

Pistachios: A Crop for the Future



From favorable supply and demand dynamics to the ability to withstand extreme drought and hotter temperatures, pistachio farming is uniquely suited to our changing world.



In this report, we explore the benefits of farmland as a portfolio diversifier with growth potential before highlighting the reasons why investors should pay special attention to properties that include pistachio orchards.

The Case for Farmland

Investment in farmland offers the opportunity to participate in what have historically been stable returns as shown in the table below. In fact, the NCREIF Farmland Index experienced its first quarter of negative returns (-0.10%) in nearly 20 years in the first quarter of 2020, with positive returns since then through fourth quarter 2022.¹

Farmland Outperformance vs. Other Asset Classes² 1992 - 2022

	FARMLAND RETURNS HAVE OUTPERFORMED SEVERAL ASSETS (1992 - 2022)	WITH MUCH LOWER VOLATILITY IN RETURNS	RESULTING IN A SUPERIOR SHARPE RATIO
U.S. Farmland	10.71%	6.64%	1.22
U.S. Stocks	9.58%	17.80%	0.39
U.S. Bonds	4.64%	5.60%	0.36
U.S. Real Estate	8.39%	7.62%	0.76
U.S. REITs	9.43%	19.32%	0.45

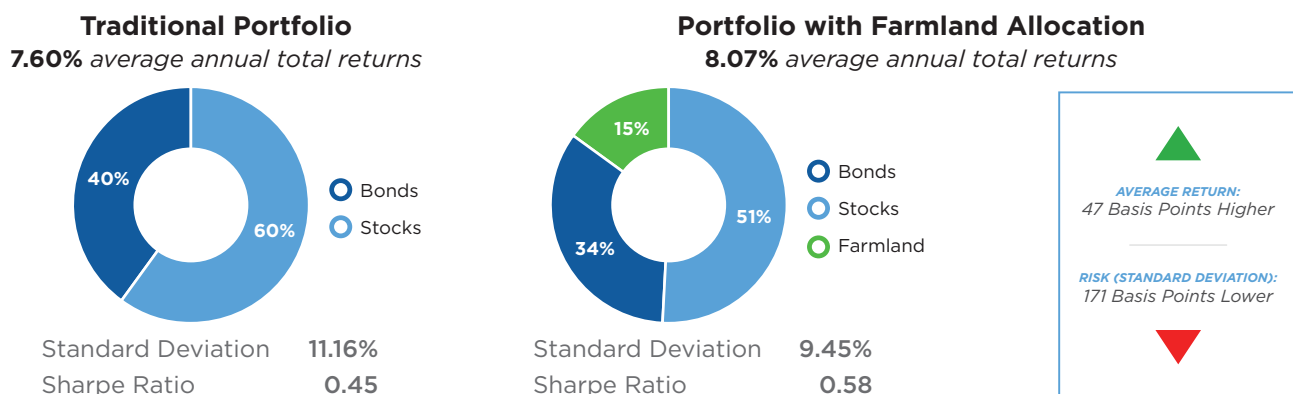
The past performance of U.S. Farmland reflected above may not continue and is no guarantee of future results. Data are based on annual total returns from January 1, 1992 through December 31, 2022. Asset classes are represented by the following indexes: U.S. Stocks - S&P 500; U.S. Bonds - Bloomberg Barclays U.S. Aggregate Index; U.S. Farmland - NCREIF Farmland Index; U.S. Real Estate - NCREIF Property Index; U.S. REITs - FTSE Nareit U.S. Real Estate Index. Indexes are unmanaged and unavailable for direct investment. Please see the end of the report for full definitions.

¹ NCREIF and Global AgInvesting.

² "Introduction to Farmland Investing," FarmTogether, 2023.

In addition, as an asset class that “zigs” when stocks “zag,” farmland is ideally suited as a portfolio diversifier. Because farmland typically has low correlation to stocks and bonds,³ it may reduce the risk in client portfolios by lowering volatility while increasing returns.

