administration agreement with our Administrator (the "Administration Agreement"). Both the Advisory Agreement and the Administration Agreement were approved unanimously by our Board of Directors, including our independent directors. A summary of the compensation terms for the Advisory Agreement and a summary of the Administration Agreement is below.

Advisory Agreement

Pursuant to the Advisory Agreement, our Adviser is compensated in the form of a base management fee and, each as applicable, an incentive fee, a capital gains fee, and a termination fee. Our Adviser does not charge acquisition or disposition fees when we acquire or dispose of properties, as is common in other externally-managed REITs. Each of the base management, incentive, capital gains, and termination fees is described below.

Base Management Fee

Pursuant to the Advisory Agreement, a base management fee is paid quarterly and is calculated at an annual rate of 0.60% (0.15% per quarter) of the prior calendar quarter's "Gross Tangible Real Estate," defined as the gross cost of tangible real estate owned by us (including land and land improvements, permanent plantings, irrigation and drainage systems, farm-related facilities, and other tangible site improvements), prior to any accumulated depreciation, and as shown on our balance sheet or the notes thereto for the applicable quarter.

Incentive Fee

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

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

Our Adviser receives: (i) no Incentive Fee in any calendar quarter in which the Pre-Incentive Fee FFO does not exceed the hurdle rate; (ii)100% of the Pre-Incentive Fee FFO with respect to that portion of such Pre-Incentive Fee FFO, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter (8.75% annualized); and (iii) 20% of the amount of the Pre-Incentive Fee FFO, if any, that exceeds2.1875% in any calendar quarter (8.75% annualized).

Capital Gains Fee

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

Termination Fee

Pursuant to the Advisory Agreement, in the event of our termination of the agreement with our Adviser for any reason (with120 days' prior written notice and the vote of at least two-thirds of our independent directors), a termination fee would be payable to the Adviser equal to three times the sum of the average annual base management fee and incentive fee earned by the Adviser during the 24-month period prior to such termination.

Administration Agreement

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

As approved by our Board of Directors, our allocable portion of the Administrator's expenses is generally derived by multiplying our Administrator's total expenses by the approximate percentage of time the Administrator's employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under similar contractual agreements.

Gladstone Securities

We have entered into an agreement with Gladstone Securities, LLC ("Gladstone Securities"), for it to act as our non-exclusive agent to assist us with arranging financing for our properties (the "Financing Arrangement Agreement"). Gladstone Securities is a privately-held broker-dealer and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. Gladstone Securities is an affiliate of ours, as its parent company is owned and controlled by Mr. Gladstone, who also serves on the board of managers of Gladstone Securities. In addition, Michael LiCalsi, our general counsel and secretary, serves in several capacities for Gladstone Securities, including as chief legal officer, secretary, a member of its board of managers, and a managing principal.

Financing Arrangement Agreement

We pay Gladstone Securities a financing fee in connection with the services it provides to us for securing financing on our properties. Depending on the size of the financing obtained, the maximum amount of the financing fee, which will be payable upon closing of the respective financing, will range from 0.5% to 1.0% of the amount of financing obtained. The amount of the financing fee may be reduced or eliminated as determined by us and Gladstone Securities after taking into consideration various factors, including, but not limited to, the involvement of any unrelated third-party brokers and general market conditions.

We did not pay any financing fees to Gladstone Securities during either of the three or six months ended June 30, 2023. During the three and six months ended June 30, 2022, we paid total financing fees to Gladstone Securities of approximately $0 and $94,000 respectively. Through June 30, 2023, the total amount of financing fees paid to Gladstone Securities represented approximately 0.14% of the total financings secured since the Financing Arrangement Agreement has been in place.

Dealer-Manager Agreements

We have entered into dealer-manager agreements with Gladstone Securities (collectively, the "Dealer-Manager Agreements"), pursuant to which Gladstone Securities served or serves as our exclusive dealer-manager in connection with the offering of our Series C Preferred Stock and Series E Preferred Stock (each as defined in Note 8, "*Equity—Equity Issuances"*).

Pursuant to the Dealer-Manager Agreements, Gladstone Securities provides certain sales, promotional, and marketing services to us in connection with the offering of the Series C Preferred Stock and Series E Preferred Stock, and we generally paid or pay Gladstone Securities the following:

- With regard to the Series C Preferred Stock:
  - i selling commissions of up to 6.0% of the gross proceeds from sales in the offering (the "Series C Selling Commissions"), and
  - ii a dealer-manager fee of 3.0% of the gross proceeds from sales in the offering (the "Series C Dealer-Manager Fee").
- With regard to the Series E Preferred Stock:
  - i selling commissions of up to 7.0% of the gross proceeds from sales in the offering (the "Series E Selling Commissions," and together with the Series C Selling Commissions, the "Selling Commissions"), and
  - ii a dealer-manager fee of 3.0% of the gross proceeds from sales in the offering (the "Series E Dealer-Manager Fee," and together with the Series C Dealer-Manager Fee, the "Dealer-Manager Fees").

No Selling Commissions or Dealer-Manager Fees were paid with respect to shares of the Series C Preferred Stock sold pursuant to our dividend reinvestment plan (the "DRIP") for the Series C Preferred Stock. Gladstone Securities may, in its sole discretion, remit all or a portion of the Selling Commissions and also reallow all or a portion of the Dealer-Manager Fees to participating broker-dealers and wholesalers in support of the offerings. The terms of the Dealer-Manager Agreement were approved by our board of directors, including its independent directors.

The following tables summarizes the total Selling Commissions and Dealer-Manager Fees paid to Gladstone Securities during the three and six months ended June 30, 2023 and 2022 (dollars in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Series C Preferred Stock	$ —	$ 2,891	$ —	$ 6,069
Series E Preferred Stock	183	—	332	—
Total Selling Commissions and Dealer-Manager Fees	**$ 183**	**$ 2,891**	**$ 332**	**$ 6,069**

Selling Commissions and Dealer-Manager Fees paid to Gladstone Securities are netted against the gross proceeds received from sales of the respective securities and are included within Additional paid-in capital on the accompanying Condensed Consolidated Balance Sheets.

Related-Party Fees

The following table summarizes related-party fees paid or accrued for and reflected in our accompanying condensed consolidated financial statements (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2023		2022		2023		2022	
Base management fee(1)(2)	$	2,148	$	2,043	$	4,296	$	4,079
Incentive fee(1)(2)		—		—		—		1,131
Total fees to our Adviser	**$**	**2,148**	**$**	**2,043**	**$**	**4,296**	**$**	**5,210**
Administration fee(1)(2)	**$**	**514**	**$**	**463**	**$**	**1,090**	**$**	**926**
Selling Commissions and Dealer-Manager Fees(1)(3)	$	183	$	2,891	$	332	$	6,069
Financing fees(1)(4)		—		—		—		94
Total fees to Gladstone Securities	**$**	**183**	**$**	**2,891**	**$**	**332**	**$**	**6,163**

(1) Pursuant to the agreements with the respective related-party entities, as discussed above.
(2) Reflected as a line item on our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.
(3) Included within Additional paid-in capital on the accompanying Condensed Consolidated Balance Sheets.
(4) Included within Notes and bonds payable, net on the Condensed Consolidated Balance Sheets and amortized into Interest expense on the Condensed Consolidated Statements of Operations and Comprehensive Income.

Related-Party Fees Due

Amounts due to related parties on our accompanying Condensed Consolidated Balance Sheets as of June 30, 2023, and December 31, 2022, were as follows (dollars in thousands):

	June 30, 2023		December 31, 2022	
Base management fee	$	2,148	$	2,141
Incentive fee		—		1,589
Other, net(1)		63		80
Total due to Adviser		**2,211**		**3,810**
Administration fee		514		536
Cumulative accrued but unpaid portion of prior Administration Fees(2)		366		—
Total due to Administrator		**880**		**536**
Total due to Gladstone Securities(3)		**4**		**24**
Total due to related parties(4)	**$**	**3,095**	**$**	**4,370**

(1) Other amounts due to or from our Adviser primarily relate to miscellaneous general and administrative expenses either paid by our Adviser on our behalf or by us on our Adviser's behalf.
(2) Represents the cumulative accrued but unpaid portion of prior Administration fees that are scheduled to be paid during the three months ending September 30 of each year, which is the quarter following our Administrator's fiscal year end.
(3) Represents certain costs related to sales of preferred stock paid by Gladstone Securities on our behalf.
(4) Reflected as a line item on our accompanying Condensed Consolidated Balance Sheets.

NOTE 7. COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 8. EQUITY

Registration Statement

On March 6, 2020, we filed a universal registration statement on Form S-3 (File No. 333-236943) with the SEC (the "2020 Registration Statement"). The 2020 Registration Statement, which was declared effective by the SEC on April 1, 2020, permitted us to issue up to an aggregate of $1.0 billion in securities, consisting of common stock, preferred stock, warrants, debt securities, depository shares, subscription rights, and units, including through separate, concurrent offerings of two or more of such securities. Under the 2020 Registration Statement, we issued a total of 10,254,072 shares of Series C Preferred Stock for gross proceeds of approximately $253.9 million, 2,415,000 shares of Series D Term Preferred Stock for gross proceeds of approximately $60.4 million, 77,841 shares of Series E Preferred Stock for gross proceeds of approximately $1.9 million, and

14,367,524 shares of common stock (including common stock issued to redeem OP Units) for gross proceeds of approximately $280.9 million.

On March 28, 2023, we filed a universal registration statement on Form S-3, as amended (File No. 333-270901), with the SEC (the "2023 Registration Statement") to replace the 2020 Registration Statement. The 2023 Registration Statement, which was declared effective by the SEC on April 13, 2023, permits us to issue up to an aggregate of $1.5 billion in securities consisting of common stock, preferred stock, warrants, debt securities, depository shares, subscription rights, and units, including through separate, concurrent offerings of two or more securities. Through June 30, 2023, we have issued a total of 57,568 shares of Series E Preferred Stock for gross proceeds of approximately $1.4 million and 66,100 shares of common stock for gross proceeds of approximately $1.1 million under the 2023 Registration Statement. See Note 11, "*Subsequent Events*," for equity issuances completed subsequent to June 30, 2023.

Equity Issuances

Series C Preferred Stock

On April 3, 2020, we filed a prospectus supplement with the SEC for a continuous public offering (the "Series C Offering") of up to 26,000,000 shares of our newly-designated 6.00% Series C Cumulative Redeemable Preferred Stock, par value $0.001 per share (the "Series C Preferred Stock"). The Series C Offering permitted us to sell up to 20,000,000 shares (the "Primary Series C Offering") of our Series C Preferred Stock on a "reasonable best efforts" basis through Gladstone Securities at an offering price of $25.00 per share and up to 6,000,000 shares of our Series C Preferred Stock pursuant to the DRIP at a price of $22.75 per share. On August 24, 2022, we amended the Series C Offering, to (i) reduce the amount of shares of the Series C Preferred Stock offered through the Primary Series C Offering to 10,200,000, (ii) reduce the amount of shares of the Series C Preferred Stock offered pursuant to the DRIP to 200,000; and (iii) reduce the duration of the period during which shares of the Series C Preferred Stock may be offered for sale to the earlier of (a) December 31, 2022 (unless earlier terminated or extended by our Board of Directors) or (b) the date on which all 10,200,000 shares of the Series C Preferred Stock offered in the Primary Series C Offering were sold.

The Primary Series C Offering terminated on December 31, 2022, with substantially all of the allotted 10,200,000 shares being sold. In addition, the Series C Preferred Stock DRIP was terminated effective March 22, 2023. Exclusive of redemptions, the Primary Series C Offering resulted in total gross proceeds of approximately $252.6 million and net proceeds, after deducting Series C Selling Commissions, Series C Dealer-Manager Fees, and offering expenses payable by us, of approximately $230.5 million. See Note 6, "*Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreements*," for a discussion of the commissions and fees paid to Gladstone Securities in connection with the Series C Offering.

The following table provides information on sales of our Series C Preferred Stock during the three and six months ended June 30, 2022 (dollars in thousands, except per-share amounts):

	Three Months Ended June 30, 2022	Six Months Ended June 30, 2022
Number of shares sold[(1)]	1,479,544	3,028,475
Weighted-average offering price per share	$ 24.70	$ 24.75
Gross proceeds	$ 36,551	$ 74,967
Net proceeds[(2)]	$ 33,660	$ 68,898

(1) Excludes shares issued pursuant to the DRIP. We issued approximately 0 and 14,067 shares of the Series C Preferred Stock pursuant to the DRIP during the three and six months ended June 30, 2023, respectively, and approximately 7,488 and 12,727 shares of the Series C Preferred Stock pursuant to the DRIP during the three and six months ended June 30, 2022, respectively.
(2) Net of Selling Commissions, Dealer-Manager Fees, and underwriting discounts.

