

GLADSTONE LAND Corp  
Form S-11/A  
December 27, 2012  
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As filed with the Securities and Exchange Commission on December 27, 2012

Registration No. 333-183965

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Pre-effective Amendment No. 4**

**to**

**Form S-11**

**FOR REGISTRATION**

*UNDER*

*THE SECURITIES ACT OF 1933*

*OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES*

**GLADSTONE LAND CORPORATION**

(Exact Name of Registrant as Specified in its Governing Instruments)

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(703) 287-5800

(Address, Including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the effective date of this Registration Statement.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. "

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

Large accelerated filer	..	Accelerated filer	..
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	..

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION DATED DECEMBER 27, 2012**

## **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. We currently expect the initial public offering price of our common stock to be \$15.00 per share and we have applied to have our common stock listed 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 20 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.

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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 of 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. **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.**

	<b>Per Share</b>	<b>Total</b>
Public Offering Price	\$	\$
Underwriting Discount <sup>(1)</sup>	\$	\$
Proceeds, before expenses, to us	\$	\$

<sup>(1)</sup> 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 \_\_\_\_\_, 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 \_\_\_\_\_, 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 20. 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 <sup>(1)(2)</sup>
San Andreas	Watsonville, CA	1997	12/31/2014	Fruits & Vegetables	\$ 4,929,307 <sup>(3)</sup>	\$ 9,730,000	237	306	\$ 431,655
West Gonzales	Oxnard, CA	1998	12/31/2013	Fruits & Vegetables	15,185,928 <sup>(4)</sup>	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 <sup>(2)</sup>
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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 20 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 our Administrator's overhead expenses in performing its obligations to us including, but not limited to, rent for our allocable portion of office space and our allocable portion of the salaries and benefits expenses of its employees. We expect that these employees of our Administrator will include our chief financial officer and treasurer, chief compliance officer, internal counsel, investor relations officer and their respective staffs.

**Table of Contents****Compensation of Our Adviser and Our Administrator**

Set forth below is an estimate of all proposed compensation, fees, profits and other benefits, including reimbursement of out-of-pocket expenses that our Adviser and our Administrator may receive in connection with this offering and our ongoing operations. We do not expect to make any payments to any other affiliates of our Adviser. For additional information with respect to the compensation of our Adviser and our Administrator upon completion of this offering, see Our Adviser and our Administrator Compensation of our Adviser under the Amended Advisory Agreement and Our Adviser and our Administrator Amended Administration Agreement.

**Type of Compensation**

<b>(Recipient)</b>	<b>Description and Determination of Amount</b>	<b>Estimated Amount</b>
	<b><i>Offering</i></b>	
Reimbursement of Offering Expenses (Adviser)(1)	Offering expenses include all estimated expenses, other than underwriting discount, to be paid by us in connection with this offering, including our legal, accounting, printing, mailing and filing fees and other accountable offering expenses. To the extent that our Adviser pays our offering expenses, we will reimburse our Adviser for these amounts.	Up to \$1.3 million
	<b><i>Ongoing Operations</i></b>	
Annual Base Management Fee (Adviser)	1.0% of our total stockholders' equity, measured at the end of each quarter, less the recorded value of any preferred stock outstanding at the end of the quarter and, during 2013 only, any uninvested cash proceeds from this offering, which we refer to as adjusted stockholders' equity. In 2014, the fee increases to 2.0% of our adjusted stockholders' equity and our adjusted stockholders' equity will no longer exclude the uninvested cash proceeds of this offering.	Actual amount for 2013 will be dependent upon the rate of property acquisitions and mortgage loans following the completion of this offering and therefore cannot be determined at this time.
Quarterly Incentive Fee (2)(Adviser)	We will pay our Adviser an incentive fee with respect to our pre-incentive fee FFO in each calendar quarter as follows:  no incentive fee in any calendar quarter in which our pre-incentive fee FFO does not exceed the hurdle rate of 1.75% (7% annualized) of our adjusted stockholders' equity at the end of the quarter;  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 at the end of any calendar quarter (8.75% annualized); and  20% of the amount of our pre-incentive fee FFO that exceeds 2.1875% of our adjusted stockholders' equity at the end of any calendar quarter (8.75% annualized).	Actual amounts will be dependent upon the amount of FFO we generate from time to time.



**Table of Contents****Type of Compensation**

<b>(Recipient)</b>	<b>Description and Determination of Amount</b>	<b>Estimated Amount</b>
Reimbursement of Acquisition Expenses (Adviser)	Acquisition expenses include customary third-party acquisition expenses such as legal fees and expenses, costs of appraisals, accounting fees and expenses, title insurance premiums and other closing costs and miscellaneous expenses relating to the acquisition of real estate and reserves for capital improvements and maintenance and repairs of properties. To the extent that our Adviser pays our acquisition expenses incurred in the process of acquiring our properties or loans, we will reimburse our Adviser for such acquisition expenses.	Actual amounts will be dependent upon the amount of net proceeds we use for acquisitions (rather than for the other purposes enumerated in this prospectus) and the expenses incurred, and therefore cannot be estimated at the present time.
Allocation of Administrator Overhead Expenses (3)(Administrator)	We will pay our Administrator for our allocable portion of the Administrator's overhead expenses in performing our obligations, including, but not limited to, our allocable portion of rent attributable to office space for employees of the Administrator, and our allocable portion of the salaries and benefits expenses of our chief financial officer and treasurer, chief compliance officer, legal counsel, investment relations officer and their respective staffs. Our allocable portion is derived by multiplying the Administrator's total allocable expenses by the percentage of our total assets at the beginning of each quarter in comparison to the total assets of all companies for whom our Administrator provides services.	Actual amounts will be dependent upon the expenses incurred by our Administrator and our total assets relative to the assets of the other entities for whom our Administrator provides services.

- (1) As of November 30, 2012, we have incurred approximately \$922,000 of expenses in connection with this offering.
- (2) For purposes of calculating the incentive fee, our pre-incentive fee FFO will include any realized capital gains or losses, less any dividends paid on our preferred stock, but pre-incentive fee FFO will not include any unrealized capital gains or losses.

Examples of how the incentive fee would be calculated are as follows:

If our pre-incentive fee FFO for a quarter were 1.75% or less of our adjusted stockholders' equity, there would be no incentive fee because such FFO would not exceed the hurdle rate of 1.75%.

In the event our pre-incentive fee FFO for a quarter were equal to 2.00% of our adjusted stockholders' equity, the incentive fee would be as follows:

$$= 100\% \times (2.00\% - 1.75\%)$$

$$= 0.25\% \text{ of adjusted stockholders' equity}$$

In the event our pre-incentive fee FFO for a quarter were equal to 2.30% of our adjusted stockholders' equity, the incentive fee would be as follows:

$$= (100\% \times (2.30\% - 1.75\%)) + (20\% \times (2.30\% - 2.1875\%))$$

$$= (100\% \times 0.55\%) + (20\% \times 0.1125\%)$$

$$= 0.55\% + 0.0225\%$$



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= 0.46% of our adjusted stockholders' equity

(3) Our Administrator is 100% owned by Gladstone Holding Corporation, which is also the 100% owner of our Adviser.

### **Our Sponsors**

Our sponsors are David Gladstone, our chairman, chief executive officer, president and controlling stockholder, and Gladstone Management, our Adviser.

### **Our Other Affiliates and Potential Conflicts of Interest**

*Gladstone Commercial Corporation.* Each of our directors and each of our executive officers are also executive officers or directors of Gladstone Commercial Corporation, a publicly held REIT whose common stock is traded on the NASDAQ Global Select Market under the trading symbol GOOD. Gladstone Commercial invests in and owns net leased industrial, commercial and retail real property and selectively makes long-term industrial and commercial mortgage loans. Gladstone Commercial does not invest in or own agricultural real estate or make loans secured by agricultural real estate and, therefore, Gladstone Commercial will not compete with us for investment opportunities.

*Gladstone Capital Corporation.* Each of our directors and each of our executive officers, other than Ms. Jones, are also executive officers or directors of Gladstone Capital Corporation, a publicly held closed-end management investment company whose common stock is traded on the NASDAQ Global Market under the trading symbol GLAD. Gladstone Capital makes loans to and investments in small and medium-sized businesses. It does not buy or lease real estate and does not lend to agricultural enterprises and, therefore, Gladstone Capital will not compete with us for investment opportunities. Gladstone Capital will not make loans to or investments in any company with which we have or intend to enter into a lease.

*Gladstone Investment Corporation.* Each of our directors and each of our executive officers, other than Ms. Jones, are also executive officers or directors of Gladstone Investment Corporation, a publicly held closed-end management investment company whose common stock is traded on the NASDAQ Global Market under the trading symbol GAIN. Gladstone Investment makes loans to and investments in small and medium-sized businesses in connection with buyouts and other recapitalizations. It does not buy or lease real estate and does not lend to agricultural enterprises and, therefore, Gladstone Investment will not compete with us for investment opportunities. Gladstone Investment will not make loans to or investments in any company with which we have or intend to enter into a lease.

We do not presently intend to co-invest with Gladstone Capital, Gladstone Commercial or Gladstone Investment in any business. However, in the future it may be advisable for us to co-invest with one of these companies. If we decide to change our policy on co-investments with affiliates, we will seek approval of this decision from our independent directors.

Each of our executive officers other than our chief financial officer and treasurer is also an officer and director of our Adviser, Gladstone Capital, Gladstone Commercial and Gladstone Investment. Our Adviser and its affiliates, including our officers, may have conflicts of interest in the course of performing their duties for us. These conflicts may include:

Our Adviser may realize substantial compensation on account of its activities on our behalf;

Our agreements with our Adviser are not arm's-length agreements;

We may experience competition with our affiliates for financing transactions; and

Our Adviser and other affiliates could compete for the time and services of our officers and directors.





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**Our Tax Status**

We were taxed as a Subchapter C corporation for our taxable years ended December 31, 1997 through December 31, 2011 and we intend to be taxed as a Subchapter C corporation for the taxable year ending December 31, 2012, and possibly the year ending December 31, 2013. 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. To qualify as a REIT, we may not have, at the end of any taxable year for which we first elect REIT status and thereafter, any undistributed earnings and profits accumulated in any non-REIT taxable year. Our non-REIT earnings and profits include any earnings and profits we accumulate before the effective date of our REIT election. As of September 30, 2012, we estimate that our non-REIT accumulated earnings and profits were approximately \$5.0 million. This amount does not include an additional \$2.1 million of federal taxes related to \$4.0 million of non-REIT earnings and profits associated with a deferred intercompany gain that we will recognize immediately prior to our REIT election. We intend to distribute our non-REIT earnings and profits, including the \$2.1 million in federal taxes associated with the deferred intercompany gain, to stockholders prior to December 31 of the first year for which we elect REIT status. It is possible that 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. Our distributions of non-REIT earnings and profits will be in addition to distributions we will be required to make after we elect REIT status in order to satisfy the REIT distribution test discussed below and to avoid incurring tax on our undistributed income.