Farmland Provides Potential for Increased Returns & Lower Volatility⁴
1992 - 2022

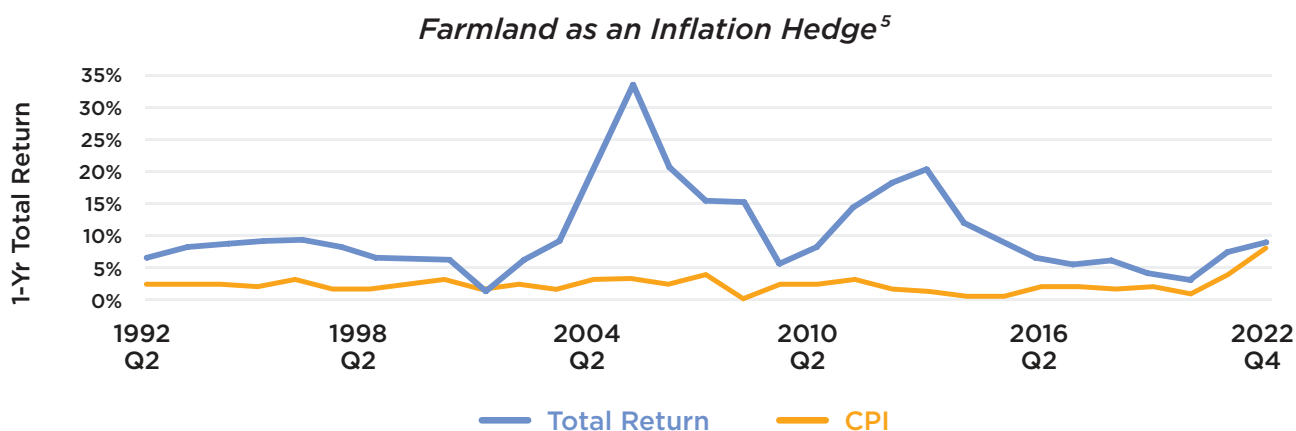


Illustrations are hypothetical historical performance of a traditional portfolio compared to adding a 15% allocation to farmland, and not the results of actual investing. There is no guarantee of future results. Average annual total returns are a metric that captures the average annual performance of an investment or portfolio of investments. It is calculated as a geometric average, meaning that it captures the effects of compounding over time. Farmland Values: NCREIF Farmland Index; Stocks Values: S&P 500 Index; Bonds Values: Bloomberg Barclays U.S. Aggregate Bond Index. Please see the end of the report for full definitions.

A Natural Hedge Against Inflation

As global economies emerge from pandemic-driven shutdowns, inflation has been on the rise, driven by an increasing supply of money, rising consumer demand and ongoing supply chain disruptions.

Historically, farmland has been viewed as an effective way to hedge against inflation. The main reason for this is that the price of farmland has been closely correlated to the Consumer Price Index (CPI). This has to do with the fact that the CPI is partially comprised of food items produced by farms. In addition, farmland typically provides the potential for not only capital appreciation of the land, but also for streams of income linked to land rentals and crop proceeds. As crop prices rise (as in an inflationary environment), ultimately so does the potential for higher future cash returns to the landowner as rental rates are adjusted upward over time and/or as crop share revenue increases.



1-Year Total Returns represent income and appreciation for both annual cropland and permanent cropland farms. Farmland Values: NCREIF Farmland Index; Inflation Values: Consumer Price Index. Please see the end of the report for full definitions.

³ "Introduction to Farmland Investing," *FarmTogether*, 2023.