In addition, during the three and six months ended June 30, 2023, 39,093 and 48,913 shares, respectively, of Series C Preferred Stock were tendered for optional redemption, which we satisfied with an aggregate cash payment of approximately $951,000 and $1.2 million, respectively. During the three and six months ended June 30, 2022, 2,160 and 4,640 shares, respectively, of Series C Preferred Stock were tendered for optional redemption, which we satisfied with an aggregate cash payment of approximately $52,000 and $111,000, respectively.

During the three months ended June 30, 2023, we listed the Series C Preferred Stock on Nasdaq under the ticker symbol "LANDP." Trading of the Series C Preferred Stock on Nasdaq commenced on June 8, 2023.

Series E Preferred Stock

On November 9, 2022, we filed a prospectus supplement with the SEC for a continuous public offering (the "Series E Offering") of up to8,000,000 shares of our newly-designated 5.00% Series E Cumulative Redeemable Preferred Stock, par value $0.001 per share (the "Series E Preferred Stock"), on a "reasonable best efforts" basis through Gladstone Securities at an offering price of $25.00 per share. See Note 6, *"Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreements,"* for a discussion of the commissions and fees to be paid to Gladstone Securities in connection with the Series E Offering.

The following table provides information on sales of our Series E Preferred Stock during the three and six months ended June 30, 2023 (dollars in thousands, except per-share amounts):

	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
Number of shares sold	75,209	135,409
Weighted-average offering price per share	$ 24.93	$ 24.95
Gross proceeds	$ 1,875	$ 3,378
Net proceeds(1)	$ 1,692	$ 3,047

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

Refer to Note 11, *"Subsequent Events—Financing Activity—Equity Activity,"* for sales of the Series E Preferred Stock completed subsequent to June 30, 2023.

The Series E Offering will terminate on the date (the "Series E Termination Date") that is the earlier of (i) December 31, 2025 (unless terminated or extended by our Board of Directors) and (ii) the date on which all 8,000,000 shares of Series E Preferred Stock offered in the Series E Offering are sold. There is currently no public market for shares of Series E Preferred Stock. We intend to apply to list the Series E Preferred Stock on Nasdaq or another national securities exchange within one calendar year of the Series E Termination Date; however, there can be no assurance that a listing will be achieved in such timeframe, or at all.

Common Stock

At-the-Market Program

On May 12, 2020, we entered into equity distribution agreements (commonly referred to as "at-the-market agreements") with Virtu Americas LLC and Ladenburg & Co. Inc. (each a "Sales Agent"), that, as subsequently amended, permitted us to issue and sell, from time to time and through the Sales Agents, shares of our common stock having an aggregate offering price of up to $260.0 million (the "Prior ATM Program"). On April 13, 2023, we entered into separate amended and restated equity distribution agreements with the Sales Agents to allow us to sell shares of our common stock having an aggregate offering price of up to $500.0 million (the "New ATM Program," and collectively with the Prior ATM Program, the "ATM Program"). The following table provides information on shares of common stock sold by the Sales Agents under the ATM Program during the three and six months ended June 30, 2023 and 2022 (dollars in thousands, except per-share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Number of shares sold	66,100	—	729,685	310,055
Weighted-average offering price per share	$ 17.31	$ —	$ 19.50	$ 33.64
Gross proceeds	$ 1,144	$ —	$ 14,228	$ 10,431
Net proceeds(1)	$ 1,133	$ —	$ 14,086	$ 10,327

(1) Net of underwriting commissions.

Refer to Note 11, *"Subsequent Events—Financing Activity—Equity Activity,"* for sales of common stock under the ATM Program completed subsequent to June 30, 2023.

Non-Controlling Interests in Operating Partnership

We consolidate our Operating Partnership, which is a majority-owned partnership. As of June 30, 2023, and December 31, 2022, we owned100.0% of the outstanding OP Units.

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

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

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

Distributions

The per-share distributions to preferred and common stockholders declared by our Board of Directors during the three and six months ended June 30, 2023 and 2022 are reflected in the table below.

	Three Months Ended June 30,		Six Months Ended June 30,	
Issuance	**2023**	**2022**	**2023**	**2022**
Series B Preferred Stock	$ 0.375	$ 0.375	$ 0.750	$ 0.750
Series C Preferred Stock	0.375	0.375	0.750	0.750
Series D Term Preferred Stock(1)	0.312501	0.312501	0.625002	0.625002
Series E Term Preferred Stock	0.312501	—	0.625002	—
Common Stock(2)	0.1380	0.1362	0.2757	0.2721

(1) Dividends are treated similar to interest expense on the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.
(2) The same amounts were paid as distributions on each OP Unit held by non-controlling OP Unitholders.

NOTE 9. LEASE REVENUES

The following table sets forth the components of our lease revenue for the three and six months ended June 30, 2023 and 2022 (dollars in thousands, except for footnotes):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
Fixed lease payments(1)	$ 21,118	$ 20,273	$ 42,078	$ 40,210
Variable lease payments(2)	92	20	334	26
Lease revenue, net(3)	**$ 21,210**	**$ 20,293**	**$ 42,412**	**$ 40,236**

(1) Fixed lease payments include contractual rents under lease agreements with tenants recognized on a straight-line basis over the respective lease terms and includes the amortization of above-market lease values and lease incentives and the accretion of below-market lease values and other deferred revenue.
(2) Variable lease payments primarily consist of participation rents, which are generally based on a percentage of the gross crop revenues earned on the farm, and reimbursements of certain property operating expenses by tenants. Participation rents are generally recognized when all contingencies have been resolved and when actual results become known or estimable, enabling us to estimate and/or measure our share of such gross revenues. During the three and six months ended June 30, 2023, we recorded participation rents of approximately $0 and $195,000, respectively, and reimbursements of certain property operating expenses by tenants of approximately $57,000 and $93,000, respectively. During the three and six months ended June 30, 2022, we recorded participation rents of approximately $20,000 during each period and reimbursements of certain property operating expenses by tenants of approximately $0 and $6,000, respectively. In addition, during the three and six months ended June 30, 2023, we recorded late fees of approximately $35,000 and $46,000, respectively.
(3) Reflected as a line item on our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

NOTE 10. EARNINGS PER SHARE OF COMMON STOCK

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended June 30, 2023 and 2022, computed using the weighted average number of common shares outstanding during the respective periods. Earnings figures are presented net of non-controlling interests in the earnings per share calculations. The non-controlling limited partners' outstanding OP Units (which may be redeemed for shares of common stock) have been excluded from the diluted per-share calculation, as there would be no effect on the amounts since the non-controlling OP Unitholders' share of earnings would also be added back to net income or loss.

(Dollars in thousands, except per-share amounts):	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Net income (loss) attributable to common stockholders	$ 1,727	$ (3,873)	$ (2,593)	$ (6,610)
Weighted average shares of common stock outstanding – basic and diluted	35,722,836	34,520,068	35,635,601	34,403,184
Income (loss) per common share – basic and diluted	**$ 0.05**	**$ (0.11)**	**$ (0.07)**	**$ (0.19)**

The weighted-average number of OP Units held by non-controlling OP Unitholders was0 for each of the three and six months ended June 30, 2023, and45,006 and 124,451 for the three and six months ended June 30, 2022, respectively.

NOTE 11. SUBSEQUENT EVENTS

Financing Activity

Debt Activity—Loan Maturities

Subsequent to June 30, 2023, we repaid a $3.2 million maturing bond that bore interest at an annual rate of 2.13%.

Equity Activity

The following table provides information on equity sales that have occurred subsequent to June 30, 2023 (dollars in thousands, except per-share amounts):

Type of Issuance	Number of Shares Sold	Weighted Average Offering Price Per Share	Gross Proceeds	Net Proceeds[1]
Series E Preferred Stock	41,600	$ 25.00	$ 1,040	$ 936
Common Stock – ATM Program	58,360	17.34	1,012	1,002

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

Distributions

On July 11, 2023, our Board of Directors authorized and we declared the following monthly cash distributions to holders of our preferred and common stock:

Issuance	Record Date	Payment Date	Distribution per Share	
Series B Preferred Stock:	July 21, 2023	July 31, 2023	$	0.125
	August 23, 2023	August 31, 2023		0.125
	September 21, 2023	September 29, 2023		0.125
		Total Series B Preferred Stock Distributions:	**$**	**0.375**
Series C Preferred Stock:	July 21, 2023	July 31, 2023	$	0.125
	August 23, 2023	August 31, 2023		0.125
	September 21, 2023	September 29, 2023		0.125
		Total Series C Preferred Stock Distributions:	**$**	**0.375**
Series D Term Preferred Stock:	July 21, 2023	July 31, 2023	$	0.104167
	August 23, 2023	August 31, 2023		0.104167
	September 21, 2023	September 29, 2023		0.104167
		Total Series D Term Preferred Stock Distributions:	**$**	**0.312501**
Series E Preferred Stock:	July 27, 2023	August 4, 2023	$	0.104167
	August 28, 2023	September 6, 2023		0.104167
	September 27, 2023	October 5, 2023		0.104167
		Total Series E Preferred Stock Distributions:	**$**	**0.312501**
Common Stock[(1)]:	July 21, 2023	July 31, 2023	$	0.0462
	August 23, 2023	August 31, 2023		0.0462
	September 21, 2023	September 29, 2023		0.0462
		Total Common Stock Distributions	**$**	**0.1386**

(1) The same amounts paid to common stockholders will be paid as distributions on each OP Unit held by non-controlling OP Unitholders as of the above record dates.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All statements contained herein, other than historical facts, may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements may relate to, among other things, future events or our future performance or financial condition. In some cases, you can identify forward-looking statements by terminology such as "may," "might," "believe," "will," "provided," "anticipate," "future," "could," "growth," "plan," "intend," "expect," "should," "would," "if," "seek," "possible," "potential," "likely," or the negative of such terms or comparable terminology. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our business, financial condition, liquidity, results of operations, funds from operations or prospects to be materially different from any future business, financial condition, liquidity, results of operations, funds from operations or prospects expressed or implied by such forward-looking statements. For further information about these and other factors that could affect our future results, please see the captions titled "Forward-Looking Statements" and "Risk Factors" in this report and our Annual Report on Form 10-K for the year ended December 31, 2022 (the "Form 10-K"). We caution readers not to place undue reliance on any such forward-looking statements, which are made pursuant to the Private Securities Litigation Reform Act of 1995 and, as such, speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Quarterly Report on Form 10-Q (the "Quarterly Report"), except as required by law.

All references to "we," "our," "us" and the "Company" in this Quarterly Report mean Gladstone Land Corporation and its consolidated subsidiaries, except where it is made clear that the term refers only to Gladstone Land Corporation.

OVERVIEW

General

We are an externally-managed, agricultural real estate investment trust ("REIT") that is engaged in the business of owning and leasing farmland. With the exception of one farm in California, which is currently self-operated (on a temporary basis and via a management agreement with an unrelated third-party), we are not a grower of crops, nor do we typically farm the properties we own. We currently own 169 farms comprised of 115,593 acres located across 15 states in the U.S. We also own several farm-related facilities, such as cooling facilities, packinghouses, processing facilities, and various storage facilities.

We conduct substantially all of our activities through, and all of our properties are held, directly or indirectly, by, Gladstone Land Limited Partnership (the "Operating Partnership"). Gladstone Land Corporation controls the sole general partner of the Operating Partnership and currently owns, directly or indirectly, 100.0% of the units of limited partnership interest in the Operating Partnership ("OP Units"). In addition, we have elected for Gladstone Land Advisers, Inc. ("Land Advisers"), a wholly-owned subsidiary of ours, to be treated as a taxable REIT subsidiary ("TRS").

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

Portfolio Diversification

Since our initial public offering in January 2013 (the "IPO"), we have expanded our portfolio from 12 farms leased to 7 different, unrelated tenants to a current portfolio of 169 farms leased to 92 different, unrelated third-party tenants who grow over 60 different types of crops on our farms. Our investment focus is in farmland suitable for growing either fresh produce annual row crops (e.g., certain berries and vegetables) or certain permanent crops (e.g., almonds, blueberries, pistachios, and wine grapes), with an ancillary focus on farmland growing certain commodity crops (e.g., beans and corn).

