

GLADSTONE LAND Corp
Form 424B4
January 29, 2013
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Filed pursuant to Rule 424(b)(4)
Registration Statement No. 333-183965

3,333,334 Shares of Common Stock

We are an externally managed real estate company that owns strategically located agricultural farmland in the United States.

We are offering 3,333,334 shares of common stock. This is our initial public offering and, prior to this offering, there has been no public market for our shares. Our common stock has been approved for listing on The NASDAQ Global Market under the symbol LAND.

We are an emerging growth company under the federal securities laws. Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 21 to read about factors you should consider before buying shares of our common stock.

We intend to elect to be taxed and to operate as a real estate investment trust, or REIT, for U.S. federal income tax purposes commencing with our taxable year ending December 31, 2013 or December 31, 2014, subject to satisfying the REIT qualification requirements at such time.

Some risks of investing in our common stock include:

We currently own twelve farms, leased to six separate tenants. We are actively seeking and evaluating other farm properties to potentially purchase with the net proceeds we will receive from this offering, although we have not yet entered into binding agreements to acquire these properties, and there is no guarantee that we will be able to acquire any of them. As a result, investors will be unable to evaluate the manner in which the net proceeds are invested and the economic merits of projects prior to investment.

One tenant, Dole Food Company, or Dole, is responsible for approximately 72% of our current annualized GAAP straight-line rental revenue; if Dole fails to make rental payments or elects to terminate its leases with us, it would have a material adverse effect on our financial performance and our ability to make distributions to our stockholders.

We intend to use leverage through borrowings under mortgage loans on our properties, and potentially other indebtedness, which will result in risks, including restrictions on additional borrowings and payment of distributions.

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

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

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

We have not yet set an annual distribution rate, and in the event that the rate is set at, or reduced to, a rate that is not competitive with alternative investments, the market price of our common stock could be adversely impacted.

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Our cash available for distributions, including cash we generate from operations, may not be sufficient to pay distributions to stockholders. **Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

	Per Share	Total
Public Offering Price	\$ 15.00	\$ 50,000,010
Underwriting Discount ⁽¹⁾	\$ 1.05	\$ 3,500,001
Proceeds, before expenses, to us	\$ 13.95	\$ 46,500,009

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

We have granted the underwriters an option to purchase up to 500,000 additional shares of common stock from us at the initial public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments, if any.

The underwriters expect to deliver the shares of common stock on January 31, 2013.

Janney Montgomery Scott

JMP Securities

J.J.B. Hilliard, W.L. Lyons, LLC

Ladenburg Thalmann & Co. Inc.

Maxim Group LLC

National Securities Corporation

Sidoti & Company, LLC

Dominick & Dominick LLC

Boenning & Scattergood, Inc.

Southwest Securities

The date of this prospectus is January 28, 2013

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This summary highlights some information from this prospectus. It may not include all of the information that is important to you. To understand this offering fully, you should read the entire prospectus carefully, including the Risk Factors beginning on page 21. Unless the context suggests otherwise, when we use the term we or us or Company or Gladstone Land, we are referring to Gladstone Land Corporation and Gladstone Land Limited Partnership and their respective subsidiaries and not to our Adviser, Gladstone Management Corporation, or any of its other affiliated entities. When we use the term Adviser we are referring to our Adviser, Gladstone Management Corporation. Unless otherwise indicated, the information included in this prospectus assumes no exercise of the underwriters' over-allotment option. All information in this prospectus gives effect to a 27,500-for-1 stock split effective in September 2010.

Gladstone Land Corporation

We are an externally-managed real estate company formed to invest in farmland located in major agricultural markets throughout the United States. Our farmland is predominantly concentrated in locations where tenants are able to grow annual row crops such as berries, lettuce and melons, among others, which are planted and harvested annually or more frequently. We may also acquire property related to farming, such as storage facilities utilized for cooling crops, processing plants, packaging buildings and distribution centers. We currently own twelve farms, leased to six separate corporate and independent farmer tenants, in California and Florida. Additionally we own two cooler buildings and a facility utilized for storage and packing. Our objective is to maximize the long-term value of these assets.