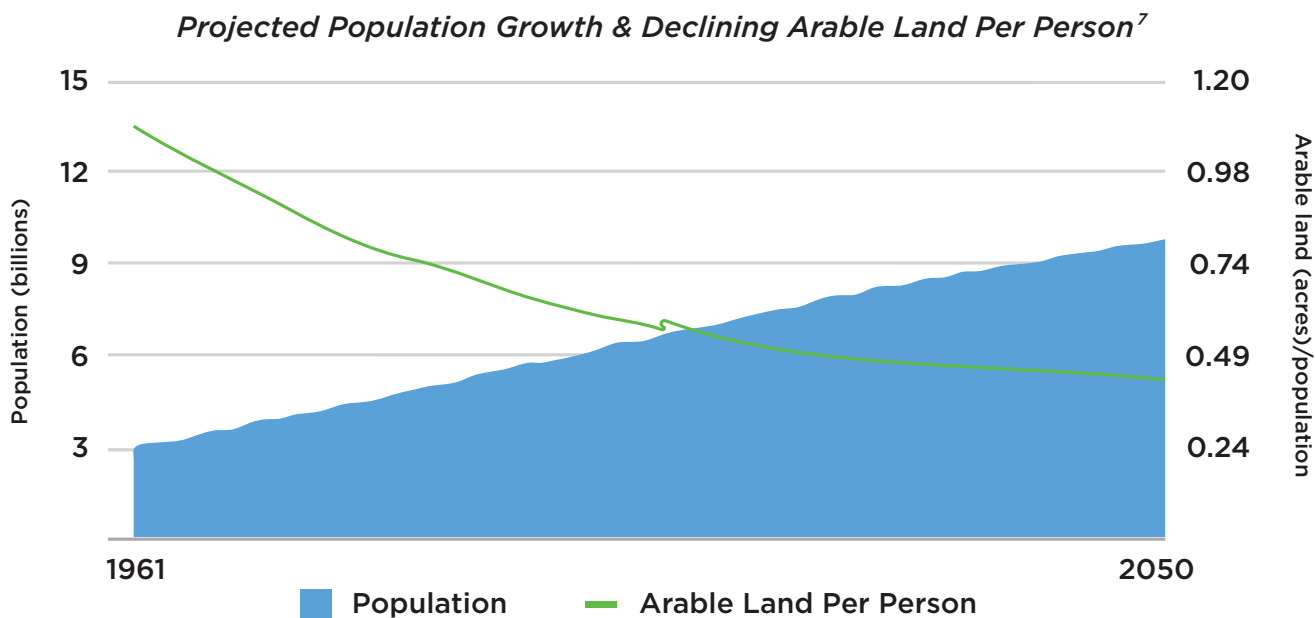
4. FarmTogether. Farmland in Your Portfolio: A Superior Asset Class. <https://farmtogether.com>.

5. NCREIF and Global AgInvesting.



The Global Supply/Demand Imbalance of Food

In addition to strong historic returns, powerful diversification benefits and the ability to hedge against inflation, farmland is poised to gain from global supply and demand dynamics. Demand for food is set to rise as the world's population, which is expected to reach 9.7 billion people by 2050,⁶ exceeds the ability of existing farms to produce enough output to meet that need. Demand for higher-protein diets by the rising middle classes of developing nations will add to the pricing pressure of foods like meat and nuts, as well as the price of grain used to feed livestock. In addition, food prices will likely be driven higher by the decreasing availability of arable land due to urbanization and climate change.⁶



“Farmers are planting more pistachios...because they are drought tolerant and there is increased global demand, particularly in Europe and China/Hong Kong.”

- Richard Matoian, American Pistachio Growers President⁸

⁶ Investing in Farmland, Westchester from Nuveen, 2020. <https://www.nuveen.com/global/insights/alternatives/investing-in-farmland>.

⁷ Food & Agriculture Organization of the United Nations (FAOSTAT).

⁸ Souza, Christine. Yield is robust in “off” year for pistachios. AgAlert. October 6, 2021.

Key Factors Favoring Pistachios

In the last 50 years, pistachios have been gaining favor among both consumers and farmers. Consumers increasingly choose pistachios as a healthy, tasty snack; and farmers value the tree's ability to withstand the stresses of hotter, dryer climates.

The U.S. is now the world's leading producer of pistachios, followed by Turkey and Iran (see chart below). Within the U.S., 99% of pistachios are grown in California, with some production taking place in Arizona and New Mexico. Pistachios now rank fourth in terms of California's agricultural commodities, behind milk, almonds and grapes.⁹