We believe that, following the completion of this offering, our making of an election to be taxed as a REIT, and any distribution of non-REIT earnings and profits, we will operate in conformity with the requirements for qualification and taxation as a REIT. We expect to receive an opinion of counsel to the effect that, subject to our distribution of all non-REIT earnings and profits, we have been organized in conformity with the requirements for qualification and taxation as a REIT under the Code and that our proposed method of operation will enable us to meet the requirements for qualification and taxation as a REIT commencing with the first taxable year for which we elect to so qualify. It is possible that the Internal Revenue Service, or IRS, may challenge our proposed qualification as a REIT or attempt to re-characterize the nature of our assets or income. We do not intend to seek a ruling from the IRS as to the foregoing matters. It must be emphasized that the opinion of our counsel, which is not binding on the IRS or any court, is based on various assumptions and certain representations made by our management relating to our organization, assets, income and operations, including, without limitation, the amount of rental income that we will receive from personal property.

To maintain our qualification as a REIT, we must meet a number of organizational and operational requirements, including a requirement that we annually distribute at least 90% of our net income, excluding net capital gains, to our stockholders. As a REIT, we generally will not be subject to U.S. federal income tax on our net income that we distribute to our stockholders. If we fail to qualify as a REIT in any taxable year, we will be subject to U.S. federal income tax at regular corporate rates. Even if we qualify for taxation as a REIT, we may be subject to some U.S. federal, state and local taxes on our income or property, and the net income of any of our subsidiaries that qualifies as a TRS will be subject to taxation at normal corporate rates. In addition, we will be subject to regular corporate income tax for the taxable years ending prior to our qualification as a REIT. See Federal Income Tax Consequences of Our Status as a REIT.

It is also possible that the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations might change in the future in a manner that might make it difficult or impossible for us to continue to qualify as a REIT.

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**Corporate Information**

We were originally incorporated in California in 1997. In 2004, we re-incorporated in Delaware. In March 2011, we re-incorporated in Maryland. Our executive offices are located at 1521 Westbranch Drive, Second Floor, McLean, Virginia 22102. Our telephone number at our executive offices is (703) 287-5800 and our corporate website is [www.GladstoneLand.com](http://www.GladstoneLand.com). The information contained on, or accessible through, our website is not incorporated into this prospectus.

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**The Offering**

Common stock offered by us(1)(2)	3,333,334 shares
Common stock to be outstanding after this offering(1)	6,083,334 shares
Use of proceeds	To purchase agricultural real estate to be leased for farming and, to a lesser extent, to make loans secured by mortgages on agricultural real estate.
Proposed NASDAQ Listing Symbol	LAND
Distribution Policy	Consistent with our objective of qualifying as a REIT, we expect to pay monthly distributions and to distribute annually at least 90% of our REIT taxable income. We expect to commence monthly distributions upon the completion of this offering. Our Board of Directors will determine the amount of distributions we will pay. We also intend to distribute non-REIT accumulated earnings and profits to stockholders prior to December 31 of the first year for which we elect to be treated as a REIT.
Our Adviser	Pursuant to the terms of an amended and restated advisory agreement, our Adviser will identify and select our real estate investments and manage our portfolio.

- (1) Excludes 500,000 shares of our common stock issuable pursuant to the over-allotment option granted to the underwriters.
- (2) Up to 30,000 shares of our common stock, or approximately 0.9% of the shares being offered, excluding shares issuable pursuant to the over-allotment option granted to the underwriters, will be reserved for sale by the underwriters to our directors and officers and employees and certain associated persons of our Adviser and Administrator at the public offering price less the underwriting discount. For more information, see Underwriting Directed Shares.

The number of shares of our common stock to be outstanding after this offering is based on 2,750,000 shares of common stock outstanding as of December 27, 2012.

Unless otherwise indicated, all information in this prospectus reflects and assumes the following:

a 27,500-for-1 stock split effected on September 30, 2010;

no exercise by the underwriters of their over-allotment option to purchase up to 500,000 additional shares of our common stock in this offering; and

an initial public offering price of \$15.00 per share.



**Table of Contents****Summary Consolidated Financial Data**

You should read the summary financial information below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements, notes thereto and other financial information included elsewhere in this prospectus. The summary consolidated financial data as of December 31, 2011 and 2010 and for the years ended December 31, 2011 and 2010 are derived from audited financial statements included elsewhere in this prospectus. We have derived the following summary of our statement of operations data for the nine months ended September 30, 2012 and 2011 and balance sheet data as of September 30, 2012 from our unaudited financial statements appearing later in this prospectus.

The unaudited financial data include, in the opinion of our management, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of our financial position and results of operations for these periods. Our historical results of operations are not necessarily indicative of results of operations that should be expected in any future periods, and our results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year.

	As of and For the Nine Months Ended September 30,		As of and For the Years Ended December 31,	
	2012 (Unaudited)	2011 (Unaudited)	2011 (Restated) <sup>(3)</sup>	2010
Rental income	\$ 2,473,837	\$ 2,182,477	\$ 2,964,082	\$ 2,418,111
Net income (loss)	357,408	(218,936)	6,219	560,523
EBITDA <sup>(1)</sup>	1,670,349	763,671	1,324,806	1,894,967
FFO available to common stockholders <sup>(2)</sup>	663,665	167,192	511,787	877,767
Assets	40,284,218		32,768,277	29,034,484
Liabilities	32,390,458		25,231,924	20,486,851
Stockholder's Equity	7,893,760		7,536,353	8,547,633

(1) EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is a key financial measure that our management uses to evaluate our operating performance but should not be construed as an alternative to operating income, cash flows from operating activities or net income, in each case as determined in accordance with accounting principles generally accepted in the United States of America, or GAAP. EBITDA is not a measure defined in accordance with GAAP. We believe that EBITDA is a standard performance measure commonly reported and widely used by analysts and investors in our industry. A reconciliation of net income to EBITDA is set forth in the table below.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for these replacements; and

Other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

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Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results of operations and using EBITDA only supplementally.

Basic EBITDA per share and diluted EBITDA per share are equal to EBITDA divided by our weighted average common shares outstanding and EBITDA divided by our weighted average common shares outstanding on a diluted basis, respectively, during a period. We believe that EBITDA, Basic EBITDA per share and Diluted EBITDA per share are useful to investors because they provide investors with a further context for evaluating our EBITDA results in the same manner that investors use net income and earnings per share, or EPS, in evaluating operating results. We believe that net income is the most directly comparable GAAP measure to EBITDA, basic EPS is the most directly comparable GAAP measure to Basic EBITDA per share, and diluted EPS is the most directly comparable GAAP measure to Diluted EBITDA per share.

A reconciliation of our net income (loss) to our EBITDA and a computation of Basic EBITDA and Diluted EBITDA per weighted average common share and basic and diluted net income (loss) per weighted average common share is as follows:

	For the Nine Months Ended September 30,		For the Years Ended December 31,	
	2012	2011	2011	2010
	(Unaudited)	(Unaudited)	(Restated) <sup>(3)</sup>	
Net income (loss)	\$ 357,408	\$ (218,936)	\$ 6,219	\$ 560,523
Add:				
Interest expense	719,517	585,898	805,508	700,596
Depreciation and amortization expense	306,257	386,128	505,568	317,244
Income taxes	287,167	10,581	7,511	316,604
 EBITDA	 \$ 1,670,349	 \$ 763,671	 \$ 1,324,806	 \$ 1,894,967
 Weighted average shares outstanding - basic & diluted	 2,750,000	 2,750,000	 2,750,000	 2,750,000
Basic & Diluted net income (loss) per weighted average common share	\$ 0.13	\$ (0.08)	\$ 0.00	\$ 0.20
 Basic & Diluted EBITDA per weighted average common share	 0.61	 0.28	 0.48	 0.69

(2) Funds From Operations, or FFO, is a term approved by the National Association of Real Estate Investment Trusts, or NAREIT. FFO was developed by NAREIT as a relative non-GAAP supplemental measure of operating performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO, as defined by NAREIT, is net income (loss) (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. FFO does not represent cash flows from operating activities in accordance with GAAP and should not be considered an alternative to either net income as an indication of our performance or cash flow from operations as a measure of liquidity or ability to make distributions. Comparison of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

Basic funds from operations per share, or Basic FFO per share, and diluted funds from operations per share, or Diluted FFO per share, are equal to FFO divided by our weighted average common shares outstanding and FFO divided by our weighted average common shares outstanding on a diluted basis, respectively.



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during a period. We believe that FFO, Basic FFO per share and Diluted FFO per share are useful to investors because they provide investors with a further context for evaluating our FFO results in the same manner that investors use net income and earnings per share, or EPS, in evaluating operating results. In addition, since most REITs provide FFO, Basic FFO and Diluted FFO per share information to the investment community, we believe these are useful supplemental measures for comparing us to other REITs. We believe that net income is the most directly comparable GAAP measure to FFO, basic EPS is the most directly comparable GAAP measure to Basic FFO per share, and diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share.

The following table provides a reconciliation of our FFO to the most directly comparable GAAP measure, net income (loss), and a computation of Basic FFO and Diluted FFO per weighted average common share and basic and diluted net income (loss) per weighted average common share:

	For the Nine Months Ended September 30,		For the years ended December 31,	
	2012	2011	2011 (Restated) <sup>(3)</sup>	2010
	(Unaudited)	(Unaudited)		
Net income (loss)	\$ 357,408	\$ (218,936)	\$ 6,219	\$ 560,523
Add: Real estate depreciation and amortization	306,257	386,128	505,568	317,244
FFO available to common stockholders	663,665	167,192	511,787	877,767
Weighted average shares outstanding basic & diluted	2,750,000	2,750,000	2,750,000	2,750,000
Basic & Diluted net income (loss) per weighted average common share	\$ 0.13	\$ (0.08)	\$ 0.00	\$ 0.20
Basic & Diluted FFO per weighted average common share	0.24	0.06	0.19	0.32

- (3) For additional information concerning the restatement, please refer to Note 2, *Restatement of Prior Period Financial Statements*, in the notes to our consolidated financial statements located elsewhere in this prospectus.