The acquisition of additional farms since our IPO has also allowed us to further diversify our portfolio geographically. The following table summarizes the different geographic locations (by state) of our farms owned as of and during the six months ended June 30, 2023 and 2022 (dollars in thousands):

State	As of and For the Six Months Ended June 30, 2023					As of and For the Six Months Ended June 30, 2022				
	Number of Farms	Total Acres	% of Total Acres	Lease Revenue	% of Total Lease Revenue	Number of Farms	Total Acres	% of Total Acres	Lease Revenue	% of Total Lease Revenue
California[(1)]	63	34,844	30.1%	$ 27,126	64.0%	63	34,401	30.2%	$ 26,775	66.5%
Florida	26	22,468	19.4%	7,522	17.7%	26	22,606	19.8%	7,189	17.9%
Washington	6	2,529	2.2%	2,325	5.5%	3	1,384	1.2%	1,199	3.0%
Colorado	12	32,773	28.4%	1,243	2.9%	12	32,773	28.8%	1,082	2.7%
Arizona	6	6,320	5.5%	1,129	2.7%	6	6,280	5.5%	1,016	2.5%
Oregon	6	898	0.8%	1,067	2.5%	5	726	0.6%	734	1.8%
Nebraska	9	7,782	6.7%	693	1.6%	9	7,782	6.8%	596	1.5%
Michigan	23	1,892	1.6%	487	1.1%	23	1,892	1.7%	783	1.9%
Maryland	6	987	0.8%	230	0.5%	6	987	0.9%	222	0.5%
Texas	1	3,667	3.2%	225	0.5%	1	3,667	3.2%	225	0.6%
South Carolina	3	597	0.5%	122	0.3%	3	597	0.5%	122	0.3%
Georgia	2	230	0.2%	112	0.3%	2	230	0.2%	112	0.3%
New Jersey	3	116	0.1%	64	0.2%	3	116	0.1%	64	0.2%
Delaware	1	180	0.2%	37	0.1%	1	180	0.2%	36	0.1%
North Carolina	2	310	0.3%	30	0.1%	2	310	0.3%	81	0.2%
TOTALS	**169**	**115,593**	**100.0%**	**$ 42,412**	**100.0%**	**165**	**113,931**	**100.0%**	**$ 40,236**	**100.0%**

(1) According to the California Chapter of the American Society of Farm Managers and Rural Appraisers, there are eight distinct growing regions within California; our farms are spread across six of these growing regions.

Leases

General

Most of our leases are on a triple-net basis, an arrangement under which, in addition to rent, the tenant is required to pay the related taxes, insurance costs, maintenance, and other operating costs. Our leases generally have original terms ranging from 3 to 10 years for farms growing row crops and 7 to 15 years for farms growing permanent crops (in each case, often with options to extend the lease further). Rent is generally payable to us in advance on either an annual, semi-annual, or quarterly basis, with such rent typically subject to periodic escalation clauses provided for within the lease. Currently, 106 of our farms are leased on a pure, triple-net basis, 59 farms are leased on a partial-net basis (with us, as landlord, responsible for all or a portion of the related property taxes), 3 farms are leased on a single-net basis (with us, as landlord, responsible for the related property taxes, as well as certain maintenance, repairs, or insurance costs), and 1 farm is self-operated. Additionally, 27 of our farms are leased under agreements that include a variable rent component, called "participation rents," that are based on the gross revenues earned on the respective farms.

Lease Expirations

Agricultural leases are often shorter term in nature (relative to leases of other types of real estate assets), so in any given year, we may have multiple leases up for extension or renewal. The following table summarizes the lease expirations by year for the farms owned and with leases in place as of June 30, 2023 (dollars in thousands):

Year	Number of Expiring Leases[(1)]	Expiring Leased Acreage	% of Total Acreage	Lease Revenues for the Six Months Ended June 30, 2023	% of Total Lease Revenues
2023 [(2)]	10	6,514	5.6%	$ 3,103	7.3%
2024 [(3)]	7	9,997	8.7%	3,220	7.6%
2025	10	20,631	17.9%	3,724	8.8%
2026	10	11,673	10.1%	2,735	6.5%
2027	5	6,947	6.0%	4,546	10.7%
Thereafter	59	59,433	51.4%	24,787	58.4%
Other[(4)]	11	398	0.3%	297	0.7%
Totals	**112**	**115,593**	**100.0%**	**$ 42,412**	**100.0%**

(1) Certain lease agreements encompass multiple farms.
(2) Includes two leases with tenant termination options that we do not currently expect to be exercised.
(3) Includes one lease that was extended subsequent to June 30, 2023 (see " *Recent Developments—Portfolio Activity—Existing Properties—Leasing Activity* " below for a summary of this and certain other recent leasing activities).

(4) Primarily consists of ancillary leases (e.g., renewable energy leases; oil, gas, and mineral leases; telecommunications leases; etc.) with varying expirations on certain of our farms. Also includes one farm that was self-operated as of June 30, 2023, for which we recorded approximately $77,000 of lease revenues attributable to the former tenant during the three months ended March 31, 2023.

Aside from two early termination options available to the tenant on two of our farms (neither of which we currently expect to be exercised), we currently have eight agricultural leases scheduled to expire within the next six months. We are currently in negotiations with the existing tenants on each of the farms, as well as other potential tenants, and we anticipate being able to renew the leases at their respective current market rental rates without incurring any downtime on any of the farms. Overall, we currently anticipate the rental rates on these lease renewals to be relatively flat compared to that of the existing leases. Regarding all upcoming lease expirations, there can be no assurance that we will be able to renew the existing leases or execute new leases at rental rates favorable to us, if at all, or be able to find replacement tenants, if necessary.

Recent Developments

Portfolio Activity—Existing Properties

Leasing Activity

The following table summarizes certain leasing activity that has occurred on our existing properties since April 1, 2023, through the date of this filing (dollars in thousands, except for footnotes):

			PRIOR LEASES[(1)]			NEW LEASES[(2)]			
Farm Locations	Number of Leases	Total Farm Acres	Total Annualized Straight-line Rent[(3)]	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N)[(4)]	Total Annualized Straight-line Rent[(3)]	Wtd. Avg. Term (Years)	# of Leases with Participation Rents	Lease Structures (# of NNN / NN / N)[(4)]
CA, CO, FL, MI, & NC	13	18,408	$ 7,802	2	9 / 2 / 2	$ 7,400	5.1	1	6 / 7 / 0

(1) Prior leases include five leases that were terminated early during the three months ended June 30, 2023. Upon termination of these leases, we entered into new leases with new tenants, effective immediately, which are included in the above table.

(2) In connection with certain of these leases, we committed to provide capital for certain improvements on these farms. See "*Liquidity and Capital Resources—Operating Commitments and Obligations—Operating Obligations*" below for additional information on these and other commitments.

(3) Based on the minimum cash rental payments guaranteed under the applicable leases (presented on an annualized basis), as required under GAAP, and excludes contingent rental payments, such as participation rents.

(4) "NNN" refers to leases under triple-net lease arrangements, "NN" refers to leases under partial-net lease arrangements, and "N" refers to leases under single-net lease arrangements, in each case, as described above under "*Leases—General*."

Self-operated and Non-accrual Properties

As of and during a portion of the six months ended June 30, 2023, we had one farm in California that was self-operated (via a management agreement with an unrelated third-party). We are in discussions with potential tenants to lease this farm and currently expect to come to an agreement within the next three months; however, there can be no guarantee that we will be able to reach a lease agreement with a tenant at favorable terms to us, or at all.

Additionally, due to credit issues with three of our tenants, we determined that the full collectability of the remaining rental payments under the respective leases with these tenants was not deemed to be probable. As such, during a portion of the six months ended June 30, 2023, we recognized lease revenues from the seven leases with these three tenants (four leases on farms in Michigan and three leases on farms in California) on a cash basis. During the three months ended June 30, 2023, we terminated the lease agreements with the prior tenant occupying the four farms in Michigan and entered into new, short-term lease agreements on each of the farms with a new tenant. The tenant occupying two of the three California farms is current in their rental payments to us and may be placed back on full accrual status later in the year if certain conditions (including, but not limited to, timely receipt of rental payments) continue to be met. We are continuing to work with the current tenant on the third farm in California and will seek to come to an agreement for the remaining rental payments, if possible. Such agreement, if one can be reached, may include placing the tenant on a payment plan, deferring a portion of the rent owed to us, or agreeing to terminate the lease. In the event of an early termination of any of the aforementioned farms, we estimate that we would be able to find new tenants to lease each of these properties at market rental rates within 1 to 12 months.

During the three and six months ended June 30, 2023, we recorded aggregate lease revenues related to the aforementioned properties of approximately $263,000 and $625,000, respectively, as compared to approximately $545,000 and $1.0 million during the respective prior-year periods.

Financing Activity

Debt Activity

Farmer Mac Facility

On June 2, 2023, we amended our agreement with Federal Agricultural Mortgage Corporation ("Farmer Mac"), which provides for bond issuances up to an aggregate amount of $225.0 million (the "Farmer Mac Facility"). Pursuant to the amendment, the date through which we may issue new bonds under the Farmer Mac Facility was extended to December 31, 2026, and the final maturity date for new bonds issued under the facility will be the date that is ten years from the applicable issuance date.

Loan Repayments

From April 1, 2023, through the date of this filing, we repaid approximately $5.7 million of maturing loans. On a weighted-average basis, these borrowings bore interest at a stated rate of 2.86% and an effective interest rate (after interest patronage, where applicable) of 2.52%.

Equity Activity

Series C Preferred Stock

On April 3, 2020, we filed a prospectus supplement with the SEC for a continuous public offering (the "Series C Offering") of our 6.00% Series C Cumulative Redeemable Preferred Stock (the "Series C Preferred Stock"). Under the Series C Offering, as amended, we were permitted to sell up to 10,200,000 shares of our Series C Preferred Stock on a "reasonable best efforts" basis through Gladstone Securities at an offering price of $25.00 per share (the "Primary Series C Offering") and up to 200,000 additional shares of our Series C Preferred Stock pursuant to our dividend reinvestment plan (the "DRIP") at a price of $22.75 per share. The Primary Series C Offering terminated on December 31, 2022, and the DRIP was terminated effective March 22, 2023.

From April 1, 2023, through the date of this filing, we redeemed 39,093 shares that were tendered for optional redemption, which we satisfied with an aggregate cash payment of approximately $951,000.

During the three months ended June 30, 2023, we listed the Series C Preferred Stock on Nasdaq under the ticker symbol "LANDP." Trading of the Series C Preferred Stock on Nasdaq commenced on June 8, 2023.

Series E Preferred Stock

On November 9, 2022, we filed a prospectus supplement with the SEC for a continuous public offering (the "Series E Offering") of up to 8,000,000 shares of our newly-designated 5.00% Series E Cumulative Redeemable Preferred Stock, par value $0.001 per share (the "Series E Preferred Stock"), on a "reasonable best efforts" basis through Gladstone Securities at an offering price of $25.00 per share. See Note 6, *"Related-Party Transactions—Gladstone Securities—Dealer-Manager Agreements,"* for a discussion of the commissions and fees to be paid to Gladstone Securities in connection with the Series E Offering.

The following table summarizes the sales of our Series E Preferred Stock that occurred from April 1, 2023, through the date of this filing (dollars in thousands):

Number of Shares Sold	**Weighted-average Offering Price Per Share**	**Gross Proceeds**	**Net Proceeds[(1)]**
116,809	$ 24.95	$ 2,915	$ 2,628

(1) Net of underwriting discounts, selling commissions, and dealer-manager fees borne by us. Aggregate selling commissions and dealer-manager fees paid to Gladstone Securities as a result of these sales was approximately $287,000.

The Series E Offering will terminate on the date (the "Series E Termination Date") that is the earlier of (i) December 31, 2025 (unless terminated or extended by our Board of Directors) and (ii) the date on which all 8,000,000 shares of Series E Preferred Stock offered in the Series E Offering are sold. There is currently no public market for shares of Series E Preferred Stock. We intend to apply to list the Series E Preferred Stock on Nasdaq or another national securities exchange within one calendar year of the Series E Termination Date; however, there can be no assurance that a listing will be achieved in such timeframe, or at all.