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

Property Name	Location	Acquired	Lease Expirations	Crop Type	Cost Basis	Appraised Value	Farmable Acres	Total Acres	2012 Annualized GAAP Straight-line Rent ⁽¹⁾⁽²⁾
San Andreas	Watsonville, CA	1997	12/31/2014	Fruits & Vegetables	\$ 4,929,307 ⁽³⁾	\$ 9,730,000	237	306	\$ 431,655
West Gonzales	Oxnard, CA	1998	12/31/2013	Fruits & Vegetables	15,185,928 ⁽⁴⁾	45,500,000	501	653	2,181,507
West Beach Farms	Watsonville, CA	2011	10/31/2013	Fruits & Vegetables	8,472,073	8,490,000	195	198	423,602
Dalton Lane	Watsonville, CA	2011	11/1/2015	Fruits & Vegetables	2,808,000	2,840,000	70	72	144,076
Keysville Road Farms	Plant City, FL	2011	7/1/2016	Fruits & Vegetables	1,227,816	1,412,000	50	59	68,335
Colding Loop	Wimauma, FL	2012	6/14/2013	Fruits & Vegetables	3,400,836	3,550,000	181	219	141,274 ⁽²⁾
Trapnell Road Farms	Plant City, FL	2012	6/30/2017	Fruits & Vegetables	4,000,000	3,937,000	110	124	241,145
Total:					\$ 40,023,960	\$ 75,459,000	1,344	1,631	\$ 3,631,594

⁽¹⁾ For properties we have owned for less than 12 months other than Colding Loop Farm, the straight-line rent is annualized, based on the rent currently in effect, as we acquired these properties with leases in place with remaining terms of at least 12 months. The GAAP straight-line rent also includes the amortization of below-market lease intangibles.

⁽²⁾ The rental income reflected in the table for the Colding Loop Farm is the GAAP straight-line rent we will recognize over the life of the current lease, which is 10 months (which translates to \$166,000 on an annual basis).

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(3) Cost basis of \$4.9 million includes the acquisition price of \$4.4 million plus approximately \$0.5 million of subsequent improvements.

(4) Cost basis of \$15.2 million includes the acquisition price of \$9.9 million plus approximately \$5.3 million of subsequent improvements.

We intend to use the net proceeds from this offering primarily to purchase more farmland. In addition to acquiring properties with cash, we plan to acquire farmland in exchange for limited partnership units, or Units, of Gladstone Land Limited Partnership, which we refer to in this prospectus as our Operating Partnership, or a combination of cash and Units, thereby deferring some or all of the seller's potential taxable gain, which we believe will enhance our ability to consummate transactions and to structure more competitive acquisitions than other real estate companies in the market that may lack our access to capital and the ability to acquire farmland for Units. See Prospectus Summary Our Structure. We intend to lease our farm properties to corporate and independent farmers that sell through national corporate marketers-distributors.

We expect that most of our future tenants will continue to be medium-sized independent farming operations or large corporate farming operations that are unrelated to us. We intend to lease our properties under triple-net leases, an arrangement under which the tenant maintains the property while paying us rent. Under a triple-net lease, the tenant is also responsible for paying taxes and insurance payments directly. We are actively seeking and evaluating farm properties to potentially purchase with the net proceeds we will receive from this offering, although we have not yet entered into binding agreements to acquire these properties, and there is no guarantee that we will be able to acquire any of them. We may also elect to sell farmland at such times as the land could be developed by others for urban or suburban uses. To a lesser extent, we may provide senior secured first lien mortgages to farmers for the purchase of farmland and properties related to farming, although we expect that no more than 5% of the net proceeds of this offering would be used for this purpose.

We may also acquire properties related to farming, such as storage facilities utilized for cooling crops, known as coolers, as well as processing plants, packing buildings and distribution centers. As part of our existing farming properties, we currently own two cooler buildings and a facility utilized for storage and assembling boxes, known as a box barn.