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**RISK FACTORS**

*Before you invest in our securities, you should be aware that your investment is subject to various risks, including those described below. You should carefully consider these risk factors together with all of the other information included in this prospectus before you decide to purchase our securities.*

**Risks Relating To Our Business**

*We may not be successful in identifying and consummating suitable acquisitions that meet our investment criteria, which may impede our growth and negatively affect our results of operations.*

We own a total of twelve farm properties in California and Florida that are leased to independent and corporate farmers. We intend to use the net proceeds of this offering to invest in and own more net leased farmland. We expect that most of our future tenants will be independent farming operations about which there is generally little or no publicly available operating and financial information. As a result, we will rely on our Adviser to perform due diligence investigations of these tenants, their operations and their prospects. We may not learn all of the material information we need to know regarding these businesses through our investigations. As a result, it is possible that we could lease properties to tenants or make mortgage loans to borrowers that ultimately are unable to pay rent or interest to us, which could adversely impact the amount available for distributions.

We are subject to many of the business risks and uncertainties associated with any new business enterprise. Our failure to operate successfully or profitably or to accomplish our investment objectives could have a material adverse effect on our ability to generate cash flow to make distributions to our stockholders, and the value of an investment in our common stock may decline substantially or be reduced to zero.

*Our Adviser has broad authority to make acquisitions and dispositions of properties and there can be no assurance that we will be able to enter into definitive agreements to purchase properties, complete acquisitions or dispose of properties on favorable terms. Investors will not be afforded the opportunity to evaluate the economic merits of our investments or the terms of any dispositions of properties.*

Our Adviser will have broad authority to make acquisitions of properties that it may identify in the future and broad authority to make dispositions of properties. There can be no assurance that our Adviser will be able to identify or negotiate acceptable terms for the acquisition or dispositions of properties or that we will be able to acquire or dispose of such properties on favorable terms. Factors that could cause us not to purchase one or more properties that initially meet our investment criteria include our potential inability to agree to definitive purchase terms with the prospective sellers, and our discovery of problems with the properties in our due diligence investigations. Factors that could cause us to be unable to dispose of a property on favorable terms include market conditions and competition. We cannot assure you that any acquisitions made using the net proceeds of this offering will produce a return on your investment. Any significant delay in investing the net proceeds of this offering would have a material adverse effect on our ability to generate cash flow and make distributions to our stockholders.

*Our distribution rate may have an adverse effect on the market price of our common stock.*

Our Board of Directors will determine our annual distribution rate after the completion of this offering. Our failure to rapidly invest the net proceeds of this offering or to make investments at acceptable rates of return could result in us using a significant portion of the net proceeds of this offering for the purpose of making these distributions, or could force us to set or reduce our distribution rate after setting such rate to a rate that is not competitive with alternative investments, either of which could adversely affect the market price for our common stock.

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***Our cash available for distribution to stockholders may not be sufficient to pay distributions, nor can we assure you of our ability to make distributions in the future, and we may need to borrow in order to make such distributions or may not be able to make such distributions at all.***

In order to remain competitive with alternative investments, our distribution rate may exceed our cash available for distribution, including cash generated from operations. In the event this happens, we intend to fund the difference out of any excess cash on hand or from borrowings under our revolving credit facility, as well as from the net proceeds from this offering. If we do not have sufficient cash available for distribution generated by our assets to pay the annual distribution set by our Board of Directors, or if cash available for distribution decreases in future periods, the market price of our common stock could decrease.

All distributions will be made at the discretion of our Board of Directors and will depend on our earnings, our financial condition, whether or not we have qualified as a REIT, and other factors as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that our Board of Directors approves distributions in excess of our then current and accumulated earnings and profits, these excess distributions would generally be considered a return of capital for federal income tax purposes to the extent of your adjusted tax basis in your shares. A return of capital is not taxable, but it has the effect of reducing your adjusted tax basis in your investment. To the extent that distributions exceed the adjusted tax basis of your shares, they will be treated for tax purposes as a gain from the sale or exchange of your stock. See Federal Income Tax Consequences of our Status as a REIT. If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

***Some of our tenants may be unable to pay rent, which could adversely affect our cash available to make distributions to our stockholders or otherwise impair the value of your investment.***

We expect that single tenants will continue to occupy most of our properties and, therefore, the success of our investments will be materially dependent on the financial stability of these tenants. Some of our tenants may have been recently restructured using leverage acquired in a leveraged transaction or may otherwise be subject to significant debt obligations. Tenants that are subject to significant debt obligations may be unable to make their rent payments if there are adverse changes in their businesses or in general economic conditions. Tenants that have experienced leveraged restructurings or acquisitions will generally have substantially greater debt and substantially lower net worth than they had prior to the leveraged transaction. In addition, the payment of rent and debt service may reduce the working capital available to leveraged entities and prevent them from devoting the resources necessary to remain competitive in their industries. In situations where management of the tenant will change after a transaction, it may be difficult for our Adviser to determine with certainty the likelihood of the tenant's business success and of it being able to pay rent throughout the lease term. These companies are more vulnerable to adverse conditions in their businesses or industries and economic conditions generally, as well as to increases in interest rates.

Any lease payment defaults by a tenant could adversely affect our cash flows and cause us to reduce the amount of distributions to stockholders. In the event of a default by a tenant, we may also experience delays in enforcing our rights as landlord and may incur substantial costs in protecting our investment and re-leasing our property.

***Some of our tenants could be susceptible to bankruptcy, which would affect our ability to generate rents from them and therefore negatively affect our results of operations.***

In addition to the risk of tenants being unable to make regular rent payments, certain of our tenants who may depend on debt and leverage could be especially susceptible to bankruptcy in the event that their cash flows are insufficient to satisfy their debt. Any bankruptcy of one of our tenants would result in a loss of lease payments to us, as well as an increase in our costs to carry the property.

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Additionally, under bankruptcy law, a tenant who is the subject of bankruptcy proceedings has the option of continuing or terminating any unexpired lease. If a bankrupt tenant terminates a lease with us, any claim we might have for breach of the lease, excluding a claim against collateral securing the lease, would be treated as a general unsecured claim. Our claim would likely be capped at the amount the tenant owed us for unpaid rent prior to the bankruptcy unrelated to the termination, plus the greater of one year of lease payments or 15% of the remaining lease payments payable under the lease, but in no case more than three years of lease payments. In addition, a bankruptcy court could re-characterize a net lease transaction as a secured lending transaction. If that were to occur, we would not be treated as the owner of the property, but might have additional rights as a secured creditor. This would mean our claim in bankruptcy court would only be for the amount we paid for the property, which could adversely impact our financial condition.

***Because we expect to enter primarily into short-term leases, we will be more susceptible to any decreases in prevailing market rental rates than would be the case with long-term leases, which could have a material adverse effect on our results of operations.***

We intend to primarily enter into leases with independent farmers having terms of one to five years. As a result, we will be required to frequently re-lease our properties upon the expiration of our leases. This will subject our business to near term fluctuations in market rental rates, and we will be more susceptible to declines in market rental rates than we would be if we were to enter into longer term leases. As a result, any decreases in the prevailing market rental rates in the geographic areas in which we own properties could have a material adverse effect on our results of operations and cash available for distribution to stockholders.

***Our real estate investments will consist of agricultural properties that may be difficult to sell or re-lease upon tenant defaults or early lease terminations, either of which would adversely affect returns to stockholders.***

We intend to focus our investments on agricultural properties. These types of properties are relatively illiquid compared to other types of real estate and financial assets. This illiquidity could limit our ability to quickly dispose of properties in response to changes in economic or other conditions. With these kinds of properties, if the current lease is terminated or not renewed, we may be required to renovate the property to the extent we have buildings on the property, or to make rent concessions in order to lease the property to another tenant or sell the property. In addition, in the event we are forced to sell the property, we may have difficulty finding qualified purchasers who are willing to buy the property. These and other limitations may affect our ability to sell or re-lease properties without adversely affecting returns to our stockholders.

***If our properties do not have access to adequate water supplies, it could harm our ability to lease the properties for farming, thereby adversely affecting our ability to generate returns on our properties.***

In order to lease the cropland that we intend to acquire with the proceeds of this offering, these properties will require access to sufficient water to make them suitable for farming. Although we expect to acquire properties with sufficient water access, should the need arise for additional wells from which to obtain water, we would be required to obtain permits prior to drilling such wells. Permits for drilling water wells are required by state and county regulations, and such permits may be difficult to obtain due to the limited supply of water in areas where we expect to acquire properties, such as the farming regions of California. Similarly, our properties may be subject to governmental regulations relating to the quality and disposition of rainwater runoff or other water to be used for irrigation. In such case, we could incur costs necessary in order to retain this water. If we are unable to obtain or maintain sufficient water supply for our properties, our ability to lease them for farming would be seriously impaired, which would have a material adverse impact on the value of our assets and our results of operations.

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***Our agricultural properties will be subject to adverse weather conditions, seasonal variability, crop disease and other contaminants, which may affect our tenants' ability to pay rent and thereby have an adverse effect on our results of operations and our ability to make distributions to stockholders.***

Fresh produce, including produce used in canning and other packaged food operations, is vulnerable to adverse weather conditions, including windstorms, floods, drought and temperature extremes, which are quite common but difficult to predict. Because fresh produce is highly perishable and generally must be brought to market and sold soon after harvest, unfavorable growing conditions can reduce both crop size and crop quality. Seasonal factors, including supply and consumer demand, may also have an effect on the crops grown by our tenants. In extreme cases, entire harvests may be lost in some geographic areas.

In addition, fresh produce is vulnerable to crop disease, pests and other contaminants. Damages to tenants' crops from crop disease and pests may vary in severity and effect, depending on the stage of production at the time of infection or infestation, the type of treatment applied and climatic conditions. The costs to control these infestations vary depending on the severity of the damage and the extent of the plantings affected. These infestations can increase costs and decrease revenues of our tenants. Tenants may also incur losses from product recalls due to other contaminants that may cause food borne illness. It is difficult to predict the occurrence or severity of such product recalls as well as the impact of these upon our tenants. Although we do not expect that our rental payments will be based on the quality of our tenants' harvests, any of these factors could have a material adverse effect on our tenants' ability to pay rent to us, which in turn could have a material adverse effect on our ability to make distributions to our stockholders.