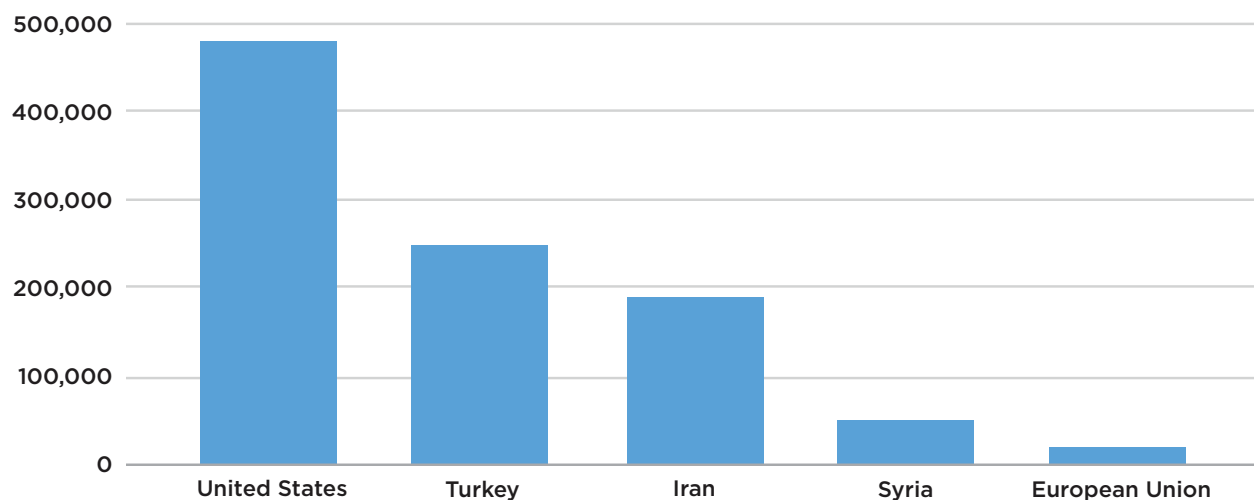
“Industry estimates show that average pistachio net returns per acre exceed those obtained in competing nuts, creating an incentive for new plantings.”

- David Magaña, Senior Analyst of Fresh Produce and Tree Nuts for RaboResearch¹⁰

U.S. is the Leader in Estimated Pistachio Production¹¹

February 2020 - February 2021

Metric Tons, In-Shell Basis



Pistachio yields in areas like California are expected to reach new records as recently-planted orchards reach maturity.¹⁰ Pistachio trees take seven to eight years to reach peak production, then produce for 80 years or more.

⁹. Souza, Christine. Yield is robust in “off” year for pistachios. AgAlert. October 6, 2021.

¹⁰. Magaña, David. Pistachio Prices Hinge on Export Expectations. Rabo AgriFinance. September 16, 2019.

¹¹. United States Department of Agriculture, Foreign Agriculture Service. Global Tree Nut Production and Trade Highly Concentrated, October 2021.

Global Demand is Expected to Grow

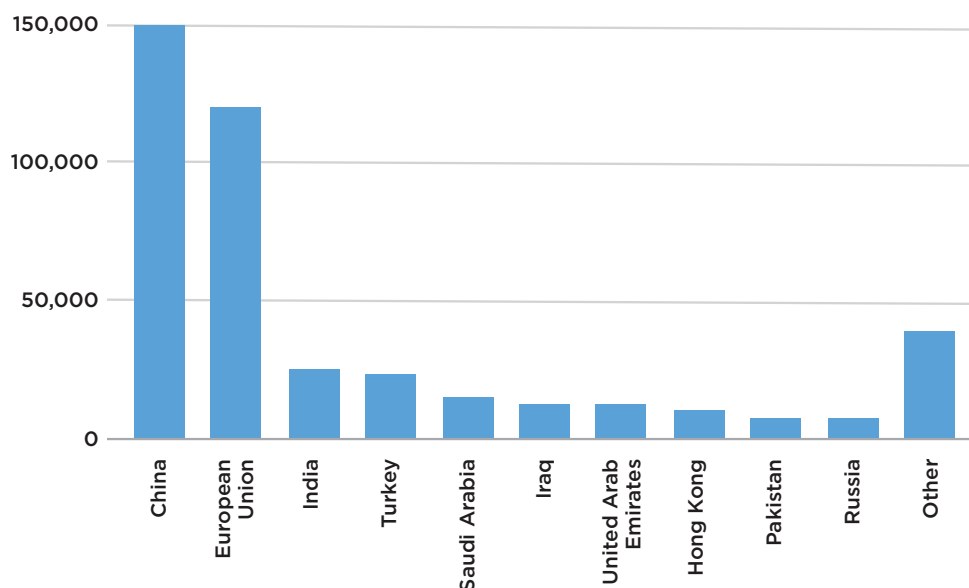
In the last decade, U.S. exports of pistachios represented about two-thirds of total production. Exports to China have increased significantly as demand among China's growing middle class has moved toward healthier, better quality food. As a result, China is now the main export market for U.S. producers.¹²