Common Stock—At-the-Market Program

On May 12, 2020, we entered into equity distribution agreements with Virtu Americas, LLC, and Ladenburg Thalmann & Co., Inc. (each a "Sales Agent"), that, as subsequently amended, permitted us to issue and sell, from time to time and through the Sales Agents, shares of our common stock having an aggregate offering price of up to $260.0 million (the "ATM Program"). On April 13, 2023, we entered into separate amended and restated equity distribution agreements with the Sales Agents to allow us to sell shares of our common stock having an aggregate offering price of up to $500.0 million.

The following table summarizes the activity under the ATM Program from April 1, 2023, through the date of this filing (dollars in thousands):

Number of Shares Sold	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds[(1)]
124,460	$ 17.33	$ 2,156	$ 2,135

(1) Net of underwriting commissions.

Impact of Inflation and Rising Interest Rates

According to the U.S. Bureau of Labor Statistics, the consumer price index ("CPI") grew at an annual rate of 3.0% through June 30, 2023, as overall inflation continued to ease from the peak levels experienced in the summer of 2022, when it reached the highest rates seen in over 40 years. Food prices have continued to outpace the rate of inflation, with the overall food segment increasing at an annual rate of 5.7% through June 30, 2023, and the food at home segment (which encompasses over 90% of the crops grown on our farms) growing by 4.7%. In addition, according to the NCREIF Farmland Index, which, as of June 30, 2023, consisted of approximately $16.2 billion of farms across the U.S., the total return on U.S. farmland (including appreciation and income) was 8.2% for the 12 months ended June 30, 2023. If the increases in food prices continue to outpace inflation, we believe this will help mitigate any increase in input costs experienced by our farm operators.

To combat inflation, the Federal Reserve has raised its benchmark funds rate 11 times since March 2022, resulting in the highest target rate seen since January 2001. While slowing down significantly from its peak levels, overall inflation, and particularly "core inflation" (which excludes transitory costs, such as food and energy), remains above the Federal Reserve's target long-term rate of 2.0%, leading many to believe additional rate increases remain possible through the rest of 2023. As such, interest rates remain volatile in response to competing concerns regarding inflationary pressures, coupled with the continued threat of a near-term recession. The yield on the 10-year U.S. Treasury Note has increased substantially over the past 12 months, again surpassing 4% (a level that, prior to a year ago, had not been seen since 2008), which adversely affects interest rates on long-term financing. In addition, while waning somewhat recently, the threat of global recessionary conditions continues to persist, caused in part by inflation, the potential emergence of new public health emergencies, and geopolitical conditions, although the actual timeline, impact, and duration, if any such conditions materialize, are unknown.

Over 99.9% of our borrowings are currently at fixed rates, and on a weighted-average basis, these rates are fixed at an effective interest rate of 3.35% for another 4.6 years. As such, with respect to our current borrowings, we have experienced minimal impact from the recent increases in interest rates, and we believe we are well-protected against further interest rate increases, which seem likely to continue in the near term.

LIBOR Transition

The majority of our debt is at fixed rates, and we currently have very limited exposure to variable-rate debt. Previously, our variable-rate debt was based upon the London Interbank Offered Rate ("LIBOR"), which was phased out in June 2023. LIBOR has since transitioned to a new standard rate, the Secured Overnight Financing Rate ("SOFR"), which was formally adopted by the Alternative Reference Rates Committee in July 2021 as a benchmark interest rate that incorporates certain overnight repo market data collected from multiple data sets. The intent was to adjust the SOFR to minimize the differences between the interest that a borrower was paying using LIBOR versus what it will be paying SOFR. Our lines of credit with MetLife and four term loans with Rabo AgriFinance LLC (which are effectively fixed through our entry into interest swap agreements) were previously indexed based on LIBOR, and all have since transitioned to SOFR, resulting in a minimal impact to our overall operations.

Our Adviser and Administrator

We are externally managed pursuant to contractual arrangements with our Adviser and our Administrator (both affiliates of ours), which collectively employ all of our personnel and pay their salaries, benefits, and general expenses directly. The current investment advisory agreement with our Adviser (the "Advisory Agreement") and the current administration agreement with our Administrator (the "Administration Agreement") were each approved unanimously by our board of directors, including, specifically, our independent directors.

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

Advisory Agreement

Pursuant to the Advisory Agreement, our Adviser is compensated in the form of a base management fee and, each as applicable, an incentive fee, a capital gains fee, and a termination fee. Our Adviser does not charge acquisition or disposition fees when we acquire or dispose of properties, as is common in other externally-managed REITs. The base management and incentive fees are described below. For information on the capital gains and termination fees, refer to Note 6, "*Related-Party*

Transactions—Our Adviser and Administrator—Advisory Agreements," within the accompanying notes to our condensed consolidated financial statements.

Base Management Fee

Pursuant to the Advisory Agreement, a base management fee is paid quarterly and is calculated at an annual rate of 0.60% (0.15% per quarter) of the prior calendar quarter's "Gross Tangible Real Estate," defined as the gross cost of tangible real estate owned by us (including land and land improvements, permanent plantings, irrigation and drainage systems, farm-related facilities, and other tangible site improvements), prior to any accumulated depreciation, and as shown on our balance sheet or the notes thereto for the applicable quarter.

Incentive Fee

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

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

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

Administration Agreement

Pursuant to the Administration Agreement, we pay for our allocable portion of the Administrator's expenses incurred while performing its obligations to us, including, but not limited to, rent and the salaries and benefits expenses of our Administrator's employees, including our chief financial officer, treasurer, chief compliance officer, general counsel and secretary (who also serves as our Administrator's president, general counsel, and secretary), and their respective staffs. Our allocable portion of the Administrator's expenses is generally derived by multiplying our Administrator's total expenses by the approximate percentage of time the Administrator's employees perform services for us in relation to their time spent performing services for all companies serviced by our Administrator under similar contractual agreements.

Critical Accounting Policies

The preparation of our financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") requires management to make judgments that are subjective in nature to make certain estimates and assumptions. Application of these accounting policies involves the exercise of judgment regarding the use of assumptions as to future uncertainties, and, as a result, actual results could materially differ from these estimates. A summary of our significant accounting policies is provided in Note 2 to our consolidated financial statements in our Form 10-K. There were no material changes to our critical accounting policies during the six months ended June 30, 2023.

RESULTS OF OPERATIONS

For the purposes of the following discussions on certain operating revenues and expenses:

- With regard to the comparison between the three months ended June 30, 2023 and 2022:
    - Same-property basis represents farms owned as of March 31, 2022, which were not vacant at any point during either period presented and full collectability of future rental payments under the respective leases was deemed probable during the entirety of both periods;
    - Properties acquired or disposed of are farms that were either acquired or disposed of at any point subsequent to March 31, 2022. From April 1, 2022, through June 30, 2023, we acquired five new farms and had one partial farm disposition; and
    - Vacant, self-operated, or non-accrual properties are:

* Farms that were vacant (either wholly or partially) at any point during either period presented. We did not have any vacant farms during either of the three months ended June 30, 2023 or 2022;
* Farms that were self-operated at any point during either period presented. One of our farms was self-operated (via a management agreement with an unrelated third-party) during the three months ended June 30, 2023; and
* Farms with leases where revenue was recognized on a cash basis during either period presented (rather than a straight-line basis) due to full collectability of future rental payments under the respective leases deemed not to be probable as a result of tenant credit issues. During a portion of the three months ended June 30, 2023, we recognized revenue from 7 different leases with 3 separate tenants (encompassing 17 different farms) on a cash basis.

- With regard to the comparison between the six months ended June 30, 2023 and 2022:
  - Same-property basis represents farms owned as of December 31, 2021, which were not vacant at any point during either period presented and full collectability of future rental payments under the respective leases was deemed probable during the entirety of both periods;
  - Properties acquired or disposed of are farms that were either acquired or disposed of at any point subsequent to December 31, 2021. From January 1, 2022, through June 30, 2023, we acquired five new farms and had one partial farm disposition; and
  - Vacant, self-operated, or non-accrual properties are:
    - Farms that were vacant (either wholly or partially) at any point during either period presented. We did not have any vacant farms during either of the six months ended June 30, 2023 or 2022;
    - Farms that were self-operated at any point during either period presented. One of our farms was self-operated (via a management agreement with an unrelated third-party) during a portion of the six months ended June 30, 2023; and
    - Farms with leases where revenue was recognized on a cash basis during either period presented (rather than a straight-line basis) due to full collectability of future rental payments under the respective leases deemed not to be probable as a result of tenant credit issues. During a portion of the six months ended June 30, 2023, we recognized revenue from 7 different leases with 3 separate tenants (encompassing 17 different farms) on a cash basis.

A comparison of results of components comprising our operating income for the three and six months ended June 30, 2023 and 2022 is below (dollars in thousands):

	For the Three Months Ended June 30,			
	2023	2022	$ Change	% Change
Operating revenues:				
Lease revenues:				
Fixed lease payments	$ 21,118	$ 20,273	$ 845	4.2 %
Variable lease payments – participation rents	—	20	(20)	(100.0) %
Variable lease payments – tenant reimbursements	92	—	92	NM
Total operating revenues	21,210	20,293	917	4.5 %
Operating expenses:				
Depreciation and amortization	9,044	8,392	652	7.8 %
Property operating expenses	887	695	192	27.6 %
Base management and incentive fees	2,148	2,043	105	5.1 %
Administration fee	514	463	51	11.0 %
General and administrative expenses	790	567	223	39.3 %
Total operating expenses	13,383	12,160	1,223	10.1 %
Operating income	**$ 7,827**	**$ 8,133**	**$ (306)**	**(3.8)%**

NM = Not Meaningful

	For the Six Months Ended June 30, 2023	2022	$ Change	% Change
Operating revenues:				
Lease revenues:				
Fixed lease payments	$ 42,078	$ 40,210	$ 1,868	4.6 %
Variable lease payments – participation rents	195	20	175	875.0 %
Variable lease payments – tenant reimbursements	139	6	133	2,216.7 %
Total operating revenues	42,412	40,236	2,176	5.4 %
Operating expenses:				
Depreciation and amortization	18,163	16,738	1,425	8.5 %
Property operating expenses	2,015	1,398	617	44.1 %
Base management and incentive fees	4,296	5,210	(914)	(17.5)%
Administration fee	1,090	926	164	17.7 %
General and administrative expenses	1,577	1,253	324	25.9 %
Total operating expenses	27,141	25,525	1,616	6.3 %
Operating income	**$ 15,271**	**$ 14,711**	**$ 560**	**3.8 %**

Operating Revenues

Lease revenues

The following table provides a summary of our lease revenues during the three and six months ended June 30, 2023 and 2022 (dollars in thousands):

	For the Three Months Ended June 30, 2023	2022	$ Change	% Change	For the Six Months Ended June 30, 2023	2022	$ Change	% Change
Same-property basis:								
Fixed lease payments	$ 19,795	$ 19,687	$ 108	0.5%	$ 39,400	$ 39,155	$ 245	0.6%
Participation rents	—	(10)	10	(100.0)%	123	(10)	133	(1,330.0)%
Total – Same-property basis	19,795	19,677	118	0.6%	39,523	39,145	378	1.0%
Properties acquired or disposed of:								
Fixed lease payments	1,077	71	1,006	1,416.9%	2,152	71	2,081	2,931.0%
Participation rents	—	—	—	NM	—	—	—	NM
Total – Properties acquired or disposed of	1,077	71	1,006	1,416.9%	2,152	71	2,081	2,931.0%
Vacant, self-operated, or non-accrual, properties:								
Fixed lease payments	246	514	(268)	(52.1)%	526	983	(457)	(46.5)%
Participation rents	—	31	(31)	(100.0)%	72	31	41	132.3%
Total – Vacant, self-operated, or non-accrual properties	246	545	(299)	(54.9)%	598	1,014	(416)	(41.0)%
Tenant reimbursements and other[(1)]	92	—	92	NM	139	6	133	2,216.7%
Total Lease revenues	**$ 21,210**	**$ 20,293**	**$ 917**	**4.5%**	**$ 42,412**	**$ 40,236**	**$ 2,176**	**5.4%**

NM = Not Meaningful

(1) Tenant reimbursements and other primarily consist of tenant-reimbursed property operating expenses on certain of our farms, including property taxes, insurance premiums, and other property-related expenses. Similar amounts are also recorded as property operating expenses during the respective periods.

