

# Gladstone Land Provides Business Update

**MCLEAN, VA / ACCESSWIRE / June 13, 2022** /Gladstone Land Corporation (NASDAQ:LAND) ("Gladstone Land" or the "Company") announced that, in light of the recent price volatility of its common stock (largely following the overall market), it is providing the following business updates to its shareholders:

**Inflation Hedge:** With inflation continuing at the highest rates seen in over four decades, farmland, as an overall asset class, continues to act as a strong hedge against inflation. According to the U.S. Bureau of Labor Statistics, CPI grew at an annual rate of 8.6% through May 2022. However, food prices have continued to outpace the rate of inflation, with the overall food segment increasing by 10.1% over that same period, and the food at home segment (which encompasses the majority of the crops grown on Gladstone Land's farms) growing by 11.9%. In addition, according to the NCREIF Farmland Index, which, as of March 31, 2022, consisted of 1,284 farms worth approximately \$14.4 billion across the U.S., the total return on U.S. farmland (including appreciation and income) was 9.7% for the 12 months ended March 31, 2022 (results released quarterly). Farmland has historically performed well in both inflationary times (as well as in recessionary times), and the Company's management expects these trends to continue in light of the current inflationary environment.

**Western Drought:** California (and the Western U.S. in general) continues to struggle with a multi-year drought, as snowpack levels, year-to-date precipitation, and reservoir levels are all below historical averages at most locations throughout the state. These drought conditions are driving farms with poor overall water availability, particularly those with only one source of water, to decrease in value, while farms with more secure water resources continue to increase in value. During the quarter ended March 31, 2022, 23 of the Company's farms in California were revalued via third-party appraisals. Overall, these farms increased in value by approximately \$13.0 million, or 5.4%, over their prior valuations from about a year ago. Management attributes this to the diligence process followed by our deal team in identifying prime farmland with strong (and in most cases, multiple) sources of water.

**Increased Input Costs:** Certain input costs, particularly fertilizer and transportation costs, have surged over the past year. However, market situations like the current one, with food prices also rising faster than inflation, help to mitigate the impact of these rising costs. Further, many larger farmers, especially the types of tenants we generally lease to, had already locked in fertilizer and diesel prices at the start of the year. As of today, management is not aware of any significant impact to the Company's tenants, and none of them have reported reducing acreage as a result of rising input costs.

**Almond Exports:** According to the Almond Board of California, California produces approximately 80% of the world's conventional almonds (including 100% of the U.S. commercial supply), with approximately 65% of the crop exported to more than 90 countries worldwide. Recently, shipping issues at various ports on the west coast had led to a large portion of the 2021 crop remaining in storage until they could be shipped overseas. However, thanks in large part to persistent advocacy campaigns by the Almond Alliance of

California, relief to the volume build-up is now underway, as containers and equipment to ship almonds overseas have again been made available. While this relief comes just in time for the upcoming crop to be harvested, a significant volume build-up of the 2021 crop remains. As such, pricing of almonds is expected to remain soft through at least the beginning of summer.

**ESG Initiatives:** Gladstone Land announced the following regarding certain sustainability initiatives it has recently taken or is currently undertaking:

- The Company currently has solar arrays on 12 of its farms in California, which generate electricity to power the operations on the farms, and windmills on 6 of its farms in Colorado, which power certain wells.
- The Company is close to finalizing an agreement to add up to 60 wind turbines, 1,600 acres of solar panels, and additional infrastructure as part of a renewable energy agreement on 16,500 acres. The Company is in negotiations to potentially install additional wind turbines and solar panels on certain other farms, as well.
- The Company owns a 3,586-acre "water farm" in Florida that is part of a state-funded project to divert nutrient-rich tributary water that can cause damaging algae blooms in coastal ecosystems.
- Many of the Company's farms (including a majority of its farms in California) are enrolled in various conservation programs.

Management intends to release a report noting further ESG initiatives in the near future.

**Lease Renewals and Upcoming Expirations:** Since May 10, 2022, the Company has renewed the lease on one of its farms in Colorado, which is expected to result in an increase in annual net operating income (inclusive of participation rents received under the prior lease) of approximately \$149,000, or 48.3%. The Company only has one lease expiring over the next six months, which makes up less than 0.5% of its total annual lease revenues. Management currently expects the renewal of this lease to be flat-to-slightly-higher relative to the current lease.