Production of pistachios worldwide is expected to increase at a compound annual growth rate (CAGR) of 3.3% from 2020 through 2026.¹³ Within the U.S., consumer demand for pistachios has grown by a CAGR of about 8% over the last 10 years, to 0.45 pounds per capita, compared to 2.3 pounds per capita for almonds.¹²

Estimated Pistachio Imports by Country¹⁴

2020 - 2021

Metric Tons, In-Shell Basis



A Healthier Snack

As the trend toward healthy eating continues, pistachios are well positioned. Each 2-ounce serving of pistachios contains 12 grams of protein, 6 grams of fiber and 570 mg of potassium.¹⁵ A few notable points of comparison: by weight, pistachios offer more protein than cooked halibut, more fiber than broccoli, and more potassium (for a 2-ounce serving) than a large banana.¹⁵ In addition, a recent study found that pistachios are a significant source of melatonin—a hormone that helps regulate the body's biological clock and sleep cycles.¹⁶

Today, pistachios are successfully marketed in a range of increasingly innovative packaging options. They are also increasingly used in candies, baked goods, ice cream, flavorings and pastes.



¹² Magaña, David. *Pistachio Prices Hinge on Export Expectations*. Rabo AgriFinance. September 16, 2019.

¹³ *Global Industry Analysts Predicts the World Pistachios Market to Reach 799.7 Thousand Tons by 2026*. PR Newswire. September 21, 2021.

¹⁴ United States Department of Agriculture, Foreign Agriculture Service. *Global Tree Nut Production and Trade Highly Concentrated*, October 2021.

¹⁵ *Pistachios*. Agriculture Marketing Resource Center. November 2021.

¹⁶ Hirigoyen, Judy. *Study Finds American Grown Pistachios Contain Melatonin*. American Pistachios Growers. August 9, 2019.

A Resilient Crop in Drought Conditions

With origins dating back thousands of years in the Middle East, pistachio trees are known for their ability to tolerate hot, dry climates.¹⁷ The lifespan of a pistachio tree is 80 years or more — almost four times that of almond trees. They require one-third to one-half as much water as almond trees.¹⁸ Rather than dying when water becomes scarce, the pistachio tree's metabolism slows, returning to normal when water becomes more plentiful. In addition, pistachio trees are not reliant on insect pollinators in order to produce a crop; instead, they are wind-pollinated, with one male tree able to pollinate up to 30 female trees.¹⁹

The harvesting process for pistachio orchards is relatively easy compared to other permanent crops, utilizing mechanical machines that gently shake the trees and catch falling nuts before they hit the ground. The nuts are then sent to a plant for processing.

“In crisis-level droughts, [pistachio] trees might persist where virtually all other crops die.”

- Comstock Magazine¹⁷

Investor Access to Farmland & Pistachio Investments

Through Gladstone Land Corporation, a \$1.6 billion diversified farmland portfolio, investors have the opportunity to access the farmland asset class with exposure to the potential resiliency and growth of pistachio crops in the U.S.

Gladstone Land's Overall Portfolio

as of December 31, 2022

- 169 farms in 15 states
- 116,000 land acres
- 60+ crops with 91 tenants
- 100% leased

Gladstone Land's Pistachio Farms

as of December 31, 2022

- 12 farms in California
- More than 8,100 land acres
- 100% leased

Pistachio farms represent approximately 20% of Gladstone Land's earnings. Proceeds of investments may not be used for the purchase of pistachio farms.

¹⁷ Bland, Alastair. *Nut of the Future?* Comstock's Magazine. <https://www.comstockmag.com/longreads/nut-future>. May 20, 2020.

¹⁸ Schapiro, Mark. *Are pistachios the nut of the future?* <https://grist.org/article/are-pistachios-the-nut-of-the-future/>. July 6, 2019.