We were incorporated in 1997. Prior to 2004, we engaged in the owning and leasing of farmland, as well as an agricultural operating business whereby we engaged in the farming, contract growing, packaging, marketing and distribution of fresh berries, including commission selling and contract cooling services to independent berry growers. In 2004 we sold our agricultural operating business to Dole Food Company, or Dole. Since 2004, our operations have consisted solely of leasing our farms, of which five are located in or near Watsonville, California, one is near Oxnard, California, five are near Plant City, Florida and one is near Wimauma, Florida. We also lease a small parcel on our Oxnard farm to an oil company. We do not currently intend to enter the business of growing, packing or marketing farmed products. However, if we do so in the future we expect that it would be through a taxable REIT subsidiary.

Gladstone Management Corporation, a registered investment adviser owned and controlled by our chief executive officer and controlling stockholder, David Gladstone, serves as our Adviser and manages our real estate portfolio.

We intend to elect to be taxed as a real estate investment trust, or REIT, under federal tax laws beginning with our taxable year ending December 31, 2013 or December 31, 2014.

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Our Objectives and Our Strategy

Our principal business objective is to maximize stockholder returns through a combination of (1) monthly cash distributions to our stockholders, (2) sustainable long-term growth in cash flows from increased rents, which we hope to pass on to stockholders in the form of increased distributions, and (3) potential long-term appreciation in the value of our real estate farm properties for capital gains upon future sale. Our primary strategy to achieve our business objective is to invest in and own a diversified portfolio of net leased farmland and lend a small amount (not to exceed 5.0% of the proceeds of this offering) for mortgages on farmland and properties related to farming operations. This strategy includes the following components:

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

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

Expanding Our Operations Beyond California and Florida. While our properties are currently located exclusively in California and Florida, we expect that we will acquire properties in other farming locations. We believe the Southeast and Mid-Atlantic parts of the United States, such as Georgia, North Carolina and New Jersey, offer attractive locations for expansion. We also expect to seek farmland acquisitions in the Midwest and may expand into other areas in the United States.

Using Leverage. To make more investments than would otherwise be possible, we intend to borrow through loans secured by long-term mortgages on our properties, and we may also borrow funds on a short-term basis or incur other indebtedness. While our governing documents do not restrict our borrowing, our Board of Directors currently intends to limit our debt-to-equity ratio to a maximum of 2-to-1.

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

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

Our Opportunity

Land Acquisitions

The United States Department of Agriculture, or USDA, estimates that in 2007 there were approximately 2.2 million farms on 922.1 million acres of land in the United States. This farmland includes land dedicated to any form of farming, including crop production. Out of this total, there were 1.7 million farms dedicated to producing crops, or cropland, on 406.4 million acres of land, resulting in an average of approximately 241 acres per farm.

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The USDA's 2007 Census of Agriculture estimates the total annual market value of crops harvested in the United States at \$143.7 billion. According to the National Council of Real Estate Investment Fiduciaries, or NCREIF, Farmland Index, \$2.9 billion in domestic U.S. farm properties have yielded average annualized returns of 15.4% between 2002 and 2011, compared to average annual returns of the NAREIT All REIT Index of 12.4% and average annual returns of the S&P 500 Index of 4.9% during this period. Between 2002 and 2011, the NAREIT All REIT Index had two years with negative returns in 2007 and 2008 of (17.8)% and (37.3)%, respectively, while the NCREIF Farmland Index had no years with negative returns during the same period. Furthermore, the USDA estimates that the value per acre of U.S. cropland has increased by 90.6% between 2002 and 2011. The NCREIF Farmland Index is a composite return measure of investment performance, consisting of income and appreciation, determined on a non-leveraged basis, of a pool of approximately 490 individual agricultural properties as of December 31, 2011. The index measures performance of actual properties, rather than performance of companies that invest in farmland, and each of the properties that we owned as of September 30, 2012 is included in the index.

