



GLADSTONE LAND

Gladstone Land Reports on China's Plan to Buy More U.S. Grains and Offers Additional Information on its External Structure

October 14, 2019

MCLEAN, Va., Oct. 14, 2019 (GLOBE NEWSWIRE) -- Gladstone Land Corporation (Nasdaq: LAND) ("Gladstone Land" or the "Fund") reflects on recent reports of China's plan to buy more grains and clarifies certain aspects of its external fee structure.

The president of the United States announced on Friday that China has agreed to buy "\$40 to \$50 billion worth of agricultural products" from U.S. farmers. This new agreement is expected to include provisions for certain grains, such as soybeans, corn, and wheat, in addition to other agricultural products.

David Gladstone, President and CEO of Gladstone Land, noted: "We are hopeful that this forthcoming new agreement will make the Midwest growers stronger. While we do not expect China to pay more than market price for these agricultural products, having a large buyer in the U.S. market should lift the sales of many of the crops grown by Midwest farmers and perhaps bring better profitability to the region as a whole. Prior to China moving away from buying U.S. grains, the main problem was an oversupply of grains grown around the world, causing prices to be depressed. Gladstone Land owns over \$835 million of farmland; however, less than 5% of our revenues are derived from farms growing these grain crops. This new agreement with China may provide the buying power to allow grain farmers to become profitable enough so that we can explore acquiring additional farmland in the Midwest. However, right now, we are in a wait-and-see position until we can better understand the impact of this new agreement. Many of the farms we own in the Midwest grow organic potatoes, edible beans, and a few other non-grain crops."

Gladstone Land also offered additional information on the structure of the fees it pays to Gladstone Management Corporation (its "Adviser") and Gladstone Administration, LLC (its "Administrator").

"Another subject we want to offer our shareholders additional information on is related to the fees paid to our external Adviser and Administrator, which manage and operate the Fund. To date, the year ending December 31, 2019, has been a stellar period for us, and it is likely to be our best year ever in terms of growth. As a result, we have added certain personnel to manage the Fund's growing portfolio of farmland and to help the Fund continue to grow. We currently own over 100 farms worth over \$835 million. The Adviser is not paid based on the amount of assets owned by the Fund; rather, a base management fee is calculated only on the net book value of the Fund's common equity, which base excludes all preferred equity. Frankly, the amount of the base management fee historically paid by the Fund to its Adviser has not been enough to cover all of the costs required to manage all of the Fund's farms. Not only do the employees of the Adviser identify new farms to buy, conduct due diligence on them, and negotiate their acquisitions, but they are also responsible for the management and oversight of the farms subsequent to their acquisition. Such responsibilities include negotiating lease renewals, overseeing capital improvements, such as drilling new wells, and regular site visits to ensure that the farms are being managed and maintained in an acceptable manner. In addition to covering the salaries of these employees, the base management fee paid to the Adviser is also used for certain of the Adviser's overhead costs incurred in connection with four satellite offices, as well as the Fund's headquarters, such as office rent, information technology services, software license expenses, and various other office expenses. For the 12 months ended June 30, 2019, the Adviser incurred a loss of approximately \$630,000 in its market segment of operating this Fund, with this loss being covered by the Adviser.

"The Administrative fee paid by the Fund covers the salaries of certain administrative personnel, as well as their portion of the same overhead costs noted above. These personnel include a full accounting team (including a CFO) solely dedicated to the Fund, and certain shared personnel, including in-house attorneys, valuation and compliance officers, and their respective staffs. The Administrator does not earn a profit on the administrative fee paid by the Fund, which is by design.

"It is important to note that the Adviser has always rebated the full portion of the base management fee that was attributable to the preferred stock back to the Fund. Further, as a result of an amendment to the agreement with the Adviser entered into in July 2019, the fee paid to the Adviser will no longer include any preferred stock in the calculation. In addition, the Adviser has also frequently credited all or a portion of other fees, including the incentive fee and the capital gains fee, back to the Fund for the benefit of the Fund's common shareholders. Management of Gladstone Land currently owns over 15% of its common stock and continues to be committed to its common shareholders.

"Every year, the board of Gladstone Land reviews the agreement with its Adviser and the compensation of its management and compares these figures to a compensation survey published by the National Association of Real Estate Investment Trusts, as well as a public peer set. During the 12 months ended June 30, 2019, the aggregate fees paid by the Fund to its Adviser and Administrator to operate and manage the Fund equated to less than 0.4% of the total value of the Fund's assets. Given the performance of the Fund, and when compared to published compensation surveys and other peers, management believes these fee amounts to be fair and reasonable."

About Gladstone Land Corporation:

Gladstone Land is a publicly traded real estate investment trust that owns farmland and farm-related properties located in major agricultural markets across the U.S. and leases its properties to unrelated third-party farmers. The Company reports the fair value of its farms quarterly based on values from independent farmland appraisers. The Company currently owns approximately 85,000 acres in 10 different states, valued at approximately \$836 million. The farms are predominantly located in regions where its tenants are able to grow fresh produce annual row crops, such as berries and vegetables, which are generally planted and harvested annually. The Company also owns farms growing permanent crops, such as almonds, apples, figs, olives, pistachios, and other orchards, as well as groves of blueberries and vineyards, which are generally planted every 10 to 20-plus years and

harvested annually. The Company may also acquire facilities related to farming, such as cooling facilities, processing buildings, packaging facilities, and distribution centers. The Company pays monthly distributions to stockholders and has paid 80 consecutive monthly cash distributions on its common stock since its initial public offering in January 2013. The Company has increased its common stock distributions 16 times over the prior 57 months, and the current per-share distribution on its common stock is \$0.0446 per month, or \$0.5352 per year. Additional information, including detailed information about each of the Company's farms, can be found at www.GladstoneFarms.com.

Owners or brokers who have farmland or farm-related facilities for sale in the U.S. should contact:

- Eastern U.S. – Bill Frisbie at (703) 287-5839 or bill.f@gladstoneland.com
- Midwest U.S. – Bill Hughes at (618) 606-2887 or bill.h@gladstoneland.com
- Western U.S. – Bill Reiman at (805) 263-4778 or bill.r@gladstoneland.com, or Tony Marci at (831) 225-0883 or tony.m@gladstoneland.com

Lenders who are interested in providing the Company with long-term financing on farmland should contact Jay Beckhorn at (703) 587-5823 or Jay.Beckhorn@GladstoneCompanies.com.

For stockholder information on Gladstone Land, call (703) 287-5893. For Investor Relations inquiries related to any of the monthly dividend-paying Gladstone funds, please visit www.GladstoneCompanies.com.

All statements contained in this press release, 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. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates" and variations of the foregoing words and similar expressions are intended to identify forward-looking statements. Readers should not rely upon forward-looking statements because the matters they describe are subject to known and unknown risks and uncertainties that could cause the Company's business, financial condition, liquidity, results of operations, funds from operations or prospects to differ materially from those expressed in or implied by such statements. Such risks and uncertainties are disclosed under the caption "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the "Form 10-K"), as filed with the SEC on February 26, 2019, and certain other documents filed with the SEC from time to time. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

For a definition of net asset value and a reconciliation to the most directly comparable GAAP measure, please see the Company's Form 10-K.

SOURCE: Gladstone Land Corporation

For further information: Gladstone Land, 703-287-5893



Source: Gladstone Land Corporation