¹⁹ <https://americanpistachios.org/growing-and-harvesting/history>.

U.S. Farmland is represented by the NCREIF Farmland Index, which measures investment performance of a large pool of individual farmland properties acquired in the private market for investment purposes only. Properties are weighted equally, regardless of size. While properties used in this benchmark have characteristics that differ from Gladstone Land ("Land"), Land's management feels that the NCREIF Farmland Index is an appropriate and accepted index for the purpose of evaluating returns on investments in U.S. Farmland. An investment in Land is not a direct investment in farmland, but rather an investment in a REIT that owns farmland. U.S. Real Estate is represented by the NCREIF Property Index (NPI) a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment. U.S. Stocks are represented by the S&P 500 Index, an unmanaged index of the 500 largest stocks (in terms of market value), weighted by market capitalization and considered representative of the broad stock market. U.S. Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond Index, an index of securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. REITs are represented by the FTSE Nareit U.S. Real Estate Index, which tracks the performance of the U.S. REIT industry at both an industry-wide level and on a sector-by-sector basis. Investors cannot invest in any index. These indices are used in comparison to the NCREIF Farmland Index in order to illustrate the differences in historical total returns generated by farmland, commercial real estate, REITs, stocks and bonds. The prices of securities represented by these indices may change in response to factors including: the historical and prospective earnings of the issuer, the value of its assets, general economic conditions, interest rates and investor perceptions. All indices are unmanaged and do not include the impact of fees and expenses. An investment cannot be made directly in any index. The returns presented are not indicative of returns to be attained by Land. Diversification does not guarantee against the risk of loss.

*Comparisons shown are for illustrative purposes only and do not represent specific investments or the performance of Land. **Past performance does not guarantee future results.***

The returns presented by the indices above represent investments that have material differences from an investment in a real estate investment trust which targets commercial real estate, particularly an investment in non-traded shares. For example, payment of fees to our Adviser and its affiliates, including our affiliated dealer manager, will reduce the cash available for investment and distribution and will increase the risk that you will not be able to recover the amount of your investment in our shares; and with no public market, non-traded shares have limited liquidity and redemption options. Investment in individual farmland properties differs from the FTSE Nareit U.S. Real Estate Index in that investments in individual farmland properties are not publicly traded; differs from the Bloomberg Barclays U.S. Aggregate Bond Index in that farmland investments are not fixed-rate debt instruments; differs from the S&P 500 in that farmland investments are not large-cap stocks; and differs from the NCREIF Property Index in that farmland investments are not commercial real estate. There are material differences between all of the asset classes represented.

DEFINITIONS

Bloomberg Aggregate Bond Index is a broad-based fixed-income index used by bond traders and the managers of mutual funds and exchange-traded funds (ETFs) as a benchmark to measure their relative performance.

Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

FTSE Nareit U.S. Real Estate Index tracks the performance of the U.S. REIT industry at both an industry-wide level and on a sector-by-sector basis.

NCREIF is an acronym of the National Council of Real Estate Investment Fiduciaries, and it operates as a non-profit entity.

NCREIF Farmland Index measures investment performance of a large pool of individual farmland properties acquired in the private market for investment purposes only.

NCREIF Property Index measures the performance of real estate investments on a quarterly basis and evaluates the rate of returns in the market.

Returns measures the net gain or loss of an investment over a specified amount of time.

S&P 500 Index, or Standard & Poor's 500 Index, is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.

Sharpe Ratio is a measure that indicates the average return minus the risk-free return divided by the standard deviation of return on an investment.

Standard Deviation is a statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. The standard deviation is calculated as the square root of variance by determining each data point's deviation relative to the mean.

Volatility is a statistical measure of the dispersion of returns for a given security or market index.

RISK FACTORS

Please consult the Company's prospectus supplement for this offering for a recitation of the risk factors of this offering. If any of the risks contained in or incorporated by reference into the prospectus supplement or the accompanying prospectus develop into actual events, our business, financial condition, liquidity, results of operations, FFO, adjusted funds from operations or our prospects could be materially and adversely affected, we may be unable to timely pay the dividends accrued on the Series E Preferred Stock (the "Shares"), the value of the Shares could decline and you may lose all or part of your investment. In addition, new risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Some statements in the prospectus supplement, including statements in the risk factors, constitute forward-looking statements. See the "Forward-Looking Statements" and "Risk Factors" sections in the prospectus supplement, the accompanying prospectus and in our regular filings with the SEC for additional risks which may affect us or the Shares.