***Our operating results and the value of our properties may be impacted by future climate changes, adversely impacting the value of our properties and our ability to generate rental revenue.***

In addition to the general risks that adverse weather conditions will pose for the tenants of our properties, the value of our properties will potentially be subject to risks associated with long-term effects of climate change. Many climatologists predict increases in average temperatures, more extreme temperatures and increases in volatile weather over time. The effects of climate change may be more significant along coastlines, such as in the California coastal areas where we intend to partially focus our initial acquisition efforts, due to rising sea levels resulting from melting of polar ice caps, which could result in increased risk of coastal erosion, flooding, degradation in the quality of groundwater aquifers and expanding agricultural weed and pest populations. As a result, the effects of climate change could make our properties less suitable for farming or other alternative uses, which could adversely impact the value of our properties, our ability to generate rental revenue from leasing our properties and our cash available for distribution to stockholders.

***Two of our current properties are leased to the same tenant, Dole, and if Dole is no longer able to make rental payments or chooses to terminate its leases prior to or upon their expiration, it would have a material adverse effect on our financial performance and our ability to make distributions to our stockholders.***

Two of our twelve current leases, representing approximately 72% of our current annualized GAAP straight-line rental revenue, are with Dole under leases expiring in 2013 and 2014. If Dole fails to make rental payments or elects to terminate its leases prior to or upon their expiration, and we cannot re-lease the land on satisfactory terms, or if Dole were to experience financial problems or declare bankruptcy, it would have a material adverse effect on our financial performance and our ability to make dividend payments to our stockholders.

***Because we must distribute a substantial portion of our net income to qualify as a REIT, we will be largely dependent on third-party sources of capital to fund our future capital needs.***

To qualify as a REIT, we generally must distribute to our stockholders at least 90% of our taxable income each year, excluding capital gains. Because of this distribution requirement, it is not likely that we will be able to fund a significant portion of our future capital needs, including property acquisitions, from retained earnings.

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Therefore, we will likely rely on public and private debt and equity capital to fund our business. This capital may not be available on favorable terms or at all. Our access to additional capital depends on a number of things, including the market's perception of our growth potential and our current and potential future earnings.

***We may not be able to borrow money in sufficient amounts or on sufficiently favorable terms necessary to attain the optimal degree of leverage to operate our business, which may have an adverse effect on our operations and ability to pay distributions.***

Our business and acquisition strategies rely heavily on borrowing funds, so that we may make more investments than would otherwise be possible in order to maximize potential returns to stockholders. We may borrow on a secured or unsecured basis. Our articles of incorporation and bylaws to be in effect upon the completion of this offering do not impose any limitation on our borrowing. Our ability to achieve our investment objectives will be affected by our ability to borrow money in sufficient amounts and on favorable terms. We expect that we will borrow money that will be secured by our properties and that these financing arrangements will contain customary covenants such as those that limit our ability, without the prior consent of the lender, to further mortgage the applicable property or to discontinue insurance coverage. In addition, any credit facility we might enter into is likely to contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, and will specify debt ratios that we will be required to maintain. Accordingly, we may be unable to obtain the degree of leverage that we believe to be optimal, which may cause us to have less cash for distributions to stockholders. Our use of leverage could also make us more vulnerable to a downturn in our business or the economy generally and a significant increase in the ratio of our indebtedness to our assets may have an adverse effect on the market price of our common stock.

***Our income from operations may not be enough to cover our debt service obligations, which may affect distributions to stockholders or cause us to incur losses.***

If the income generated by our properties and other assets fails to cover our debt service, we could be forced to reduce or eliminate distributions to our stockholders and may experience losses. Some of our debt financing arrangements may require us to make lump-sum, or balloon, payments at maturity. If our income from operations does not cover a balloon payment, our ability to make the balloon payment at maturity could depend upon our ability to obtain additional financing or to sell the financed property. At the time the balloon payment is due, we may not be able to refinance the balloon payment on terms as favorable as the original loan or sell the property at a price sufficient to make the balloon payment, which would likely have a material adverse effect on our financial condition.

***We have secured borrowings, which would have a risk of loss of the property securing such loan upon foreclosure.***

We currently have a line of credit with Metropolitan Life Insurance Company, or MetLife, which is secured by the San Andreas Farm, that permits us to borrow up to \$4,785,000 through April 2017. The current balance under the line of credit is \$0.1 million. The line of credit accrues interest at a floating rate tied to LIBOR and is currently 3.25% per year. We expect to use the line of credit for working capital. We also have a mortgage loan with MetLife under which we have the ability to borrow up to \$45.2 million. The mortgage loan is secured by our West Gonzales, West Beach, Dalton Lane, Keysville Road, Colding Loop and Trapnell Road Farms. Currently, \$30.7 million is outstanding under this mortgage loan. The loan currently has an annual interest rate of 3.5% and matures in January 2026. Once the net proceeds of this offering have been substantially fully invested, we intend to acquire additional properties by borrowing all or a portion of the purchase price of the property and securing the loans with a mortgage on that or other real property that we own. If we are unable to make our debt payments as required, either under our current credit facilities or any future facilities, a lender could foreclose on the property or properties securing its loan. This could cause us to lose part or all of our investment in the property, which in turn could cause the value of our common stock or the distributions to our stockholders to be reduced.

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***Competition for the acquisition of agricultural real estate may impede our ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect our operating results and financial condition.***

We will compete for the acquisition of properties with many other entities engaged in agricultural and real estate investment activities, including corporate agriculture companies, financial institutions, institutional pension funds, real estate companies and private real estate investors. These competitors may prevent us from acquiring desirable properties or may cause an increase in the price we must pay for real estate. Our competitors may have greater resources than we do and may be willing to pay more for certain assets or may have a more compatible operating philosophy with our acquisition targets. In particular, larger institutions may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. Our competitors may also adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties, our profitability may decrease, and you may experience a lower return on your investment. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

***We expect to lease most of our properties to medium-sized independent farming operations and agricultural businesses, which may have limited financial and personnel resources and, therefore, may be less stable than larger companies, which could impact our ability to generate rental revenue.***

We expect to lease most of our properties to medium-sized farming operations and related agricultural businesses, which will expose us to a number of unique risks related to these entities. For example, medium-sized agricultural businesses are more likely than larger farming operations to have difficulty making lease payments when they experience adverse events. They also tend to experience significant fluctuations in their operating results and to be more vulnerable to competitors' actions and market conditions, as well as general economic downturns. In addition, our target tenants may face intense competition, including competition from companies with greater financial resources, which could lead to price pressure on crops that could lower our tenants' income.

Furthermore, the success of a medium-sized business may also depend on the management talents and efforts of one or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on our tenant and, in turn, on us.

***We may not ultimately be able to sell our agricultural real estate to developers in connection with the conversion of such properties to urban or suburban uses, especially in light of the current uncertain market for real estate development.***

Our business plan in part contemplates purchasing agricultural real property that we believe is located in the path of urban and suburban growth and ultimately will increase in value over the long term as a result. Pending the sale of such real property to developers for conversion to urban, suburban and other more intensive uses, such as residential or commercial development, we intend to lease the property for agricultural uses, particularly farming annual row crops. Urban and suburban development is subject to a number of uncertainties, including land zoning and environmental issues, infrastructure development and demand. These uncertainties are particularly pronounced in light of the current economic environment, in which the pace of future development is unclear. Although the current development market contains uncertainties, these uncertainties may be more acute over time, since we do not intend to acquire properties that are expected to be converted to urban or suburban uses in the near term. As a result, there can be no guarantee that increased development will actually occur and that we will be able to sell any of the properties that we own or acquire in the future for such conversion. Our inability to sell these properties in the future at an appreciated value for conversion to urban or suburban uses could result in a reduced return on your investment.

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***Our real estate portfolio will be concentrated in a limited number of properties, which subjects us to an increased risk of significant loss if any property declines in value or if we are unable to lease a property.***

Based on the anticipated net proceeds to be received from this offering, the expected investment size and our Adviser's experience in the marketplace, we estimate that we will purchase approximately 10 to 15 properties with the net proceeds of this offering and borrowings under our existing credit facilities. To the extent we are able to leverage our investment acquisitions with borrowed funds, we will acquire additional properties with the net proceeds of borrowings, subject to our debt policy. One consequence of a limited number of investments is that the aggregate returns we realize may be substantially adversely affected by the unfavorable performance of a small number of leases or a significant decline in the value of any single property. In addition, while we do not intend to invest 20% or more of our total assets in a particular property at the time of investment, it is possible that, as the values of our properties change, one property may comprise in excess of 20% of the value of our total assets. Lack of diversification will increase the potential that a single underperforming investment could have a material adverse effect on our cash flows and the price we could realize from the sale of our properties. Since our current real estate profile is concentrated entirely in California and Florida, we are also currently subject to the any adverse change in the political or regulatory climate in those states or specific counties where our properties are located that could adversely affect our real estate portfolio and our ability to lease properties.

***Liability for uninsured losses could adversely affect our financial condition.***

Losses from disaster-type occurrences, such as wars, earthquakes and weather-related disasters, may be either uninsurable or not insurable on economically viable terms. Should an uninsured loss occur, we could lose our capital investment or anticipated profits and cash flows from one or more properties.

***Potential liability for environmental matters could adversely affect our financial condition.***

We intend to purchase agricultural properties and will be subject to the risk of liabilities under federal, state and local environmental laws. Some of these laws could subject us to:

responsibility and liability for the cost of removal or remediation of hazardous substances released on our properties, generally without regard to our knowledge of or responsibility for the presence of the contaminants;

liability for the costs of removal or remediation of hazardous substances at disposal facilities for persons who arrange for the disposal or treatment of these substances; and

potential liability for claims by third parties for damages resulting from environmental contaminants.

We will generally include provisions in our leases making tenants responsible for all environmental liabilities and for compliance with environmental regulations, and we will seek to require tenants to reimburse us for damages or costs for which we have been found liable. However, these provisions will not eliminate our statutory liability or preclude third party claims against us. Even if we were to have a legal claim against a tenant to enable us to recover any amounts we are required to pay, there are no assurances that we would be able to collect any money from the tenant. Our costs of investigation, remediation or removal of hazardous substances may be substantial. In addition, the presence of hazardous substances on one of our properties, or the failure to properly remediate a contaminated property, could adversely affect our ability to sell or lease the property or to borrow using the property as collateral. Additionally, we could become subject to new, stricter environmental regulations, which could diminish the utility of our properties and have a material adverse impact on our results of operations.



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***If our tenants fail to comply with applicable labor regulations, it could have an adverse effect on our ability to make distributions to our stockholders.***

State, county and federal governments have also implemented a number of regulations governing labor practices used in connection with farming operations. For example, these regulations seek to provide for minimum wages and minimum and maximum work hours, as well as to restrict the hiring of illegal immigrants. If one of our tenants is accused of violating, or found to have violated such regulations, it could have a material adverse effect on the tenant's operating results, which could adversely affect its ability to make its rental payments to us and, in turn, our ability to make distributions to our stockholders.