The income component of the NCREIF Farmland Index reflects revenue from farmland net of all operating expenses. Because the index is comprised of both properties that are leased to the third parties and that are farmed by the owner, the nature of these operating expenses varies across the properties that comprise the index. However, these operating expenses generally include taxes, property management, insurance and, in the case of farmland that is farmed by the owner, the costs of growing. As an externally managed real estate company that leases farmland on a triple net basis, the operating expenses that we incur under our advisory and administration agreements, including the potential payment of incentive fees to our Adviser, are different from the operating expenses borne by the properties in the NCREIF Farmland Index. Additionally, because the index measures performance of farmland properties, rather than an investment in securities of companies that own farmland, it does not reflect the impact of the farmowner's capital structure, including the effects of leverage. Unlike a direct unleveraged investment in farmland, an investment in our common stock will expose you to the effects and risks of leverage. Because of the differences between an investment in our common stock and an investment in the properties that comprise the NCREIF Farmland Index, there is no guarantee that your returns from an investment in our common stock will track the performance of the index, and you should consider our historical operating results when deciding to make an investment in our common stock. See Summary Consolidated Financial Data.

The NAREIT All REIT Index measures the performance of more than 150 publicly traded REITs in the United States, none of which focus exclusively on farmland and farming related assets and the S&P 500 Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. Of the foregoing indices, upon consummation of this offering and election of REIT status, we will be similar in corporate structure, capitalization and regulatory compliance requirements to companies in the NAREIT All REIT Index. However, since we focus on farmland and farming related property, such as coolers processing plants, packing buildings and distributions centers, we expect that our assets will be more closely representative of those assets that comprise the NCREIF Farmland Index.

Crops can be divided into two sub-categories, annual row crops and permanent crops. Annual row crops, such as strawberries, lettuce, melons, corn, wheat and others, are planted and harvested annually, or more frequently. Permanent crops, such as oranges, almonds and grapes, have plant structures such as trees or vines that produce crops annually without being replanted. Annual row crops can be further divided into commodity crops and fresh produce crops. We intend to acquire and lease farmland for the primary purpose of leasing it to farmers that are harvesting annual row crops with an emphasis on fresh produce. We will place less emphasis on permanent crop and commodity crop farms. As compared to permanent crops, we believe that annual row crops are less expensive to replace and are less susceptible to disease and poor weather. Additionally, as compared to annual commodity crops, we believe that annual fresh produce crops have plants that are less dependent on weather, foreign markets and government subsidies. Members of our management team have experience in

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farming and leasing land that could be used for strawberries, raspberries, tomatoes, beans, peppers, lettuce, radicchio, garlic, melons and other annual fresh produce row crops. We believe that this strategy will provide us with an opportunity to lease our land holdings to a wide variety of different farmers from year to year and avoid the risk of owning land dedicated to a single crop, as occurs in permanent crop farmland, and avoid risks related to foreign markets and government subsidies that are more prevalent when growing commodity crops.

We intend to lease our properties to corporate and independent farmers with sufficient experience and capital to operate the farms without our financial or operating assistance. We do not currently have resources to farm the land we own or will buy but will seek to acquire farms with tenants who desire to continue farming the land after our acquisition of the property. We will seek to acquire cropland in multiple locations in the United States, including California, Florida, the Southeast, the Mid-Atlantic and the Midwest, in order to provide diversification with respect to climate conditions, growing seasons and water sources.

Agricultural real estate for farming has certain features that distinguish it from other rental real estate. First, because almost all of the property consists of land, there is generally not a significant concern about risks associated with fires or other natural disasters that may damage the property, although agricultural real estate is generally more susceptible to adverse weather conditions and crop disease. Second, we believe farmland has historically maintained relatively low vacancy rates when compared to other types of rental real estate, and we believe that it is rare for good farmland not to be leased and farmed every year. As a result, we believe there is a relatively low risk of being unable to lease our properties. Based on our own informal survey of real estate agents, a low percentage of the farmland in the areas in which we have purchased and intend to purchase property has remained un-rented during the past ten years. Third, most farmland in the areas in which we own land and intend to buy land is leased under short-term leases, and we plan to lease our property under short-term leases. By entering into short-term leases, we believe we will be in a position to increase our rental rates when the leases are renewed. Fourth, farmland generally does not require significant ongoing capital expenditures. Fifth, over time, the supply of U.S. farmland is shrinking while the supply of other commercial and residential real estate is increasing as farmland is converted into urban and suburban uses.