Same-property Basis – 2023 compared to 2022

Lease revenues from fixed lease payments increased primarily due to additional rents earned on capital improvements completed on certain of our farms and a one-time payment received for easement access across a portion of one of our farms. This increase was partially offset by the execution of one lease agreement in the fourth quarter of 2022, pursuant to which we agreed to reduce the fixed base rent amount in exchange for increasing the participation rent components in the lease, the result of which will not be known until later in 2023.

Lease revenues from participation rents increased primarily due to additional information being made available to us during the three months ended March 31, 2023, that allowed such amounts to be reasonably determinable and thus recorded. These amounts were originally scheduled to be paid during the three months ended December 31, 2022; however, sufficient information to record such amounts were not known at the time.

Other – 2023 compared to 2022

Lease revenue from properties acquired or disposed of increased primarily due to additional revenues earned on new farms acquired subsequent to December 31, 2021.

Fixed lease payments from vacant, self-operated, or non-accrual properties decreased primarily due to revenue from certain of our leases being recognized on a cash basis during a portion of the three and six months ended June 30, 2023 (rather than a straight-line basis), due to full collectability of future rental payments under the respective leases deemed not to be probable as a result of tenant credit issues. During the three months ended June 30, 2023, we entered into new short-term lease agreements with a new tenant on four of these properties and began recognizing such revenues on a straight-line basis. The remaining leases will continue to be recognized on a non-accrual basis until we deem full collectability of future rental payment under the leases to be probable. In addition, one of our farms was self-operated (via a management agreement with an unrelated third-party) for the three months ended June 30, 2023, and a portion of the six months ended June 30, 2023. The decrease in lease revenues from vacant, self-operated, or non-accrual properties was partially offset by cash collections (in part or in whole) from tenants occupying certain of these properties during the three and six months ended June 30, 2023.

The fluctuations in tenant reimbursement revenue are primarily driven by payments made by certain tenants on our behalf (pursuant to the lease agreements) to unconsolidated entities of ours that convey water to the respective properties. As such, the timing of revenue fluctuates as payments are made by our tenants.

Operating Expenses

Depreciation and amortization

Depreciation and amortization expense increased primarily due to additional depreciation and amortization expense incurred on new farms acquired subsequent to December 31, 2021, as well as an increase in depreciation associated with additional capital expenditures on certain of our farms. This increase was partially offset by a decrease attributable to certain assets reaching the end of their useful lives.

Property operating expenses

Property operating expenses consist primarily of real estate taxes, repair and maintenance expenses, insurance premiums, and other miscellaneous operating expenses paid for certain of our properties. The following table provides a summary of the property-operating expenses recorded during the three and six months ended June 30, 2023 and 2022 (dollars in thousands):

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2023	2022	$ Change	% Change	2023	2022	$ Change	% Change
Same-property basis	$ 750	$ 574	$ 176	30.7%	$ 1,604	$ 1,229	$ 375	30.5%
Properties acquired or disposed of	2	—	2	NM	6	—	6	NM
Vacant, self-operated, or non-accrual properties	67	109	(42)	(38.5)%	295	146	149	102.1%
Tenant-reimbursed property operating expenses[(1)]	68	12	56	466.7%	110	23	87	378.3%
Total Property operating expenses	**$ 887**	**$ 695**	**$ 192**	**27.6%**	**$ 2,015**	**$ 1,398**	**$ 617**	**44.1%**

NM = Not Meaningful

(1) Represents certain operating expenses (property taxes, insurance premiums, and other property-related expenses) paid by us that, per the respective leases, are required to be reimbursed to us by the tenant. Similar amounts are also recorded as lease revenue when earned in accordance with the lease.

Same-property Basis – 2023 compared to 2022

Property operating expenses increased primarily due to higher legal fees and other costs incurred in connection with protecting water rights on certain farms in California and consulting fees incurred on certain farms in Florida. We also recorded additional repair and maintenance expenses as a result of natural disasters at certain of our farms and increased legal fees related to drafting new lease agreements.

Other – 2023 compared to 2022

Property operating expenses attributable to vacant, self-operated, or non-accrual properties decreased during the three months ended June 30, 2023, and increased during the six months ended June 30, 2023. The decrease during the three months ended June 30, 2023, was primarily due to lower repair and maintenance expenses incurred on certain of our farms, while the increase during the six months ended June 30, 2023, was primarily due to additional legal fees incurred in connection with rent collection or lease termination efforts for those tenants on farms that were placed on non-accrual status.

The fluctuations in tenant-reimbursed property operating expenses are primarily driven by miscellaneous property operating costs incurred by us in connection with our ownership interests in certain unconsolidated entities, for which our tenants are contractually obligated to reimburse us under the terms of the respective leases. Such expenses will fluctuate commensurate with the timing and amount of miscellaneous operating costs incurred by the underlying entities.

Related-Party Fees

The following table provides the calculations of the base management and incentive fees due to our Adviser pursuant to the Advisory Agreement for the three and six months ended June 30, 2023 and 2022 (dollars in thousands; for further discussion on certain defined terms used below, refer to Note 6, "*Related-Party Transactions*," within the accompanying notes to our condensed consolidated financial statements):

	Quarter Ended		
	March 31	June 30	Year to Date
FY 2023 Fee Calculations:			
Base Management Fee:			
Gross Tangible Real Estate[(1)(2)]	$ 1,432,394	$ 1,431,761	
Quarterly rate	0.150 %	0.150 %	
Base management fee[(3)]	**$ 2,148**	**$ 2,148**	**$ 4,296**
Incentive Fee:			
Total Adjusted Common Equity[(1)(2)]	$ 358,689	$ 362,411	
First hurdle quarterly rate	1.750 %	1.750 %	
First hurdle threshold	$ 6,277	$ 6,342	
Second hurdle quarterly rate	2.1875 %	2.1875 %	
Second hurdle threshold	$ 7,846	$ 7,928	
Pre-Incentive Fee FFO[(1)]	$ 5,303	$ 4,400	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	$ —	$ —	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	—	—	
Total Incentive fee[(3)]	**$ —**	**$ —**	**$ —**
Total fees due to Adviser	**$ 2,148**	**$ 2,148**	**$ 4,296**
FY 2022 Fee Calculations:			
Base Management Fee:			
Gross Tangible Real Estate[(1)(2)]	$ 1,357,800	$ 1,361,757	
Quarterly rate	0.150 %	0.150 %	
Base management fee[(3)]	**$ 2,036**	**$ 2,043**	**$ 4,079**
Incentive Fee:			
Total Adjusted Common Equity[(1)(2)]	$ 378,299	$ 381,201	
First hurdle quarterly rate	1.750 %	1.750 %	
First hurdle threshold	$ 6,620	$ 6,671	
Second hurdle quarterly rate	2.1875 %	2.1875 %	
Second hurdle threshold	$ 8,275	$ 8,339	
Pre-Incentive Fee FFO[(1)]	$ 7,751	$ 4,819	
100% of Pre-Incentive Fee FFO in excess of first hurdle threshold, up to second hurdle threshold	$ 1,131	$ —	
20% of Pre-Incentive Fee FFO in excess of second hurdle threshold	—	—	
Total Incentive fee[(3)]	**$ 1,131**	**$ —**	**$ 1,131**
Total fees due to Adviser	**$ 3,167**	**$ 2,043**	**$ 5,210**

(1) As defined in the Advisory Agreement.
(2) As of the end of the respective prior quarters.
(3) Reflected as a line item on our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income.

The base management fee increased primarily due to additional assets acquired and improvements made on certain of our farms since December 31, 2021.

Our Adviser earned an incentive fee during the three months ended March 31, 2022, due to our Pre-Incentive Fee FFO (as defined in the Advisory Agreement) exceeding the required hurdle rate of the applicable equity base during the first quarter of fiscal year 2022. No incentive fee was earned by our Adviser during either of the first or second quarters of fiscal year 2023 or during the second quarter of 2022, as our Pre-Incentive Fee FFO did not surpass the required hurdle rate.

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

Other Operating Expenses

General and administrative expenses consist primarily of professional fees, director fees, stockholder-related expenses, overhead insurance, acquisition-related costs for investments no longer being pursued, and other miscellaneous expenses. General and administrative expenses increased during each of the three and six months ended June 30, 2023, primarily due to an increase in acquisition-related costs for investments no longer being pursued and higher audit fees. The increase during the six months ended June 30, 2023, was further driven by additional stockholder-related expenses incurred related to the annual stockholders' meeting and the listing of the Series C Preferred Stock on Nasdaq, partially offset by a decrease in directors fees.

A comparison of results of other components contributing to net loss attributable to common stockholders for the three and six months ended June 30, 2023 and 2022 is below (dollars in thousands):

	For the Three Months Ended June 30,			
	2023	2022	$ Change	% Change
Operating income	**$ 7,827**	**$ 8,133**	**$ (306)**	**(3.8)%**
Other income (expense):				
Other income	364	63	301	477.8%
Interest expense	(5,942)	(6,523)	581	(8.9)%
Dividends declared on cumulative term preferred stock	(755)	(755)	—	—%
Gain (loss) on dispositions of real estate assets, net	6,394	(305)	6,699	(2,196.4)%
Loss from investments in unconsolidated entities	(33)	—	(33)	NM
Total other income (expense), net	28	(7,520)	7,548	(100.4)%
Net income	**7,855**	**613**	**7,242**	**1,181.4%**
Net loss attributable to non-controlling interests	—	3	(3)	(100.0)%
Net income attributable to the Company	7,855	616	7,239	1,175.2%
Aggregate dividends declared on and charges related to extinguishment of cumulative redeemable preferred stock	(6,128)	(4,489)	(1,639)	36.5%
Net income (loss) attributable to common stockholders	**$ 1,727**	**$ (3,873)**	**$ 5,600**	**(144.6)%**

	For the Six Months Ended June 30,			
	2023	2022	$ Change	% Change
Operating income	**$ 15,271**	**$ 14,711**	**$ 560**	**3.8%**
Other income (expense):				
Other income	2,984	2,829	155	5.5%
Interest expense	(11,979)	(12,971)	992	(7.6)%
Dividends declared on cumulative term preferred stock	(1,509)	(1,509)	—	—%
Gain (loss) on dispositions of real estate assets, net	5,914	(1,280)	7,194	(562.0)%
Property and casualty (loss) recovery, net	(1,016)	49	(1,065)	(2,173.5)%
Loss from investments in unconsolidated entities	(60)	(29)	(31)	106.9%
Total other expense, net	(5,666)	(12,911)	7,245	(56.1)%
Net income	**9,605**	**1,800**	**7,805**	**433.6%**
Net income attributable to non-controlling interests	—	(6)	6	(100.0)%
Net income attributable to the Company	9,605	1,794	7,811	435.4%
Aggregate dividends declared on and charges related to extinguishment of cumulative redeemable preferred stock	(12,198)	(8,404)	(3,794)	45.1%
Net loss attributable to common stockholders	**$ (2,593)**	**$ (6,610)**	**$ 4,017**	**(60.8)%**

NM = Not Meaningful

Other Income (Expense)

Other income, which generally consists of interest patronage received from Farm Credit (as defined in Note 4, "*Borrowings*," in the accompanying notes to our condensed consolidated financial statements) and interest earned on short-term investments, increased primarily due to additional income earned on short-term investments due to higher interest rates, partially offset by less interest patronage received from Farm Credit (primarily due to decreased borrowings from Farm Credit).

During the three months ended March 31, 2023, we recorded approximately $2.3 million of interest patronage from Farm Credit related to interest accrued during 2022, as compared to approximately $2.8 million of interest patronage recorded during the prior-year period that related to interest accrued during 2021. In addition, during the three months ended September 30, 2022, we received approximately $113,000 of interest patronage related to interest accrued during 2022, as certain Farm Credit associations paid a portion of 2022 interest patronage (which is typically paid during the first half of 2023) early. In total, 2022 interest patronage resulted in a 24.1% reduction (approximately 109 basis points) to the interest rate of such borrowings.

Interest expense decreased, primarily due to a decrease in overall borrowings. The weighted-average principal balance of our aggregate borrowings (excluding our cumulative term preferred stock) outstanding for the three and six months ended June 30, 2023, was approximately $600.1 million and $606.1 million, respectively, as compared to approximately $666.9 million and $665.6 million for the respective prior-year periods. Excluding interest patronage received on certain of our Farm Credit borrowings and the impact of debt issuance costs, the weighted-average interest rate charged on our aggregate borrowings for the three and six months ended June 30, 2023, was 3.79% and 3.78%, respectively, as compared to 3.75% and 3.73% for the respective prior-year periods.