***The presence of endangered or threatened species on or near our acquired farmland could restrict the activities of our agricultural tenants, which could in turn have a material adverse impact on the value of our assets and our results of operations.***

Federal, state and local laws and regulations intended to protect threatened or endangered species could restrict certain activities on our farmland. The size of any area subject to restriction would vary depending on the protected species at issue, the time of year and other factors, and there can be no assurance that such federal, state and local laws will not become more restrictive over time. If portions of our farmland are deemed to be part of or bordering habitats for such endangered or threatened species that could be disturbed by the agricultural activities of our tenants, it could impair the ability of the land to be used for farming, which in turn could have a material adverse impact on the value of our assets and our results of operations.

***We may be required to permit the owners of the mineral rights to our properties to enter and occupy parts of the properties for the purposes of drilling and operating oil or gas wells, which could adversely impact the rental value of our properties.***

Although we will own the surface rights to the properties that we acquire, other persons may own the rights to any minerals, such as oil and natural gas, that may be located under the surfaces of these properties. Under agreements with any such mineral rights owners, we expect that we would be required to permit third parties to enter our properties for the purpose of drilling and operating oil or gas wells on the premises. We will also be required to set aside a reasonable portion of the surface area of our properties to accommodate these oil and gas operations. The devotion of a portion of our properties to these oil and gas operations would reduce the amount of the surface available for farming or farm-related uses, which could adversely impact the rents that we receive from leasing these properties.

***Failure to hedge effectively against interest rate changes may adversely affect our results of operations.***

We may experience interest rate volatility in connection with mortgage loans on our acquired properties or other variable-rate debt that we may owe, and mortgage loans we may make, from time to time. We may seek to mitigate our exposure to changing interest rates by using interest rate hedging arrangements such as interest rate swaps and caps. These derivative instruments involve risk and may not be effective in reducing our exposure to interest rate changes. Risks inherent in derivative instruments include the risk that counterparties to derivative contracts may be unable to perform their obligations, the risk that interest rates move in a direction contrary to, or move slower than the period contemplated by, the direction or time period that the derivative instrument is designed to cover, and the risk that the terms of such instrument will not be legally enforceable. While we intend to design our hedging strategies to protect against adverse movements in interest rates, derivative instruments that we are likely to use may also involve immediate costs, which could reduce our cash available for distribution to our stockholders. Likewise, ineffective hedges, as well as the occurrence of any of the risks inherent in derivatives, could adversely affect our operating results or reduce your overall investment returns. Our Adviser and our Board of Directors will review each of our derivative contracts and will periodically evaluate their effectiveness against their stated purposes.

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In addition, tax laws may substantially limit our ability to hedge our interest rate exposure. If we qualify as a REIT for federal income tax purposes, our aggregate gross income from non-qualifying hedges, fees, and certain other non-qualifying sources cannot exceed 5% of our annual gross income. As a result, we might have to limit our use of advantageous hedging techniques or implement those hedges through a taxable REIT subsidiary, or TRS. Any hedging income earned by a TRS would be subject to federal, state and local income tax at regular corporate rates. This could increase the cost of our hedging activities or could expose us to greater risks associated with changes in interest rates than we would otherwise want to bear.

### **Risks Associated With Our Use of an Adviser to Manage Our Business**

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

Our ability to achieve our investment objectives and to pay distributions to our stockholders is substantially dependent upon the performance of our Adviser in evaluating potential investments, selecting and negotiating property purchases and dispositions on our behalf, selecting tenants and borrowers, setting lease terms and determining financing arrangements. You will have no opportunity to evaluate the terms of transactions or other economic or financial data concerning our investments. You must rely entirely on the analytical and management abilities of our Adviser and the oversight of our Board of Directors. If our Adviser or our Board of Directors makes inadvisable investment or management decisions, our operations could be materially adversely impacted.

*We may have conflicts of interest with our Adviser and other affiliates, which could result in investment decisions that are not in the best interests of our stockholders.*

Our Adviser will manage our real estate portfolio and will locate, evaluate, recommend and negotiate the acquisition of our real estate investments and mortgage loans. At the same time, our advisory agreement permits our Adviser to conduct other commercial activities and to provide management and advisory services to other entities, including, but not limited to, Gladstone Commercial Corporation, Gladstone Capital Corporation and Gladstone Investment Corporation, each of which is affiliated with us. Each of our executive officers, other than Ms. Jones, and each of our directors are also executive officers and directors, as applicable, of Gladstone Capital and Gladstone Investment, which actively make loans to and invest in small and medium-sized companies. Each of our executive officers and each of our directors is also an officer or director of Gladstone Commercial, which actively makes real estate investments. As a result, we may from time to time have conflicts of interest with our Adviser in its management of our business and that of Gladstone Commercial, Gladstone Investment or Gladstone Capital, which may arise primarily from the involvement of our Adviser, Gladstone Capital, Gladstone Commercial, Gladstone Investment and their affiliates in other activities that may conflict with our business. Examples of these potential conflicts include:

our Adviser may realize substantial compensation on account of its activities on our behalf and may be motivated to approve acquisitions solely on the basis of increasing its compensation from us;

our agreements with our Adviser are not arm's-length agreements, which could result in terms in those agreements that are less favorable than we could obtain from independent third parties;

we may experience competition with our affiliates for potential financing transactions; and

our Adviser and other affiliates, such as Gladstone Capital, Gladstone Investment and Gladstone Commercial, could compete for the time and services of our officers and directors and reduce the amount of time they are able to devote to management of our business. These and other conflicts of interest between us and our Adviser could have a material adverse effect on the operation of our business and the selection or management of our real estate investments. See **Conflicts of Interest** in this prospectus.

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*Our financial condition and results of operations will depend on our Adviser's ability to effectively manage our future growth.*

Our ability to achieve our investment objectives will depend on our ability to sustain continued growth, which will, in turn, depend on our Adviser's ability to find, select and negotiate property purchases and net leases that meet our investment criteria. Accomplishing this result on a cost-effective basis is largely a function of our Adviser's marketing capabilities, management of the investment process, ability to provide competent, attentive and efficient services and our access to financing sources on acceptable terms. As we grow, our Adviser may be required to hire, train, supervise and manage new employees. Our Adviser's failure to effectively manage our future growth could have a material adverse effect on our business, financial condition and results of operations.

*We may be obligated to pay our Adviser quarterly incentive compensation even if we incur a net loss during a particular quarter.*

The advisory agreement we will enter into in connection with this offering will entitle our Adviser to incentive compensation based on our funds from operations, or FFO, which will reward our Adviser if our quarterly pre-incentive fee FFO exceeds 1.75% of our adjusted stockholders equity. Our pre-incentive fee FFO for a particular quarter for incentive compensation purposes will exclude the effect of any unrealized gains, losses or other items during that quarter that do not affect realized net income, even if these adjustments result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay our Adviser incentive compensation for a fiscal quarter even if we incur a net loss for that quarter as determined in accordance with GAAP.

*We are dependent upon our key management personnel for our future success, particularly David Gladstone and Terry Lee Brubaker.*

We are dependent on our senior management and other key management members to carry out our business and investment strategies. Our future success depends to a significant extent on the continued service and coordination of our senior management team, particularly David Gladstone, our chairman, chief executive officer and president, and Terry Lee Brubaker, our vice chairman and chief operating officer. Mr. Gladstone also serves as the chief executive officer of our Adviser, and Mr. Brubaker is also an executive officer of our Adviser. The departure of any of our executive officers or key personnel of our Adviser could have a material adverse effect on our ability to implement our business strategy and to achieve our investment objectives.

### **Risks Associated With Ownership of Our Common Stock and Our Tax Status**

*Certain provisions contained in our articles of incorporation and bylaws and under Maryland law may prohibit or restrict attempts by our stockholders to change our management and hinder efforts to effect a change of control of us, and the market price of our common stock may be lower as a result.*

There are provisions in our articles of incorporation and bylaws as they will be in effect following this offering that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control was considered favorable by you and other stockholders. For example:

Our articles of incorporation prohibit ownership of more than 3.3% of the outstanding shares of our capital stock by one person, except for certain qualified institutional investors, which are limited to holding 9.8% of our common stock. Our chairman, chief executive officer, and president, David Gladstone, will own approximately 29% of our common stock after this offering and the Gladstone Future Trust, for the benefit of Mr. Gladstone's children, will own approximately 16% of our common stock after this offering, in each case pursuant to an exception approved by our Board of Directors and in compliance with our articles of incorporation. The ownership restriction may discourage a change of control and may deter individuals or entities from making tender offers for our capital stock, which offers might otherwise be financially attractive to our stockholders or which might cause a change in our management.

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Our Board is divided into three classes, with the term of the directors in each class expiring every third year. At each annual meeting of stockholders, the successors to the class of directors whose term expires at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. After election, a director may only be removed by our stockholders for cause. Election of directors for staggered terms with limited rights to remove directors makes it more difficult for a hostile bidder to acquire control of us. The existence of this provision may negatively impact the price of our securities and may discourage third-party bids to acquire our securities. This provision may reduce any premiums paid to stockholders in a change in control transaction.

The Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by the corporation's disinterested stockholders by a vote of two-thirds of the votes entitled to be cast on the matter. Shares of stock owned by interested stockholders, that is, by the acquirer, by officers or by directors who are employees of the corporation, are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock that would entitle the acquirer to exercise voting power in electing directors within one of three increasing ranges of voting power. The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the articles of incorporation or bylaws of the corporation. Our bylaws contain a provision exempting from the Control Share Acquisition Act any and all acquisitions of our common stock by David Gladstone or any of his affiliates. This statute could have the effect of discouraging offers from third parties to acquire us and increasing the difficulty of successfully completing this type of offer by anyone other than Mr. Gladstone or any of his affiliates.

Certain provisions of Maryland law applicable to us prohibit business combinations with:

any person who beneficially owns 10% or more of the voting power of our common stock, referred to as an interested stockholder;

an affiliate of ours who, at any time within the two-year period prior to the date in question, was an interested stockholder; or

an affiliate of an interested stockholder.

These prohibitions last for five years after the most recent date on which the interested stockholder became an interested stockholder. Thereafter, any business combination with the interested stockholder must be recommended by our Board and approved by the affirmative vote of at least 80% of the votes entitled to be cast by holders of our outstanding shares of common stock and two-thirds of the votes entitled to be cast by holders of our common stock other than shares held by the interested stockholder. These requirements could have the effect of inhibiting a change in control even if a change in control were in our stockholders' interest. These provisions of Maryland law do not apply, however, to business combinations that are approved or exempted by our Board of Directors prior to the time that someone becomes an interested stockholder.