We also believe that much of the real estate we are seeking to acquire will be owned by families and farming businesses. According to the USDA, as of 2007, approximately 86% of farms in the United States were owned by families. Some of these farmers may wish to simultaneously sell their land to us and then lease their property back and continue their agricultural businesses under short-term net leases. Sellers in these sale-leaseback transactions can then use the proceeds to repay existing indebtedness, for growth of their farming operations, for retirement or in other business endeavors. Real estate that we acquire but do not simultaneously lease back to the seller may instead be leased to other independent or corporate farmers. While we expect to receive stable and potentially increasing rents from leasing land for these farming operations for many years, we believe that we may be able to sell this land at appreciated valuations in the future if these properties are sought to be developed for urban or suburban uses.

We believe that, as an investment, U.S. farmland has performed extremely well in recent years compared to other asset classes and has provided investors with a safe haven during the recent turbulence in the financial markets. In general, the farming sector has historically maintained low debt levels and, as a result, farm values and income have not experienced the extreme volatility seen in recent years in other asset classes.

We believe that farmland possesses the following attributes that may appeal to long-term investors:

Inflation Protection. Population increases drive up food prices and therefore the price of all agricultural commodities. As a result, the value of land that produces agricultural commodities has increased in the past and, we believe should increase in the future, in correlation with inflation.

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Diversification. Farmland provides investors with another asset class to increase portfolio diversification. Historically, farmland values have not been significantly impacted by fluctuations in the stock and bond markets.

Predictable Income. Farmland has historically experienced minimal vacancies and limited capital expense requirements, which results in relatively stable and predictable operating income.

Capital Appreciation. The amount of farmland in the U.S. is declining as farmland is converted to urban or suburban uses. As the number of farmable acres decreases, the remaining farmland becomes more valuable and rents can be increased.

These features increase our confidence in evaluating prospective individual farm acquisitions, including projecting rental income that may be generated from specific properties.

Mortgage Loans

We also may use up to 5.0% of the net proceeds of this offering to make senior secured first lien mortgage loans to farmers for the purchase of farmland and properties related to farming that we would like to own. We believe that we can offer more favorable terms than the traditional farmland lenders against whom we expect to compete.

Our Current Properties

The appraised value of the farmland properties we currently own is approximately \$75.5 million. The properties comprise an aggregate of 1,631 acres of farmland in California and Florida, of which approximately 1,344 acres are farmable.

We acquired 306 acres of farmland near Watsonville, California, or the San Andreas Farm, in 1997, for a purchase price of approximately \$4.4 million. As of August 2012, this property was independently appraised at \$9.7 million. We currently lease this farm to Dole on a net lease basis under a lease that expires on December 31, 2014. We have in place a credit facility that is secured by a mortgage on this property. The credit facility currently has \$0.4 million outstanding.

We acquired 653 acres of farmland near Oxnard, California, or the West Gonzales Farm, in 1998, for a purchase price of approximately \$9.9 million. As of August 2012, this property was independently appraised at \$45.5 million. We currently lease this farm, including a cooler facility, a box barn, and other buildings, to Dole on a net lease basis under a lease that expires on December 31, 2013.

We acquired three farms totaling 198 acres of farmland near Watsonville, California, which we collectively refer to in this prospectus as the West Beach Farms, in January 2011, for an aggregate purchase price of approximately \$8.5 million. As of April 2012, these properties were independently appraised at an aggregate value of \$8.5 million. We currently lease these three farms to two independent farmers on a net lease basis under a lease that expires on October 31, 2013.

We acquired 72 acres of farmland near Watsonville, California, or the Dalton Lane Farm, in July 2011, for a purchase price of approximately \$2.8 million. As of June 2011, this property was independently appraised at \$2.8 million. We currently lease this farm to a corporate farmer on a net lease basis under a lease that expires on November 1, 2015.