During the three and six months ended June 30, 2023, we recorded a net capital gain, driven by the sale of a 138-acre parcel of unfarmed land in Florida for $9.6 million, which, after accounting for closing costs, resulted in a net gain of approximately $6.4 million. The net losses recorded during each of the three and six months ended June 30, 2022, related to the disposals of certain irrigation and other improvements on certain of our farms.

The net property and casualty (loss) recovery related to net expenses incurred and insurance recoveries received for certain improvements that were damaged due to natural disasters. The property and casualty loss recorded during the six months ended June 30, 2023, was the result of the heavy rainfall that occurred in California in early 2023 and the resulting flooding, which damaged certain structures located on one of our farms in the Central Valley. We continue to work with our tenant on this farm to assess the damage and come to a solution regarding the repairs.

The aggregate dividends paid on our cumulative redeemable preferred stock increased due to additional shares of the Series C Preferred Stock and Series E Preferred Stock issued and outstanding during each of the current-year periods.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our current short- and long-term sources of funds include cash and cash equivalents, cash flows from operations, borrowings (including the undrawn commitments available under our credit facility with Metropolitan Life Insurance Company ("MetLife")), and issuances of additional equity securities. Our current available liquidity is approximately $185.4 million, consisting of approximately $35.7 million in cash on hand and, based on the current level of collateral pledged, approximately $149.7 million of availability under our credit facility with MetLife (subject to compliance with covenants) and other undrawn notes or bonds. In addition, we currently have certain properties valued at a total of approximately $145.4 million that are unencumbered and eligible to be pledged as collateral.

Over 99.9% of our borrowings are currently at fixed rates, and on a weighted-average basis, these rates are fixed at an effective interest rate of 3.35% for another 4.6 years. In addition, the weighted-average remaining term of our notes and bonds payable is approximately 9.3 years. As such, with respect to our current borrowings, we have experienced minimal impact from the recent increases in interest rates, and we believe we are well-protected against any future interest rate increases. Despite ongoing volatility in the markets, based on discussions with our lenders, we do not believe there will be a credit freeze on agricultural lending in the near term. We are in compliance with all of our debt covenants under our respective credit facilities and borrowings, and we believe we currently have adequate liquidity to cover all near- and long-term debt obligations and operating expenses.

Future Capital Needs

Our short- and long-term liquidity requirements consist primarily of making principal and interest payments on outstanding borrowings; funding our general operating costs; making dividend payments on our cumulative term preferred stock and cumulative redeemable preferred stock; making distributions to stockholders (including non-controlling OP Unitholders, if any) to maintain our qualification as a REIT; and, as capital is available, funding capital improvements on existing farms and new farmland and farm-related acquisitions consistent with our investment strategy.

In the near term, we believe that our current and short-term cash resources will be sufficient to service our debt; fund our current operating costs; pay dividends on our cumulative term preferred stock and cumulative redeemable preferred stock; and fund our distributions to stockholders (including non-controlling OP Unitholders). We expect to meet our long-term liquidity requirements through various sources of capital, including long-term mortgage indebtedness and bond issuances, future equity issuances (including, but not limited to, shares of our Series E Preferred Stock, OP Units through our Operating Partnership as consideration for future acquisitions, and shares of common stock through our ATM Program), and other secured and unsecured borrowings.

We intend to use a significant portion of any current and future available liquidity to purchase additional farms and farm-related facilities. We continue to actively seek and evaluate acquisitions of additional farms and farm-related facilities that satisfy our investment criteria, and we have several properties that are in various stages of our due diligence process. However, all potential acquisitions will be subject to our due diligence investigation of such properties, and there can be no assurance that we will be successful in identifying or acquiring any properties in the future.

Operating Commitments and Obligations

Operating Obligations

In connection with the execution of certain lease agreements, we have committed to provide capital improvements on certain of our farms. Below is a summary of certain of those projects for which we have incurred or accrued costs as June 30, 2023 (dollars in thousands):

Farm Location(s)	Farm Acreage	Total Commitment	Obligated Completion Date[(1)]	Amount Expended or Accrued as of June 30, 2023
St. Lucie, FL	549	$ 230	Q3 2023	$ 185
Umatilla, OR	135	2,750 [(2)]	Q4 2023	2,308
Columbia, OR	157	1,800 [(2)]	Q3 2024	1,146
Ventura, CA	402	1,000 [(2)]	Q4 2025	448
Napa, CA	270	1,635 [(2)]	Q4 2029	920
Wicomico & Caroline, MD, and Sussex, DE	833	115	Q3 2030	49
Yuma, AZ	3,033	941 [(2)]	Q4 2031	784
Franklin & Grant, WA, & Umatilla, OR	1,126	2,169 [(2)]	Q4 2032	1,675

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

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

Ground Lease Obligations

In connection with certain farms acquired through a leasehold interest, we assumed certain ground lease arrangements under which we are the lessee. Future minimum lease payments due under the remaining non-cancelable terms of these leases as of June 30, 2023, is as follows (dollars in thousands):

Period		Future Lease Payments[1]
For the remaining six months ending December 31: 2023	$	40
For the fiscal years ending December 31: 2024		92
2025		62
2026		62
2027		62
2028		62
Thereafter		631
Total undiscounted lease payments		1,011
Less: imputed interest		(425)
Present value of lease payments	**$**	**586**

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

As a result of these ground leases, we recorded lease expense (included within Property operating expenses on the accompanying Condensed Consolidated Statement of Operations and Comprehensive Income) of approximately $26,000 and $51,000 during the three and six months ended June 30, 2023, respectively, and approximately $23,000 and $46,000 during the three and six months ended June 30, 2022, respectively.

Cash Flow Resources

The following table summarizes total net cash flows from operating, investing, and financing activities for the six months ended June 30, 2023 and 2022 (dollars in thousands):

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022	$ Change	% Change
Net change in cash from:				
Operating activities	$ 22,577	$ 19,355	$ 3,222	16.6%
Investing activities	3,101	(35,147)	38,248	(108.8)%
Financing activities	(38,611)	47,528	(86,139)	(181.2)%
Net change in Cash and cash equivalents	$ (12,933)	$ 31,736	$ (44,669)	(140.8)%

Operating Activities

The majority of cash from operating activities is generated from the rental payments we receive from our tenants, which is first used to fund our property-level operating expenses, with any excess cash being primarily used for principal and interest payments on our borrowings, management fees to our Adviser, administrative fees to our Administrator, and other corporate-level expenses. Cash provided by operating activities increased primarily due to additional rental payments received from recent acquisitions and a decrease in aggregate fees paid to our Adviser during the six months ended June 30, 2023. This increase was partially offset due to the timing of certain interest payments made during the six months ended June 30, 2023, as compared to the prior-year period.

Investing Activities

The change in cash from investing activities was primarily due to proceeds received from the sale of a 138-acre parcel of unfarmed land in Florida for $9.6 million during the six months ended June 30, 2023, which resulted in a net gain of approximately $6.4 million, and a decrease in the amount of cash paid for capital improvements on existing farms during the current-year period.

Financing Activities

The change in cash from financing activities was primarily due to a decrease in aggregate net cash proceeds received from preferred and common equity offerings of approximately $62.0 million and a decrease in aggregate net borrowings of approximately $27.0 million.

Debt Capital

MetLife Facility

As amended in February 2022, our facility with MetLife currently consists of $75.0 million of revolving equity lines of credit and an aggregate of $175.0 million of term notes (the "MetLife Facility"). We currently have $100,000 outstanding under the lines of credit and $36.9 million outstanding on the term notes. While $213.0 million of the full commitment amount under the MetLife Facility remains undrawn, based on the level of collateral pledged, we currently have approximately $110.3 million of availability under the MetLife Facility. The draw period for both term notes expires on December 31, 2024, after which MetLife has no obligation to disburse any additional undrawn funds under the term notes.

Farmer Mac Facility

As amended in June 2023, the Farmer Mac Facility provides for bond issuances up to an aggregate amount of $225.0 million by December 31, 2026, after which Farmer Mac has no obligation to purchase additional bonds under this facility. To date, we have issued aggregate bonds of approximately $100.1 million under the Farmer Mac Facility.

Farm Credit and Other Lenders

Since September 2014, we have closed on multiple loans with various different Farm Credit associations (for additional information on these associations, see Note 4, "*Borrowings*," within the accompanying notes to our condensed consolidated financial statements). We also have borrowing relationships with several other agricultural lenders and are continuously reaching out to other lenders to establish prospective new relationships. As such, we expect to enter into additional borrowing agreements with existing and new lenders in connection with certain potential new acquisitions in the future.

Equity Capital

The following table provides information on equity sales that have occurred since January 1, 2023 (dollars in thousands, except per-share amounts; excludes shares of Series C Preferred Stock issued pursuant to the DRIP):

Type of Issuance	Number of Shares Sold	Weighted-average Offering Price Per Share	Gross Proceeds	Net Proceeds[(1)]
Series E Preferred Stock	177,009	$ 24.96	$ 4,418	$ 3,983
Common Stock – ATM Program	788,045	19.34	15,240	15,087

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

Our 2023 Registration Statement (as defined in Note 8, "*Equity—Registration Statement*," within the accompanying notes to our condensed consolidated financial statements) permits us to issue up to an aggregate of $1.5 billion in securities, consisting of common stock, preferred stock, warrants, debt securities, depository shares, subscription rights, and units, including through separate, concurrent offerings of two or more of such securities. To date, we have issued approximately $2.5 million of Series E Preferred Stock and $2.2 million of common stock under the 2023 Registration Statement.

In addition, we have the ability to, and expect to in the future, issue additional OP Units to third parties as consideration in future property acquisitions.

Off-Balance Sheet Arrangements

As of June 30, 2023, we did not have any material off-balance sheet arrangements.

NON-GAAP FINANCIAL INFORMATION

Funds from Operations, Core Funds from Operations, and Adjusted Funds from Operations

The National Association of Real Estate Investment Trusts ("NAREIT") developed funds from operations ("FFO") as a relative non-GAAP supplemental measure of operating performance of an equity REIT to recognize that income-producing real estate historically has not depreciated on the same basis as determined under GAAP. FFO, as defined by NAREIT, is net income (computed in accordance with GAAP), excluding gains or losses from sales of property and impairment losses on property, plus depreciation and amortization of real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. We further present core FFO ("CFFO") and adjusted FFO ("AFFO") as additional non-GAAP financial measures of our operational performance, as we believe both CFFO and AFFO improve comparability on a period-over-period basis and are more useful supplemental metrics for investors to use in assessing our operational performance on a more sustainable basis than FFO. We believe that these additional performance metrics, along with the most directly-comparable GAAP measure, provide investors with helpful insight regarding how management measures our ongoing performance, as each of CFFO and AFFO (and their respective per-share amounts) are used by management and our board of directors, as appropriate, in assessing overall performance, as well as in certain decision-making analysis, including, but not limited to, the timing of acquisitions and potential equity raises (and the type of securities to offer in any such equity raises), the determination of any fee credits, and declarations of distributions on our common stock. The non-GAAP financial measures presented herein have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results calculated in accordance with GAAP. We believe that net income is the most directly-comparable GAAP measure to each of FFO, CFFO, and AFFO.

Specifically, we believe that FFO is helpful to investors in better understanding our operating performance, primarily because its calculation excludes depreciation and amortization expense on real estate assets, as we believe that GAAP historical cost depreciation of real estate assets is generally not correlated with changes in the value of those assets, particularly with farmland real estate, the value of which does not diminish in a predictable manner over time, as historical cost depreciation implies. Further, we believe that CFFO and AFFO are helpful in understanding our operating performance in that it removes certain items that, by their nature, are not comparable on a period-over-period basis and therefore tend to obscure actual operating performance. In addition, we believe that providing CFFO and AFFO as additional performance metrics allows investors to gauge our overall performance in a manner that is more similar to how our performance is measured by management (including their respective per-share amounts), as well as by analysts and the overall investment community.