***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.***

We currently intend to elect REIT status and operate in a manner that will allow us to qualify as a REIT for federal income tax purposes beginning with our taxable year ending December 31, 2013 or December 31, 2014. Before the first year for which we elect REIT status, we will be subject to regular corporate income taxation. Our qualification as a REIT will depend on our ability to satisfy requirements set forth in the Internal Revenue Code, or Code, concerning, among other things, the ownership of our outstanding common stock, the nature of our assets, the sources of our income and the amount of our distributions to our stockholders. The REIT qualification requirements are extremely complex, and interpretations of the federal income tax laws governing qualification

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as a REIT are limited. Accordingly, we cannot be certain that we will be successful in operating so as to qualify as a REIT. At any time new laws, interpretations or court decisions may change the federal tax laws relating to, or the federal income tax consequences of, qualification as a REIT. It is possible that future economic, market, legal, tax or other considerations may cause our Board of Directors to revoke our proposed REIT election, which it may do without stockholder approval.

If we fail to elect to be treated as a REIT or qualify for REIT status, or if we lose or revoke, our REIT status, we would face serious tax consequences that would substantially reduce the funds available for distribution to you because:

we would not be allowed a deduction for distributions to stockholders in computing our taxable income;

we would be subject to federal income tax at regular corporate rates and might need to borrow money or sell assets in order to pay any such tax;

we also could be subject to the federal alternative minimum tax and possibly increased state and local taxes; and

unless we are entitled to relief under statutory provisions, we would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify.

In addition, all distributions to stockholders made before the beginning of the tax year for which we elect to qualify as a REIT, and all distributions thereafter, if we fail to qualify as a REIT, will be subject to tax to the extent of our current and accumulated earnings and profits. For taxable years beginning after December 31, 2012, the U.S. federal income tax rate on the taxable portion of such distributions will be the graduated rates applicable to ordinary income (up to 39.6%). For additional information regarding the taxation of such distributions, see Federal Tax Consequences of Our Status as a REIT. If we do fail to qualify as a REIT, we would not be required to make distributions to stockholders, and any distributions to stockholders that are U.S. corporations might be eligible for the dividends received deduction.

As a result of all these factors, our failure to qualify as a REIT could impair our ability to expand our business and raise capital and could adversely affect the value of our common stock.

***Complying with REIT requirements may cause us to forego or liquidate otherwise attractive investments.***

To qualify as a REIT for federal income tax purposes, we must continually satisfy various tests regarding the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego investments we might otherwise make.

In particular, we must ensure that at the end of each calendar quarter at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investment in securities other than government securities, securities of TRSs and qualified real estate assets generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of our assets other than government securities, securities of TRSs and qualified real estate assets can consist of the securities of any one issuer, and no more than 25% of the value of our total assets can be represented by securities of one or more TRSs.

If we fail to comply with these requirements, we must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing our REIT qualification and suffering adverse tax consequences. As a result, we may be required to dispose of otherwise attractive investments in order to satisfy REIT requirements. These actions could have the effect of reducing our income and amounts available for distribution to our stockholders.

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*We will not seek to obtain a ruling from the Internal Revenue Service, or IRS, that we qualify as a REIT for federal income tax purposes.*

Although we have not requested, and do not expect to request, a ruling from the IRS that we qualify as a REIT, we have received an opinion of our counsel that, based on certain assumptions and representations, we will so qualify beginning with the first taxable year for which we elect to do so, which we currently expect will be our taxable year ending either December 31, 2013 or December 31, 2014. You should be aware, however, that opinions of counsel are not binding on the IRS or any court. The REIT qualification opinion only represents the view of our counsel based on its review and analysis of existing law, which includes no controlling precedent, and therefore could be subject to modification or withdrawal based on future legislative, judicial or administrative changes to the federal income tax laws, any of which could be applied retroactively. The validity of the opinion of our counsel and of our qualification as a REIT will depend on our continuing ability to meet the various REIT requirements described herein. An IRS determination that we do not qualify as a REIT would deprive our stockholders of the tax benefits of our REIT status only if the IRS determination is upheld in court or otherwise becomes final. To the extent that we challenge an IRS determination that we do not qualify as a REIT, we may incur legal expenses that would reduce our funds available for distribution to stockholders.

*Failure to make required distributions, both prior to and following our REIT election, would jeopardize our REIT status, which could require us to pay taxes and negatively impact our cash available for future distribution.*

In order to qualify as a REIT, each year we must distribute to our stockholders at least 90% of our taxable income, other than any net capital gains. To the extent that we satisfy the distribution requirement but distribute less than 100% of our taxable income, we will be subject to federal corporate income tax on our undistributed income. In addition, we will incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of:

85% of our ordinary income for that year;

95% of our capital gain net income for that year; and

100% of our undistributed taxable income from prior years.

We intend to pay out our income to our stockholders in a manner intended to satisfy the distribution requirement applicable to REITs and to avoid corporate income tax and the 4% excise tax. Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of our taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% excise tax in a particular year.

In addition, to qualify as a REIT, we are required to distribute our non-REIT earnings and profits accumulated before the effective date of our REIT election. As of September 30, 2012, we estimate that our non-REIT accumulated earnings and profits were approximately \$5.0 million. This amount does not include an additional \$2.1 million of federal taxes related to \$4.0 million of non-REIT earnings and profits associated with a deferred intercompany gain resulting from land transfers, described elsewhere in this prospectus, that we will recognize immediately prior to our REIT election. We also expect to recognize additional non-REIT earnings and profits from future operations prior to our REIT election. We intend to distribute any non-REIT earnings and profits, including the profits associated with the deferred intercompany gain, to stockholders prior to December 31 of the first year for which we elect REIT status, in order to eliminate our non-REIT earnings and profits. If we are unable to fully distribute our non-REIT earnings and profits, we would fail to qualify as a REIT.

*If we fail to meet stock ownership diversification requirements, we would fail to qualify as a REIT, which could require us to pay taxes and negatively impact our cash available for future distribution.*

In order to qualify as a REIT, no more than 50% of the value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals during the last half of a taxable year beginning with the second

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year for which we elect to be treated as a REIT. In order to facilitate compliance with this requirement, our articles of incorporation prohibit any individual from owning more than 3.3% in value of our outstanding stock. Pursuant to an exception from this limit approved by our board of directors, David Gladstone will own approximately 29% of our outstanding common stock following completion of this offering and the Gladstone Future Trust, for the benefit of Mr. Gladstone's children, will own approximately 16% of our outstanding common stock following completion of this offering (these shares are attributed to Mr. Gladstone for purposes of the REIT stock ownership diversification requirements). Our board of directors may also reduce the 3.3% ownership limitation if it determines that doing so is necessary in order for us to qualify for REIT treatment. However, such a reduction would not be effective for any stockholder who beneficially owns more than the reduced ownership limit.

In order to ensure that we satisfy the ownership diversification requirement described above, Mr. Gladstone's percentage ownership of the value of our outstanding stock may need to decrease to approximately 36.8% by the last half of the second taxable year for which we elect to be treated as a REIT. We expect that Mr. Gladstone's percentage ownership will decline over time as a result of dilution from future equity offerings. However, there is no guarantee that we will be able to complete additional offerings or that we will be able to do so to an extent and over a time frame that would allow us to qualify for REIT treatment in 2013 or 2014, as we currently intend. If we are unable to ensure that we satisfy the ownership diversification requirement, either through a reduction of the ownership limit, a decline in Mr. Gladstone's percentage ownership or both, we could fail to qualify as a REIT, which could require us to pay taxes and negatively impact our cash available for future distribution.

***The IRS may treat sale-leaseback transactions as loans, which could jeopardize our REIT status.***

The IRS may take the position that transactions in which we acquire a property and lease it back to the seller do not qualify as leases for federal income tax purposes but are, instead, financing arrangements or loans. If a sale-leaseback transaction were so re-characterized, we might fail to satisfy the asset or income tests required for REIT qualification and consequently could lose our REIT status. Alternatively, the amount of our REIT taxable income could be recalculated, which could cause us to fail the distribution test for REIT qualification. See Federal Income Tax Consequences of our Status as a REIT Sale-Leaseback Transactions.

***Investments in our common stock may not be suitable for pension or profit-sharing trusts, Keogh Plans or individual retirement accounts, or IRAs.***

If you are investing the assets of a pension, profit sharing, 401(k), Keogh or other retirement plan, IRA or benefit plan in us, you should consider:

whether your investment is consistent with the applicable provisions of the Employee Retirement Income Security Act, or ERISA, or the Code;

whether your investment will produce unrelated business taxable income, or UBTI, to the benefit plan; and

your need to value the assets of the benefit plan annually.

We do not believe that under current ERISA law and regulations that our assets would be treated as plan assets for purposes of ERISA. However, if our assets were considered to be plan assets, our assets would be subject to ERISA and/or Section 4975 of the Code, and some of the transactions we have entered into with our Adviser and its affiliates could be considered prohibited transactions which could cause us, our Adviser and its affiliates to be subject to liabilities and excise taxes. In addition, our officers and directors, our Adviser and its affiliates could be deemed to be fiduciaries under ERISA and subject to other conditions, restrictions and prohibitions under Part 4 of Title I of ERISA. Even if our assets are not considered to be plan assets, a prohibited transaction could occur if we or any of our affiliates is a fiduciary within the meaning of ERISA with respect to a purchase by a benefit plan and, therefore, unless an administrative or statutory exemption applies in the event such persons are fiduciaries with respect to your purchase, you should not purchase shares in this offering.

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***If our Operating Partnership fails to maintain its status as a partnership for federal income tax purposes, its income may be subject to taxation.***

We intend to maintain the status of the Operating Partnership as a partnership for federal income tax purposes. However, if the IRS were to successfully challenge the status of the Operating Partnership as a partnership, it would be taxable as a corporation. In such event, this would reduce the amount of distributions that the Operating Partnership could make to us. This would also result in our losing REIT status and becoming subject to a corporate level tax on our own income. This would substantially reduce our cash available to pay distributions and the return on your investment. In addition, if any of the entities through which the Operating Partnership owns its properties, in whole or in part, loses its characterization as a partnership for federal income tax purposes, it would be subject to taxation as a corporation, thereby reducing distributions to the Operating Partnership. Such a re-characterization of an underlying property owner could also threaten our ability to maintain REIT status.