We acquired two farms totaling 59 acres near Plant City, Florida, which we collectively refer to in this prospectus as the Keysville Road Farms, in October 2011 for a purchase price of approximately \$1.2 million. As

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of August 2011, these properties were independently appraised at an aggregate value of \$1.4 million. We currently lease these two farms to an independent farmer on a net lease basis under a lease that expires on July 1, 2016.

We acquired 219 acres of farmland near Wimauma, Florida, or the Colding Loop Farm, in August 2012, for a purchase price of approximately \$3.4 million. As of August 2012, this property was independently appraised at \$3.6 million. We currently lease this farm to a corporate farmer on a triple-net lease basis under a lease that expires on June 14, 2013.

We acquired three farms totaling 124 acres near Plant City, Florida, which we collectively refer to in this prospectus as the Trapnell Road Farms, in September 2012 for an aggregate purchase price of approximately \$4.0 million. As of September 2012, these properties were independently appraised at an aggregate value of \$3.9 million. We currently lease these three farms to a corporate farmer on a triple-net lease basis under a lease that expires on June 30, 2017.

Farmland leases typically range from 2 to 5 years in length. Our tenants spend considerable time and capital to maintain these properties and therefore typically have an incentive to renew their leases prior to the lease expiration. We have a track record of renewing and extending leases. In 2011, we extended the lease on the San Andreas Farm for 4 years and the lease on the West Beach Farms for 2 years, and in 2012 we extended the Dalton Lane Farm lease for 3 years. We offer our tenants renewal terms that we believe are in line with market rents, and as a result, to date, we have not had a tenant vacate any of our properties. If a tenant chooses not to renew a lease in the future, we expect that we would be able to locate a replacement farming tenant quickly.

Risk Factors

You should carefully consider the matters discussed in the Risk Factors section of this prospectus beginning on page 21 prior to deciding to invest in our common stock. Some of the risks include:

We currently own twelve farms, leased to six separate tenants. We are actively seeking and evaluating other farm properties to potentially purchase with the net proceeds we will receive from this offering, although we have not yet entered into binding agreements to acquire these properties, and there is no guarantee that we will be able to acquire any of them. As a result, investors will be unable to evaluate the manner in which the net proceeds are invested and the economic merits of projects prior to investment.

One tenant, Dole Food Company, or Dole, is responsible for approximately 72% of our current annualized GAAP straight-line rental revenue; if Dole fails to make rental payments or elects to terminate its leases with us, it would have a material adverse effect on our financial performance and our ability to make distributions to our stockholders.

We intend to use leverage through borrowings under mortgage loans on our properties, and potentially other indebtedness, which will result in risks, including restrictions on additional borrowings and payment of distributions.

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

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

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

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We have not yet set an annual distribution rate, and in the event that the rate is set at, or reduced to, a rate that is not competitive with alternative investments, the market price or our common stock could be adversely impacted.

Our cash available for distributions, including cash we generate from operations, may not be sufficient to pay distributions to stockholders.

We cannot guarantee when, or if, our properties will ever be converted to urban or suburban uses because our expectations regarding local urban or suburban development may prove to be incorrect or we may be unsuccessful in having our farmland rezoned for such uses. If we are unable to sell our agricultural real estate for urban or suburban development, it could limit the potential long-term appreciation of our properties.

Our Structure

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

We currently intend to elect to be taxed as a REIT for federal income tax purposes commencing with our taxable year ending December 31, 2013 or December 31, 2014. Because we must distribute our non-REIT earnings and profits by December 31 of the year for which we first elect REIT status, it is possible that our monthly distributions may not be sufficient to eliminate our non-REIT earnings and profits by December 31, 2013, in which case we would likely not elect to be taxed as a REIT until the taxable year ending December 31, 2014. In the event that our monthly distributions are insufficient to result in the distribution of our accumulated earnings and profits prior to the end of 2014, we would make a special distribution of such undistributed non-REIT earnings and profits prior to the end of that year.