- There will initially be no public market for the Shares as we do not intend to apply for quotation on Nasdaq until after the Termination Date, and even after listing, if achieved, a liquid secondary trading market may not develop and the features of the Shares may not provide you with favorable liquidity options.
- The Shares will not be rated.
- Dividend payments on the Shares are not guaranteed.
- We operate as a holding company dependent upon the asset and operations of our subsidiaries, and because of our structure, we may not be able to generate the funds necessary to make distributions on the Shares.
- We will be required to terminate this offering if our common stock, the Series B Preferred Stock and the Series D Preferred Stock are no longer listed on Nasdaq or another national securities exchange.
- The Shares will bear a risk of redemption by us.
- The ability to redeem shares of Shares may be limited.
- The cash distributions you receive may be less frequent or lower in amount than you expect.
- If you elect to exercise the Stockholder Redemption Option, the cash payment that you receive as a result of your option redemption will be a substantial discount to the price that you paid for the Shares.
- Upon the sale of any individual property, holders of Shares do not have a priority over holders of our common stock regarding return of capital.
- Your percentage of ownership may become diluted if we incur additional debt or issue new shares of stock or other securities, and incurrence of indebtedness and issuances of additional preferred stock or other securities by us may further subordinate the rights of the holders of our common stock and preferred stock.
- Our ability to pay dividends and/or redeem shares of Shares may be limited by Maryland law.
- Our charter contains restrictions upon ownership and transfer of the Shares, which may impair the ability of holders to acquire or dispose of the Shares.
- Holders of the Shares will be subject to inflation risk.
- An investment in the Shares bears interest rate risk.
- Holders of the Shares will bear reinvestment risk.
- Holders of Shares will have no control over changes in our policies and operations, and have extremely limited voting rights.
- Our management will have broad discretion in the use of the net proceeds from this offering and may allocate the net proceeds from this offering in ways that you and other stockholders may not approve.
- We may be unable to invest a significant portion of the net proceeds of this offering on acceptable terms.
- We have paid, may continue to pay, or may in the future pay, distributions from offering proceeds, borrowings or the sale of assets to the extent our cash flow from operations or earnings are not sufficient to fund declared distributions. Rates of distribution to holders of our common stock and preferred stock will not necessarily be indicative of our operating results. If we make distributions from sources other than our cash flows from operations or earnings, we will have fewer funds available for the acquisition of properties and your overall return may be reduced.
- If the properties we acquire or invest in do not produce the cash flow that we expect in order to meet our REIT minimum distribution requirement, we may decide to borrow funds to meet the REIT minimum distribution requirements, which could adversely affect our overall financial performance.
- Gladstone Securities, the dealer manager in this offering, is our affiliate, and we established the offering price and other terms for the Shares pursuant to discussions between us and our affiliated dealer manager; as a result, the actual value of your investment may be substantially less than what you pay.
- Payment of fees to our Adviser and its affiliates, including our affiliated dealer manager will reduce the cash available for investment and distribution and will increase the risk that you will not be able to recover the amount of your investment in our Shares.
- We may have conflicts of interest with our affiliates, which could result in investment decisions that are not in the best interests of our stockholders.
- If you fail to meet the fiduciary and other standards under ERISA or the Internal Revenue Code as a result of an investment in this offering, you could be subject to liability and civil or criminal penalties.

Gladstone Land Corporation ("LAND") has filed a registration statement (including a prospectus) and a prospectus supplement with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the prospectus supplement and other documents that LAND has filed with the SEC for more complete information about LAND and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, Gladstone Securities, LAND's dealer manager for this offering, will arrange to send you the prospectus and prospectus supplement if you request it by calling toll-free at (833) 849-5993.

Securities offered through the Dealer Manager, Gladstone Securities, LLC, Member FINRA/SIPC.

The REIT You Can Eat
Learn More

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