We calculate CFFO by adjusting FFO for the following items:

- *Acquisition- and disposition-related expenses.* Acquisition- and disposition-related expenses (including due diligence costs on acquisitions not consummated and certain auditing and accounting fees incurred that were directly related to completed acquisitions or dispositions) are incurred for investment purposes and do not correlate with the ongoing operations of our existing portfolio. Further, certain auditing and accounting fees incurred vary depending on the number and complexity of acquisitions or dispositions completed during the period. Due to the inconsistency in which these costs are incurred and how they have historically been treated for accounting purposes, we believe the exclusion of these expenses improves comparability of our operating results on a period-to-period basis.

  Other adjustments. We will adjust for certain non-recurring charges and receipts and will explain such adjustments accordingly. We believe the exclusion of these amounts improves comparability of our operating results on a period-to-period basis and will apply consistent definitions of CFFO for all prior-year periods presented to provide consistency and better comparability.

Further, we calculate AFFO by adjusting CFFO for the following items:

- *Rent adjustments.* This adjustment removes the effects of straight-lining rental income, as well as the amortization related to above-market lease values and lease incentives and accretion related to below-market lease values, other deferred revenue, and tenant improvements, resulting in rental income reflected on a modified accrual cash basis. In addition to these adjustments, we also modify the calculation of cash rents within our definition of AFFO to provide greater consistency and comparability due to the period-to-period volatility in which cash rents are received. To coincide with our tenants' harvest seasons, our leases typically provide for cash rents to be paid at various points throughout the lease year, usually annually or semi-annually. As a result, cash rents received during a particular period may not necessarily be comparable to other periods or represent the cash rents indicative of a given lease year. Therefore, we further adjust AFFO to normalize the cash rent received pertaining to a lease year over that respective lease year on a straight-line basis, resulting in cash rent being recognized ratably over the period in which the cash rent is earned.
- *Amortization of debt issuance costs.* The amortization of costs incurred to obtain financing is excluded from AFFO, as it is a non-cash expense item that is not directly related to the operating performance of our properties.
- *Other adjustments.* We will adjust for certain non-cash charges and receipts and will explain such adjustments accordingly. We believe the exclusion of such non-cash amounts improves comparability of our operating results on a period-to-period basis and will apply consistent definitions of AFFO for all prior-year periods presented to provide consistency and better comparability.

We believe the foregoing adjustments aid our investors' understanding of our ongoing operational performance.

FFO, CFFO and AFFO do not represent cash flows from operating activities in accordance with GAAP, which, unlike FFO, CFFO, and AFFO, generally reflects all cash effects of transactions and other events in the determination of net income, and should not be considered an alternative to net income as an indication of our performance or to cash flows from operations as a measure of liquidity or ability to make distributions. Comparisons of FFO, CFFO, and AFFO, using the NAREIT definition for FFO and the definitions above for CFFO and AFFO, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the definitions used by such REITs.

Diluted funds from operations ("Diluted FFO"), diluted core funds from operations ("Diluted CFFO"), and diluted adjusted funds from operations ("Diluted AFFO") per share are FFO, CFFO, and AFFO, respectively, divided by the weighted-average number of total shares (including shares of our common stock and OP Units held by non-controlling limited partners) outstanding on a fully-diluted basis during a period. We believe that diluted earnings per share is the most directly-comparable GAAP measure to each of Diluted FFO, CFFO, and AFFO per share. Because many REITs provide Diluted FFO, CFFO, and AFFO per share information to the investment community, we believe these are useful supplemental measures when comparing us to other REITs.

We believe that FFO, CFFO, and AFFO and Diluted FFO, CFFO, and AFFO per share are useful to investors because they provide investors with a further context for evaluating our FFO, CFFO, and AFFO results in the same manner that investors use net income and EPS in evaluating net income.

The following table provides a reconciliation of our FFO, CFFO, and AFFO for the three and six months ended June 30, 2023 and 2022 to the most directly-comparable GAAP measure, net income, and a computation of diluted FFO, CFFO, and AFFO per share, using the weighted-average number of total shares (including shares of our common stock and OP Units held by non-controlling OP Unitholders) outstanding during the respective periods (dollars in thousands, except per-share amounts):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
Net income	**$ 7,855**	**$ 613**	**$ 9,605**	**$ 1,800**
Less: Aggregate dividends declared on and charges related to extinguishment of cumulative redeemable preferred stock[1]	(6,128)	(4,489)	(12,198)	(8,404)
Net income (loss) attributable to common stockholders and non-controlling OP Unitholders	**1,727**	**(3,876)**	**(2,593)**	**(6,604)**
Plus: Real estate and intangible depreciation and amortization	9,044	8,392	18,163	16,738
(Less) plus: (Gains) losses on dispositions of real estate assets, net	(6,394)	305	(5,914)	1,280
Adjustments for unconsolidated entities[2]	23	(2)	47	25
FFO available to common stockholders and non-controlling OP Unitholders	**4,400**	**4,819**	**9,703**	**11,439**
Plus: Acquisition- and disposition-related expenses, net	74	(88)	92	21
Plus: Other nonrecurring charges, net[3]	142	—	1,279	(49)
CFFO available to common stockholders and non-controlling OP Unitholders	**4,616**	**4,731**	**11,074**	**11,411**
Net rent adjustment	(1,101)	(731)	(2,003)	(1,450)
Plus: Amortization of debt issuance costs	259	277	519	548
Plus: Other non-cash charges, net[4]	55	192	278	342
AFFO available to common stockholders and non-controlling OP Unitholders	**3,829**	**4,469**	**9,868**	**10,851**
Weighted-average common stock outstanding—basic and diluted	35,722,836	34,520,068	35,635,601	34,403,184
Weighted-average common non-controlling OP Units outstanding	—	45,006	—	124,451
Weighted-average total common shares outstanding	35,722,836	34,565,074	35,635,601	34,527,635
Diluted FFO per weighted-average total common share	$ 0.12	$ 0.14	$ 0.27	$ 0.33
Diluted CFFO per weighted-average total common share	$ 0.13	$ 0.14	$ 0.31	$ 0.33
Diluted AFFO per weighted-average total common share	$ 0.11	$ 0.13	$ 0.28	$ 0.31
Distributions declared per total common share	$ 0.14	$ 0.14	$ 0.28	$ 0.27

(1) Includes (i) cash dividends paid on our Series B Preferred Stock, Series C Preferred Stock, and Series E Preferred Stock, (ii) the value of additional shares of Series C Preferred Stock issued pursuant to the DRIP, and (iii) the pro-rata write-off of offering costs related to shares of Series C Preferred Stock that were redeemed during the respective periods.

(2) Represents our pro-rata share of depreciation expense recorded in unconsolidated entities during the respective periods.

(3) Consists primarily of (i) net property and casualty losses (recoveries) recorded and the cost of related repairs expensed as a result of the damage caused to certain improvements by natural disasters on certain of our farms, (ii) costs related to the amendment, termination, and listing of shares from the Series C Offering that were expensed, and (iii) the write-off of certain unallocated costs related to a prior universal registration statement.

(4) Consists of (i) the amount of dividends on the Series C Preferred Stock paid via issuing new shares (pursuant to the DRIP), (ii) the pro-rata write-off of offering costs related to shares of Series C Preferred Stock that were redeemed, which were noncash charges, and (iii) our remaining pro-rata share of (income) loss recorded from investments in unconsolidated entities during the respective periods.

Net Asset Value

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

Determination of Fair Value

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

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

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

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

A breakdown of the methodologies used to value our properties and the aggregate value as of June 30, 2023, determined by each method is shown in the table below (dollars in thousands, except in footnotes):

Valuation Method	Number of Farms	Total Acres	Farm Acres	Acre-feet of Water	Net Cost Basis[(1)]	Current Fair Value	% of Total Fair Value
Purchase Price	4	1,317	1,126	16	$ 35,650	$ 37,332	2.4%
Internal Valuation	3	6,189	4,730	—	20,230	36,000	2.3%
Third-party Appraisal[(2)]	162	108,087	90,282	45,000	1,298,276	1,504,834	95.3%
Total	**169**	**115,593**	**96,138**	**45,016**	**$ 1,354,156**	**$ 1,578,166**	**100.0%**

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

(2) Appraisals performed between July 2022 and June 2023.

Some of the significant assumptions used by appraisers and the Valuation Team in valuing our portfolio as of June 30, 2023, include land values per farmable acre, market rental rates per farmable acre and the resulting net operating income ("NOI") at the property level, and capitalization rates, among others. These assumptions were applied on a farm-by-farm basis and were selected based on several factors, including comparable land sales, surveys of both existing and current market rates, discussions with other brokers and farmers, soil quality, size, location, and other factors deemed appropriate. A summary of these significant assumptions as of June 30, 2023, is provided in the following table:

	Appraisal Assumptions		Internal Valuation Assumptions	
	Range *(Low - High)*	Weighted Average	Range *(Low - High)*	Weighted Average
Land Value (per farmable acre)	$708 – $123,280	$ 34,905	$5,512 – $5,512	$ 5,512
Market NOI (per farmable acre)	$230 – $3,536	$ 1,519	N/A	N/A
Market Capitalization Rate	3.30% – 6.50%	4.89%	N/A	N/A

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

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

Management believes that the purchase prices of the farms acquired during the previous 12 months and the most recent appraisals available for the farms acquired prior to the previous 12 months fairly represent the current market values of the properties as of June 30, 2023, and, accordingly, did not make any adjustment to these values.

A quarterly roll-forward of the change in our portfolio value for the three months ended June 30, 2023, from the prior value basis as of March 31, 2023, is provided in the table below (dollars in thousands):

Total portfolio fair value as of March 31, 2023		**$ 1,579,927**
Plus: Acquisition of water credits during the three months ended June 30, 2023		4
Less: Partial sale of one farm during the three months ended June 30, 2023		(2,610)
Change in value of farms during the three months ended June 30, 2023		
Farms valued via third-party appraisals	$ 845	
Net change in value of farms during the three months ended June 30, 2023		845
Total portfolio fair value as of June 30, 2023		**$ 1,578,166**

Management also determined fair values of all of its long-term borrowings and preferred stock. Using a discounted cash flow analysis, management determined that the fair value of all long-term encumbrances on our properties as of June 30, 2023, was approximately $541.2 million, as compared to a carrying value (excluding unamortized related debt issuance costs) of approximately $596.9 million. The fair values of our Series B Preferred Stock, Series C Preferred Stock, and Series D Term Preferred Stock were determined using the closing stock prices as of June 30, 2023, of $20.75 per share, $20.27 per share, and $23.55 per share, respectively. Finally, pursuant to Financial Industry Regulatory Authority Rule 2310(b)(5), with the assistance of a third-party valuation expert, we determined the estimated value of each of our Series E Preferred Stock to be $25.00 per share as of June 30, 2023 (see Exhibit 99.1 to this Form 10-Q).

Calculation of Estimated Net Asset Value

To provide our stockholders with an estimate of the fair value of our real estate assets, we intend to estimate the fair value of our farms and farm-related properties and provide an estimated net asset value ("NAV") on a quarterly basis. NAV is a non-GAAP, supplemental measure of financial position of an equity REIT and is calculated as total equity, adjusted for the increase or decrease in fair value of our real estate assets and long-term borrowings (including any preferred stock required to be treated as debt for GAAP purposes) relative to their respective cost bases. Further, we calculate NAV per common share by dividing NAV by our total common shares outstanding (consisting of our common stock and OP Units held by non-controlling limited partners).

The fair values presented above and their usage in the calculation of net asset value per share presented below have been prepared by and are the responsibility of management. PricewaterhouseCoopers LLP has neither examined, compiled, nor performed any procedures with respect to the fair values or the calculation of net asset value per common share, which utilizes information that is not disclosed within the financial statements, and, accordingly, does not express an opinion or any other form of assurance with respect thereto.