***Dividends payable by REITs do not qualify for the reduced tax rates available for some dividends.***

The maximum tax rate applicable to income from qualified dividends payable to domestic stockholders of regular corporations taxed at individual income tax rates has been reduced by legislation to 15% through the end of 2012. Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although this legislation does not adversely affect the taxation of REITs or dividends payable by REITs, more favorable rates applicable to regular corporate qualified dividends may cause investors who are taxed at individual rates to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends. While these favorable rates for regular corporate qualified dividends do not extend beyond the end of 2012 into taxable years in which we intend to qualify as a REIT, if they were extended this could adversely affect the value of our common stock.

***Our ownership of and relationship with TRSs will be limited, and our failure to comply with the limits would jeopardize our REIT status and could result in the application of a 100% excise tax.***

We currently own one entity, Gladstone Land Advisers, Inc., which we intend will make a TRS election upon our election to be taxed as a REIT. We may also form other TRSs as part of our overall business strategy. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% of the value of a REIT's assets may consist of stock or securities of one or more TRSs. A TRS will pay federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to ensure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

Our TRSs will pay federal, state and local income tax on their taxable income, and their after-tax net income will be available for distribution to us but is not required to be distributed to us. We anticipate that the aggregate value of any TRS stock and securities owned by us will be less than 25% of the value of our total assets, including the TRS stock and securities. We will evaluate all of our transactions with TRSs to ensure that they are entered into on arm's-length terms in order to avoid incurring the 100% excise tax. There can be no assurance, however, that we will be able to comply with the 25% limitation or to avoid application of the 100% excise tax.

***We may be subject to adverse legislative or regulatory tax changes that could reduce the market price of our securities.***

At any time, the federal income tax laws or regulations governing REITs or the administrative interpretations of those laws or regulations may be amended. We cannot predict when or if any new federal income tax law, regulation or administrative interpretation, or any amendment to any existing federal income tax



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law, regulation or administrative interpretation, will be adopted, promulgated or become effective and any such law, regulation or interpretation may take effect retroactively. We and our security holders could be adversely affected by any such change in, or any new, federal income tax law, regulation or administrative interpretation.

*We will have corporate income tax liability for taxes attributable to taxable years prior to our REIT election, which taxes will reduce our cash available for distribution to stockholders.*

We will be subject to regular corporate income taxation for our taxable year ending December 31, 2012, and potentially the taxable year ending December 31, 2013, depending upon whether we elect to qualify as a REIT for that year. In addition, if we were determined, as the result of a tax audit or otherwise, to have an unpaid corporate income tax liability for any taxable years during which we were classified as a Subchapter C corporation for U.S. federal income tax purposes, we would be responsible for paying such tax liability, notwithstanding our subsequent qualification as a REIT. In either case, the payment of taxes would cause us to have less cash on hand to make distributions to stockholders.

### **Risks Relating to this Offering and the Market for our Common Stock**

*The market price and trading volume of our common stock may be volatile following this offering.*

Even if an active trading market develops for our common stock after this offering, the market price of our common stock may be highly volatile and subject to wide fluctuations. In addition, the trading volume in our common stock may fluctuate and cause significant price variations to occur. If the market price of our common stock declines significantly, you may be unable to resell your shares at or above the initial public offering price. We cannot assure you that the market price of our common stock will not fluctuate or decline significantly in the future. The risk factors described in this prospectus, many of which are beyond our control, could negatively affect our share price or result in fluctuations in the price or trading volume of our common stock. In addition, the value of our stock will be subject to price and volume fluctuations in the stock market from time to time, which are often unrelated to the operating performance of particular companies, and significant volatility in the market price and trading volume of shares of other REITs and companies that is not necessarily related to the performance of those companies.

*Sales of shares of our common stock, or the perception that such sales will occur, may have adverse effects on our share price.*

We cannot predict the effect, if any, of future sales of common stock, or the availability of shares for future sales, on the market price of our common stock. Sales of substantial amounts of common stock, including shares of common stock issuable upon the conversion of units of our Operating Partnership that we may issue from time to time, and the sale of up to 2,750,000 shares of common stock held by our current stockholders, or the perception that these sales could occur, may adversely affect prevailing market prices for our common stock.

*An increase in market interest rates may have an adverse effect on the market price of our common stock.*

One of the factors that investors may consider in deciding whether to buy or sell our common stock is our distribution yield, which is our distribution rate as a percentage of our share price, relative to market interest rates. If market interest rates increase, prospective investors may desire a higher distribution yield on our common stock or may seek securities paying higher dividends or interest. The market price of our common stock likely will be based primarily on the earnings that we derive from rental income with respect to our properties and our related distributions to stockholders, and not from the underlying appraised value of the properties themselves. As a result, interest rate fluctuations and capital market conditions are likely to affect the market price of our common stock, and such effects could be significant. For instance, if interest rates rise without an increase in our distribution rate, the market price of our common stock could decrease because potential investors may require a higher distribution yield on our common stock as market rates on interest-bearing securities, such as bonds, rise.

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***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain executive management and qualified board members.***

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act, the listing requirements of The NASDAQ Stock Market and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

***As a result of becoming a public company, we will be obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.***

We will be required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for the first fiscal year beginning after the effective date of this offering. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. We will also be required to disclose changes made in our internal control and procedures on a quarterly basis in our filings with the SEC.

We are in the very early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to

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complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective.

If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline, and we may be subject to investigation or sanctions by the SEC.

Our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal control over financial reporting pursuant to Section 404 for the later of the year ending December 31, 2013 or the year during which we no longer qualify as an emerging growth company under the recently enacted Jumpstart Our Business Startups Act of 2012, or the JOBS Act, if we take advantage of the exemptions contained in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed or operating. Our remediation efforts may not enable us to avoid a material weakness in the future. To comply with the requirements of being a public company, we may also need to undertake various costly and time-consuming actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff.

***We are an emerging growth company and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors. We have elected to delay adoption of new or revised accounting standards after we become public, and consequently our financial statements may not be comparable to those of other public companies.***

We are an emerging growth company, as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We will remain an emerging growth company through the year ending December 31, 2017, unless the market value of our common stock that is held by non-affiliates exceeds \$700 million as of any June 30 before that time. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards, meaning that the company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have chosen to take advantage of this extended transition period and, as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for private companies for as long as we maintain our emerging company status and do not revoke this election. Accordingly, the accounting standards that we apply while we remain an emerging growth company may differ materially from the accounting standards applied by other similar public companies, including emerging growth companies that have elected to opt out of this extended transition period. This election could have a material impact on our financial statements and the comparability of our financial statements to the financial statements of similar public companies. This potential lack of comparability could make it more difficult for investors to value our securities, which could have a material impact on the price of our common stock.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

We make forward-looking statements in this prospectus that are subject to risks and uncertainties. These forward-looking statements include information about possible or assumed future results of our business, future events, financial condition or performance, expectations, competitive environment, availability of resources, regulation, liquidity, results of operations, strategies, plans and objectives. These forward-looking statements include, without limitation, statements concerning projections, predictions, expectations, estimates, or forecasts as to our business, financial and operational results, and future economic performance, as well as statements of management's goals and objectives and other similar expressions concerning matters that are not historical facts. When we use the words may, should, could, would, predicts, potential, continue, expects, anticipates, future, intends, plans, believes, estimates or similar expressions or their negatives, as well as statements in the future tense, we intend to identify forward-looking statements. You should not place undue reliance on these forward-looking statements. Statements regarding the following subjects are forward-looking by their nature:

our business strategy;

our projected operating results;

our ability to obtain future financing arrangements;

our understanding of our competition;

market trends;

our compliance with tax laws; and

use of the net proceeds of this offering.

Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information available to us at the time those statements are made or management's good faith belief as of that time with respect to future events. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our common stock, along with the following factors that could cause actual results to vary from our forward-looking statements:

the factors referenced in this prospectus, including those set forth under the section captioned "Risk Factors";

general volatility of the capital markets and the market price of our common stock;

changes in our business strategy;

availability, terms and deployment of capital;

availability of qualified personnel;

changes in our industry, interest rates or the general economy; and

the degree and nature of our competition.

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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We estimate that the net proceeds to us from this offering will be approximately \$45.3 million, assuming an initial public offering price of \$15.00 per share (\$52.3 million if the underwriters exercise their over-allotment option in full), after deducting the underwriting discount and estimated offering expenses payable by us. We expect to use the net proceeds of this offering to buy farms and farm-related properties, such as coolers, processing plants, packing buildings and distribution centers, for lease to tenants and, to a lesser extent, make loans secured by agricultural real estate and to make payments to our Adviser and our Administrator pursuant to our agreements with them. As of the date of this prospectus, we do not have commitments to purchase any properties. We will invest the net proceeds in accordance with our investment objectives and policies. See [Our Investment Process](#) for additional information regarding our investment objectives and policies.

Each \$1.00 increase or decrease in the assumed initial public offering price of \$15.00 per share would increase or decrease the net proceeds to us from this offering by approximately \$3.1 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

We estimate that it will take approximately 12 months for us to substantially invest the net proceeds of this offering, depending on the availability of appropriate opportunities and market conditions. Pending such investment, we will primarily invest the net proceeds in securities that are not REIT-qualified investments, as well as REIT-qualified investments such as money market instruments, short-term repurchase agreements or other cash equivalents. The non-REIT-qualified investments are expected to provide a current return that will be greater than the REIT-qualified investments. We may also temporarily invest in securities that qualify as real estate assets under the REIT provisions of the Code, such as mortgage-backed securities. There can be no assurance that we will be able to achieve our targeted investment pace. See [Our Investment Process Temporary Investments](#) for additional information about temporary investments we may make while evaluating potential real estate investments.

A tabular presentation of our estimated use of the proceeds to us from this offering, assuming no exercise of the underwriters' over-allotment option, is set forth below:

	<b>Amount</b>	<b>Percentage</b>
Gross offering proceeds	\$ 50,000,010	100.00%
Less offering expenses:		
Underwriting discount	3,500,001	7.00
SEC registration fee	6,590	0.01
FINRA filing fees	9,125	0.02
NASDAQ initial listing fee	125,000	0.25
Printing and engraving expenses <sup>(1)</sup>	150,000	0.30
Legal fees and expenses <sup>(1)</sup>	700,000	1.40
Accounting fees and expenses <sup>(1)</sup>	150,000	0.30
Transfer agent and registrar fees <sup>(1)</sup>	25,000	0.05
Miscellaneous offering expenses <sup>(1)</sup>	84,285	0.17
Estimated net proceeds to us to be used to acquire properties and for general corporate and working capital purposes <sup>(2)</sup>	\$ 45,250,009	90.50%

<sup>(1)</sup> Estimated.