As long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax if we distribute at least 90% of our taxable income to our stockholders. We currently own one entity, Gladstone Land Advisers, Inc., which we intend will make an election to be taxed as a taxable REIT subsidiary, or TRS, upon our election to be taxed as a REIT, that we may utilize to own or manage our assets and to engage in other activities when we deem it necessary or advisable. The taxable income generated by any TRS would be subject to regular corporate income tax.

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The following diagram depicts our organization structure upon completion of this offering.

Our Adviser

Gladstone Management Corporation, a Delaware corporation and a registered investment adviser, serves as our external management company, and we refer to it in this prospectus as our Adviser. Our Adviser is responsible for managing our real estate and loan portfolio on a day-to-day basis and for identifying properties and loans that it believes meet our investment criteria. Our Adviser does not directly acquire or lease real estate other than for its own use. Our Adviser does not and will not make loans to or investments in any company with which we have or intend to enter into a lease, and we will not co-invest with our Adviser in any real estate transaction. Our Adviser is a registered investment adviser with the United States Securities and Exchange Commission, or SEC, under the Investment Advisers Act of 1940, as amended.

Each of our executive officers other than Danielle Jones, our chief financial officer and treasurer, is also an officer of our Adviser and of Gladstone Administration, LLC, which we refer to in this prospectus as our Administrator. Each of our officers has significant experience in making investments in and lending to businesses of all sizes, including investing in real estate and making mortgage loans. Including our officers, our Adviser and Administrator collectively employ over 50 professionals that are involved in structuring, arranging and managing investments on behalf of companies advised by our Adviser. Our Adviser plans to hire additional investing professionals following this offering. We also rely on outside professionals with agricultural experience that perform due diligence on the properties that we intend to acquire and lease. We are responsible for paying any fees charged by these outside professionals. Under the terms of an Amended Advisory Agreement with our Adviser that we will enter into upon completion of this offering, we will pay an annual base management fee during 2013 equal to 1.0% of our total stockholders' equity, less the recorded value of any preferred stock we

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may issue and any uninvested cash proceeds of this offering, which we refer to in this prospectus as our adjusted stockholders' equity. Beginning in 2014, the annual base management fee will increase to 2.0% of our adjusted stockholders' equity and our adjusted stockholders' equity will no longer exclude the uninvested cash proceeds of this offering. We will also pay our Adviser an additional incentive fee based on funds from operations, or FFO. FFO is an operating measure for equity REITs that we define as net income, excluding gains and losses from sales of property, plus depreciation and amortization of real estate assets. For purposes of calculating the incentive fee, FFO is determined before giving effect to any incentive fee and includes any realized capital gains or losses on our investments, less any dividends we may pay on any preferred stock we may issue. However, FFO does not include any unrealized capital gains or unrealized losses on our investments. We refer to this measure as our pre-incentive fee FFO.

The incentive fee will reward our Adviser if our pre-incentive fee FFO for a particular calendar quarter, exceeds a hurdle rate of 1.75% of our adjusted stockholders' equity. Our Adviser will receive 100% of the amount of the pre-incentive fee FFO that exceeds the hurdle rate but is less than 2.1875% of our adjusted stockholders' equity for the quarter. Our Adviser will also receive an incentive fee of 20% of the amount of our pre-incentive fee FFO that exceeds 2.1875% of our adjusted stockholders' equity for the quarter.

We will not pay acquisition fees to our Adviser when we acquire real estate, and we will not pay fees to our Adviser when we lease properties to tenants or when we sell real estate. Under this proposed compensation structure, we believe our Adviser will be incentivized to generate stable and consistent FFO to pay our monthly dividends and its incentive fee.

We also have entered into a trademark agreement with the parent company of our Adviser. This trademark agreement permits us to use the diamond-shaped "G" and Gladstone logo for a nominal annual fee.

Our Administrator

We will enter into an amended Administration Agreement with our Administrator upon the completion of this offering. Under this agreement, we will pay separately for our allocable portion of