**Current Debt and Increases in Interest Rates:** The Company currently has approximately \$665.7 million of total debt outstanding (excluding mandatorily redeemable term preferred stock). Over 99.8% of these borrowings are at fixed rates, and on a weighted-average basis, the interest rate on these borrowings is fixed at just 3.25% for the next 5.3 years. As such, management believes its current debt situation is well-protected against continued interest rate increases, as is currently expected.

**Participation Rents:** The Company recorded approximately \$5.2 million of additional revenue from participation rents during fiscal year 2021, as compared to approximately \$2.4 million in each of 2020 and 2019. Management is currently expecting another strong year of participation rents, as the Company has several additional farms with participation rent components becoming active for the first time during 2022. However, the Company is still awaiting final numbers for crop pricing and yields on most of these farms and looks forward to releasing these results during the second half of the year.

**Acquisition Outlook:** The Company currently has three prospective farmland acquisitions under signed purchase and sale agreements for a total of approximately \$85 million that it hopes to complete over the next few months. From 2019 through 2021, the Company

acquired over \$806 million of new farms, with approximately 79% of these being completed during the last seven months of each fiscal year. Following a similar fashion, management expects acquisition activity to pick up during the second half of the year.

**Comments from David Gladstone:** "Despite the decrease in the price of our common stock from all-time highs a couple of months ago, we believe our operations remain sound. We delivered very strong operating results for the first quarter of the year, as our AFFO per common share of 18.5 cents provided ample coverage of our dividend of 13.6 cents and was actually the third highest AFFO-per-share figure achieved during any quarter since our inception. We will continue to monitor the drought situation in the west, but at this time, we believe all of our farms have sufficient water to complete the current and next year's crop cycle."

### **About Gladstone Land Corporation:**

Founded in 1997, Gladstone Land is a publicly traded real estate investment trust that acquires and owns farmland and farm-related properties located in major agricultural markets in the U.S. and leases its properties to unrelated third-party farmers. The company, which reports the aggregate fair value of its farmland holdings on a quarterly basis, currently owns 164 farms, comprised of approximately 113,000 acres in 15 different states and 45,000 acre-feet of banked water in California, valued at a total of approximately \$1.5 billion. Gladstone Land's 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, cherries, figs, lemons, olives, pistachios, and other orchards, as well as blueberry groves and vineyards, which are generally planted every 10 to 20-plus years and harvested annually. Approximately 40% of the company's fresh produce acreage is either organic or in transition to become organic, and over 10% of its permanent crop acreage falls into this category. The company may also acquire property related to farming, such as cooling facilities, processing buildings, packaging facilities, and distribution centers. Gladstone Land pays monthly distributions to its stockholders and has paid 112 consecutive monthly cash distributions on its common stock since its initial public offering in January 2013. The company has increased its common distributions 26 times over the prior 29 quarters, and the current per-share distribution on its common stock is \$0.0454 per month, or \$0.5448 per year. Additional information, including detailed information about each of the company's farms, can be found at [www.GladstoneLand.com](http://www.GladstoneLand.com).

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

- Western U.S. - Bill Reiman at (805) 263-4778 or [bill.r@GladstoneLand.com](mailto:bill.r@GladstoneLand.com), or Tony Marci at (831) 225-0883 or [tony.m@GladstoneLand.com](mailto:tony.m@GladstoneLand.com)
- Eastern and Central U.S. - Bill Frisbie at (703) 287-5839 or [bill.f@GladstoneLand.com](mailto:bill.f@GladstoneLand.com), or Joey Van Wingerden at (703) 287-5914 or [joe.v@GladstoneLand.com](mailto:joe.v@GladstoneLand.com)

Lenders who are interested in providing Gladstone Land with long-term financing on farmland should contact Jay Beckhorn at (703) 587-5823 or [jay.beckhorn@GladstoneCompanies.com](mailto: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](http://www.GladstoneCompanies.com).

**CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:**

*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 Gladstone Land'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, 2021 (the "Form 10-K"), as filed with the SEC on February 22, 2022, and certain other documents filed with the SEC from time to time. Gladstone Land 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.*

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

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