As of June 30, 2023, we estimate the NAV per common share to be $19.15. A reconciliation of NAV to total equity, which we believe is the most directly-comparable GAAP measure, is provided below (dollars in thousands, except per-share data)**:**

Total equity per balance sheet			**$**	**734,934**
Fair value adjustment for long-term assets:				
Less: net cost basis of tangible and intangible real estate holdings[1]	$	(1,354,156)		
Plus: estimated fair value of real estate holdings[2]		1,578,166		
Net fair value adjustment for real estate holdings				224,010
Fair value adjustment for long-term liabilities:				
Plus: book value of aggregate long-term indebtedness[3]		657,242		
Less: fair value of aggregate long-term indebtedness[3][4]		(598,068)		
Net fair value adjustment for long-term indebtedness				59,174
Estimated NAV				**1,018,118**
Less: aggregate fair value of cumulative redeemable preferred stock[5]				(332,846)
Estimated NAV available to common stockholders and non-controlling OP Unitholders			**$**	**685,272**
Total common shares and non-controlling OP Units outstanding				35,780,082
Estimated NAV per common share and OP Unit			**$**	**19.15**

(1) Per Net Cost Basis as presented in the table above.
(2) Per Current Fair Value as presented in the table above.
(3) Includes the principal balances outstanding of all long-term borrowings (consisting of notes and bonds payable) and the Series D Term Preferred Stock.
(4) Long-term notes and bonds payable were valued using a discounted cash flow model. The Series D Term Preferred Stock was valued based on its closing stock price as of June 30, 2023.
(5) The Series B Preferred Stock and Series C Preferred Stock were valued based on their respective closing stock prices as of June 30, 2023, while the Series E Preferred Stock was valued at its liquidation value, as discussed above.

A quarterly roll-forward in the estimated NAV per common share for the three months ended June 30, 2023, is provided below:

Estimated NAV per common share and non-controlling OP Unit as of March 31, 2023			**$**	**17.12**
Plus net income attributable to common stockholders and non-controlling OP Unitholders				0.05
Adjustments for net change in valuations:				
Net change in unrealized fair value of farmland portfolio[1]	$	0.14		
Net change in unrealized fair value of long-term indebtedness		0.23		
Net change in unrealized fair value of preferred equity securities		1.77		
Net change in valuations				2.14
Less distributions on common stock and non-controlling OP Units				(0.14)
Less net dilutive effect of equity issuances and redemptions, net				(0.02)
Estimated NAV per common share and non-controlling OP Unit as of June 30, 2023			**$**	**19.15**

(1) The net change in unrealized fair value of our farmland portfolio consists of three components: (i) an increase of $0.02 per share due to the net appreciation in value of the farms that were valued during the three months ended June 30, 2023, (ii) an increase of $0.25 per share due to the decrease in net book value of our real estate holdings as a result of the aggregate depreciation and amortization expense recorded during the three months ended June 30, 2023, and (iii) a decrease of $0.13 per share due to net capital improvements made on certain farms that have not yet been considered in the determination of the respective farms' estimated fair values.

Comparison of estimated NAV and estimated NAV per common share, using the definitions above, to similarly-titled measures for other REITs may not necessarily be meaningful due to possible differences in the calculation or application of the definition of NAV used by such REITs. In addition, the trading price of our common shares may differ significantly from our most recent estimated NAV per common share calculation. For example, while we estimated our NAV per common share to be $19.15 as of June 30, 2023, based on the calculation above, the closing price of our common stock on June 30, 2023, was $16.27 per share.

The determination of estimated NAV is subjective and involves a number of assumptions, judgments, and estimates, and minor adjustments to these assumptions, judgments, or estimates may have a material impact on our overall portfolio valuation. In addition, many of the assumptions used are sensitive to market conditions and can change frequently. Changes in the market environment and other events that may occur during our ownership of these properties may cause the values reported above to vary from the actual fair value that may be obtained in the open market. Further, while management believes the values presented reflect current market conditions, the ultimate amount realized on any asset will be based on the timing of such dispositions and the then-current market conditions. There can be no assurance that the ultimate realized value upon disposition of an asset will approximate the estimated fair value above.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk includes risks that arise from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, and other market changes that affect market-sensitive instruments. The primary market risk that we believe we are and will be exposed to is interest rate risk. Certain of our existing leases contain escalations based on market indices, such as the consumer price index ("CPI"), and while very little of our existing borrowings are subject to variable interest rates, the interest rates on the majority of our fixed-rate borrowings are fixed for a finite period before converting to variable rate. Although we seek to mitigate this risk by including certain provisions in many of our leases, such as escalation clauses or adjusting the rent to prevailing market rents at various intervals, these features do not eliminate this risk.

Currently, over 99.9% of our borrowings are at fixed rates, and on a weighted-average basis, these rates are fixed at an effective interest rate (after interest patronage) of 3.35% for another 4.6 years. As such, with respect to our current borrowings, we believe fluctuations in interest rates would have a minimal impact on our net income. However, interest rate fluctuations may affect the fair value of our fixed-rate borrowings. As of June 30, 2023, the fair value of our fixed-rate borrowings outstanding (excluding our Series D Term Preferred Stock) was approximately $541.2 million.

The following table summarizes the hypothetical change in fair value of our fixed-rate borrowings at June 30, 2023, if market interest rates had been one or two percentage points lower or higher than those rates in place as of June 30, 2023 (dollars in thousands):

Change in Market Interest Rates	Carrying Value[(1)]	Fair Value	Difference
2% decrease	$ 596,867	$ 577,191	$ (19,676)
1% decrease	596,867	558,702	(38,165)
No change	**596,867**	**541,195**	**(55,672)**
1% increase	596,867	524,607	(72,260)
2% increase	596,867	508,881	(87,986)

(1) Includes the principal balances outstanding of all long-term borrowings (consisting of notes and bonds payable), excluding unamortized debt issuance costs.

In the future, we may be exposed to additional effects of interest rate changes, primarily as a result of additional borrowings used to maintain liquidity and fund expansion of our farmland investment portfolio and operations. Our interest rate risk management objectives are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. To achieve these objectives, we will borrow primarily at fixed rates or, in limited cases, at variable rates with the lowest margins available and, where available, with the ability to convert to fixed rates in the future. We may also enter into derivative financial instruments, such as interest rate swaps and caps, to mitigate the interest rate risk on a related financial instrument. We will not enter into derivative or interest rate transactions for speculative purposes.

In addition to changes in interest rates, the fair value of our farmland portfolio is subject to fluctuations based on changes in local and regional economic conditions and changes in the creditworthiness of our tenants. Materially adverse changes in the fair value of our real estate may affect our ability to refinance our debt, if necessary.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of June 30, 2023, our management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2023, in providing a reasonable level of assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in applicable SEC rules and forms, including providing a reasonable level of assurance that information required to be disclosed by us in such reports is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure. However, in evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of necessarily achieving the desired control objectives, and management was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings, nor, to our knowledge, are any such material legal proceedings threatened against us.

Item 1A. Risk Factors

Our business is subject to certain risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. For a discussion of these risks, please refer to the section captioned, "Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2022. There have been no material changes to risks associated with our business or investment in our securities from those previously set forth in the report described above. The risks in our Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may materially and adversely affect our business, financial condition, and/or operating results in the future.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None. Without limiting the generality of the foregoing, during the three months ended June 30, 2023, no officer or director of the Company adopted or terminated any "Rule 10b5-1 trading arrangement" or any "non-Rule 10b5-1 trading arrangement," as such terms are defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Exhibit Description
3.1	Articles of Incorporation, incorporated by reference to Exhibit 3.1 to Pre-Effective Amendment No. 2 to the Registration Statement on Form S-11 (File No. 333-183965), filed on November 2, 2012.
3.2	Articles of Amendment, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on July 12, 2017.
3.3	Articles Supplementary establishing the 6.00% Series B Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 31, 2018.
3.4	Articles Supplementary for 6.00% Series C Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
3.5	Articles Supplementary for 5.00% Series D Cumulative Term Preferred Stock, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on January 14, 2021.
3.6	Articles Supplementary, incorporated by reference to Exhibit 3.7 to the Quarterly Report on Form 10-Q (File No. 001-35795), filed on May 12, 2021
3.7	Articles Supplementary, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35795), filed on November 9, 2022.
3.8	Articles Supplementary for 5.00% Series E Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-35795), filed on November 9, 2022.
3.9	Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 to Pre-Effective Amendment No. 3 the Registration Statement on Form S-11 (File No. 333-183965), filed on November 15, 2012.
4.1	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.1 to Pre-Effective Amendment No. 4 to the Registration Statement on Form S-11 (File No. 333-183965), filed on December 27, 2012.
4.2	Form of Certificate for 6.00% Series B Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on May 31, 2018.
4.3	Form of Certificate for 6.00% Series C Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on February 20, 2020.
4.4	Form of Certificate for 5.00% Series D Cumulative Term Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on January 14, 2021.
4.5	Form of Certificate for 5.00% Series E Cumulative Redeemable Preferred Stock, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35795), filed on November 9, 2022.
4.6	Form of Indenture, incorporated by reference to Exhibit 4.11 to the Registration Statement on Form S-3 (File No. 333-270901), filed on March 28, 2023.
10.1	Amended and Restated Equity Distribution Agreement, dated April 13, 2023, by and among Gladstone Land Corporation, Gladstone Land Limited Partnership, and Ladenburg Thalmann & Co. Inc., incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K (File No. 001-35795), filed on April 13, 2023.
10.2	Amended and Restated Equity Distribution Agreement, dated April 13, 2023, by and among Gladstone Land Corporation, Gladstone Land Limited Partnership, and Virtu Americas LLC, incorporated by reference to Exhibit 1.2 to the Current Report on Form 8-K (File No. 001-35795), filed on April 13, 2023.
10.3	Amendment No. 1 to Amended and Restated AgVantage Bond Purchase Agreement, dated as of June 2, 2023, by and among Gladstone Lending Company, LLC, as Issuer, Farmer Mac Mortgage Securities Corporation, as Bond Purchaser, and Federal Agricultural Mortgage Corporation, as Guarantor. incorporated by reference to Exhibit 1.1 to the Current Report on Form 8-K (File No. 001-35795), filed on June 6, 2023.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
99.1	Estimated Value Methodology for Series E Cumulative Redeemable Preferred Stock as of June 30, 2023 (filed herewith).
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF***	XBRL Definition Linkbase
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

*** Attached as Exhibit 101 to this Quarterly Report on Form 10-Q are the following materials, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) the Condensed Consolidated Balance Sheets as of June 30, 2023, and December 31, 2022; (ii) the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2023 and 2022; (iii) the Condensed Consolidated Statements of Equity for the three and six months ended June 30, 2023 and 2022; (iv) the Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2023 and 2022; and (v) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Gladstone Land Corporation
Date: August 7, 2023	By:	/s/ Lewis Parrish
		Lewis Parrish Chief Financial Officer and Assistant Treasurer
Date: August 7, 2023	By:	/s/ David Gladstone
		David Gladstone Chief Executive Officer and Chairman of the Board of Directors

Exhibit 31.1

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

I, David Gladstone, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gladstone Land Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 7, 2023

/s/ David Gladstone

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

Exhibit 31.2

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

I, Lewis Parrish, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gladstone Land Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2023

/s/ Lewis Parrish

Lewis Parrish
Chief Financial Officer and
Assistant Treasurer

Exhibit 32.1

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

The undersigned, the Chief Executive Officer of Gladstone Land Corporation (the “Company”), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the period ended June 30, 2023 (“Form 10-Q”), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 7, 2023

/s/ David Gladstone

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

Exhibit 32.2

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

The undersigned, the Chief Financial Officer and Assistant Treasurer of Gladstone Land Corporation (the "Company"), hereby certifies on the date hereof, pursuant to 18 U.S.C. §1350(a), as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q for the period ended June 30, 2023 ("Form 10-Q"), filed concurrently herewith by the Company, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: August 7, 2023

/s/ Lewis Parrish

Lewis Parrish
Chief Financial Officer

Exhibit 99.2

Pursuant to FINRA Rule 2310(b)(5) and 2231(c), Gladstone Land Corporation (the “Company”) determined the estimated value as of June 30, 2023, of its 5.00% Series E Cumulative Redeemable Preferred Stock (the “Series E Preferred Stock”), $25.00 stated value per share, with the assistance of a third-party valuation service. In particular, the third-party valuation service reviewed the amount resulting from the consolidated total equity of the Company (as reflected on the Company’s Condensed Consolidated Balance Sheet within its Quarterly Report on Form 10-Q for the period ended June 30, 2023 (the “Form 10-Q”), which was prepared in accordance with U.S. generally accepted accounting principles), adjusted for the fair value of its long-term assets (i.e., its real estate holdings) and long-term liabilities (each as disclosed within the Form 10-K (to which this exhibit is attached) under “Non-GAAP Financial Information—Net Asset Value”), divided by the number of shares of the Company's Series E Preferred Stock outstanding. Based on this methodology and because the result from the calculation above is greater than the $25.00 per share stated value of the Company's Series E Preferred Stock, the Company has determined that the estimated value of its Series E Preferred Stock as of June 30, 2023, is $25.00 per share.