<sup>(2)</sup> We do not intend to make any payments to our Adviser or any of its affiliates from the proceeds of the offering. While we will make payments to our Adviser and Administrator pursuant to the terms of our agreements with these entities, such payments will come from rental revenues, rather than offering proceeds. 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.

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**DISTRIBUTION POLICY**

We intend to cause our operating partnership to make regular monthly distributions to holders of operating partnership units, which will initially be only us, and we intend to use our share of cash distributions received from our operating partnership to make regular monthly distributions to the holders of our common stock. We have not yet determined an initial distribution rate.

We have not yet determined whether we will elect to be treated as a REIT for tax purposes beginning with our taxable year ending December 31, 2013 or our taxable year ending December 31, 2014. Prior to the end of the taxable year for which we first elect to be taxed as a REIT, we will be required to distribute any remaining undistributed non-REIT earnings and profits accumulated in prior years. We will seek to set distributions at a level that will allow us to distribute these accumulated non-REIT earnings and profits prior to December 31 of the year for which we initially elect REIT status. However, in addition to our current accumulated non-REIT earnings and profits, we expect to recognize an additional \$2.1 million of federal taxes related to \$4.0 million of non-REIT earnings and profits associated with a deferred intercompany gain resulting from land transfers, described elsewhere in this prospectus, immediately prior to our REIT election. We also expect to have additional non-REIT earnings and profits from our operations during the remainder of 2012 and, unless we elect to be treated as a REIT in 2013, during 2013, which earnings and profits must also be distributed prior to the completion of the first taxable year for which we elect REIT status. As a result, it is possible that our monthly distributions will 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 our 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.

Upon electing REIT status, distributions to our stockholders will generally be subject to taxation as ordinary income, although we may designate a portion of such distributions as capital gain and a portion may constitute a tax-free return of capital. We anticipate that, at least initially, our distributions will not exceed our then current and accumulated earnings and profits. However, it is possible that, in the future, our distributions may exceed our then current and accumulated earnings and profits, which would result in a portion of our future distributions constituting a return of capital for federal income tax purposes. Since most of the land we expect to own will be farmland, we do not anticipate that there will be any significant depreciation in the calculation of our taxable income and, therefore, we believe that our taxable income is likely to approximate our funds from operations, or FFO. As a result, we do not believe that it is likely that a material amount of our distributions to stockholders will constitute a return of capital. However, the percentage of our stockholder distributions that exceeds our current and accumulated earnings and profits, if any, may vary substantially from year to year. We will furnish to our stockholders annually a statement setting forth distributions paid during the preceding year and their characterization as ordinary income, capital gains or return of capital. For a discussion of the tax treatment of distributions to holders of our common stock, see *Federal Income Tax Consequences of Our Status as a REIT*.

Distributions made by us will be authorized by our Board of Directors out of funds legally available and, therefore, will be dependent upon a number of factors, including restrictions under applicable law. The actual amount, timing and frequency of our distributions will be at the discretion of, and authorized by, our Board of Directors and will depend on our actual results of operations and a number of other factors, including:

the timing of our investment of the net proceeds of this offering;

the rent received from our lessees;

our debt service requirements;

capital expenditure requirements for our properties;

unforeseen expenditures at our properties;

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our ability to renew existing leases and new properties at anticipated rates;

our taxable income and the taxable income, if any, of our TRS;

the annual distribution requirement under the REIT provisions of the Code for taxable years for which we elect to be taxed as a REIT;

our operating expenses;

the percentage of all operating partnership units outstanding that we hold;

relevant provisions of Maryland General Corporation Law, or MGCL; and

other factors that our Board of Directors may deem relevant.

We may retain earnings, if any, of our TRS, and such amount of cash would not be available to satisfy the 90% distribution requirement. If our cash available for distribution to our stockholders is less than 90% of our REIT taxable income, we could be required to sell assets or borrow funds to make distributions. Dividend distributions to our stockholders will generally be taxable to our stockholders as ordinary income to the extent of our current or accumulated earnings and profits.

We have designated Computershare to serve as our dividend reinvestment agent for holders of record of our common stock that would like to have their distributions reinvested automatically in additional shares of our common stock. For more information, see Transfer, Dividend Paying and Dividend Reinvestment Agent and Registrar.

**Dividends**

We have not historically declared regular dividends on our common stock, although from time to time we have declared and paid dividends to our stockholders. Set forth below, by quarter, are the dividends per share for the years ended December 31, 2010 and 2011 and the nine months ended September 30, 2012:

Quarter Ended	Dividends Per Share
March 31, 2010	\$ 0.00
June 30, 2010	\$ 0.00
September 30, 2010	\$ 0.00
December 31, 2010	\$ 0.00
March 31, 2011	\$ 0.00
June 30, 2011	\$ 0.37
September 30, 2011	\$ 0.00
December 31, 2011	\$ 0.00
March 31, 2012	\$ 0.00
June 30, 2012	\$ 0.00
September 30, 2012	\$ 0.00



**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and our capitalization as of September 30, 2012 on:

an actual basis; and

on an adjusted basis to give effect to the sale by us of shares of common stock in this offering at an assumed initial public offering price of \$15.00 per share, and our receipt of the estimated net proceeds from that sale after deducting the underwriting discount and estimated offering expenses payable by us, assuming no exercise of the underwriters' over-allotment option.

This table should be read in conjunction with Use of Proceeds, Selected Consolidated Financial Data, Description of Our Capital Stock, Management's Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and the notes thereto included elsewhere in this prospectus.

	<b>As of September 30, 2012</b>	
	<b>Actual</b>	<b>As Adjusted</b>
Cash and cash equivalents	\$ 1,205,797	\$ 46,455,806
Mortgage notes payable	\$ 30,717,880	\$ 30,717,880
Borrowings under line of credit	400,000	400,000
Stockholder's Equity:		
Common stock, \$0.001 par value per share, 20,000,000 shares authorized, and 2,750,000 shares issued and outstanding, actual; 20,000,000 shares authorized, and 6,083,334 shares issued and outstanding, as adjusted	2,750	6,083
Additional paid-in capital		45,246,676
Retained earnings	7,891,010	7,891,010
Total stockholder's equity	7,893,760	53,143,769
Total capitalization	\$ 39,011,640	\$ 84,261,649

Each \$1.00 increase or decrease in the assumed initial public offering price of \$15.00 per share would increase or decrease as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately \$3.1 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

**Table of Contents****DILUTION**

Dilution is the amount by which the offering price paid by the purchasers of the shares of common stock sold in the offering exceeds the net tangible book value per share of common stock after the offering. Net tangible book value per share is determined at any date by subtracting our total liabilities from the total book value of our tangible assets and dividing the difference by the number of shares of common stock deemed to be outstanding at that date.

Our net tangible book value as of September 30, 2012 was \$6.1 million, or \$2.22 per share. After giving effect to the receipt of approximately \$45.3 million of estimated net proceeds from our sale of shares of common stock in this offering at an assumed offering price of \$15.00 per share, our net tangible book value as of September 30, 2012 would have been \$51.3 million, or \$8.44 per share. This represents an immediate increase in net tangible book value of \$6.22 per share to our existing stockholders and an immediate dilution of \$6.56 per share to new investors purchasing shares of common stock in the offering. The following table illustrates this substantial and immediate per share dilution to new investors.

Assumed initial public offering price per share		\$ 15.00
Net tangible book value per share at September 30, 2012	\$ 2.22	
Pro forma increase per share attributable to new investors	6.22	
Pro forma net tangible book value per share after giving effect to this offering		8.44
Dilution in net tangible book value per share to new investors		\$ 6.56

A \$1.00 increase (decrease) in the assumed initial public offering price of \$15.00 per share would increase (decrease) our pro forma net tangible book value by \$3.1 million, the pro forma net tangible book value per share by \$0.51 per share and the dilution per share to new investors in this offering by \$0.49, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discount and estimated expenses payable by us.

If the underwriters exercise their option to purchase additional shares in full, the pro forma net tangible book value per share after the offering would be \$8.86 per share, the increase in the pro forma net tangible book value per share to the existing stockholders would be \$6.64 per share and the dilution to new investors purchasing common stock in this offering would be \$6.14 per share.

The following table summarizes, as of September 30, 2012:

the total number of shares of common stock purchased from us by our existing stockholders and by new investors purchasing shares in this offering;

the total consideration paid to us by our existing stockholders and by new investors purchasing shares in this offering, assuming an initial public offering of \$15.00 per share, before deducting the estimated underwriting discount and estimated offering expenses payable by us in connection with this offering; and

the average price per share paid by our existing stockholders and by new investors purchasing shares in this offering.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	2,750,000	45.2%	\$ 100	0%	\$ 0.00
New investors	3,333,334	54.8	50,000,010	100	\$ 15.00

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Total	6,083,334	100%	\$ 50,000,110	100%
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A \$1.00 increase (decrease) in the assumed initial public offering price of \$15.00 per share would increase (decrease) total consideration paid by new investors by \$3.3 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and without deducting the underwriting discount and estimated expenses payable by us.

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**SELECTED FINANCIAL DATA**

You should read the following selected consolidated financial data together with Management's Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and the related notes included in this prospectus. The selected financial data in this section is not intended to replace our financial statements and the accompanying notes.

The selected consolidated financial data as of and for the years ended December 31, 2011 and 2010 are derived from our audited consolidated financial statements included in this prospectus. We have derived the selected statement of operations data for the nine months ended September 30, 2012 and 2011 and the selected balance sheet data as of September 30, 2012 from our unaudited financial statements that are included in this prospectus.

The unaudited financial data include, in the opinion of our management, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of our financial position and results of operations for these periods. Our historical results of operations are not necessarily indicative of results of operations that should be expected in any future periods and our results for any interim period are not necessarily indicative of the results that may be expected for a full fiscal year.

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	As of and For the Nine Months Ended September 30,		As of and For the Years Ended December 31,	
	2012 (Unaudited)	2011 (Unaudited)	2011 (Restated) <sup>(2)</sup>	2010
<b>Operating Data:</b>				
Total operating revenue	\$ 2,473,837	\$ 2,182,477	\$ 2,964,082	\$ 2,418,111
Total operating expenses	(1,115,169)	(1,346,715)	(1,681,254)	(853,530)
Other expense	(714,093)	(1,044,117)	(1,269,098)	(687,454)
Net income (loss) before income taxes	644,575	(208,355)	13,730	877,127
Provision for income taxes	(287,167)	(10,581)	(7,511)	(316,604)
Net income (loss)	\$ 357,408	\$ (218,936)	\$ 6,219	\$ 560,523
<b>Share and Per Share Data:</b>				
Earnings per weighted average common share:				
Basic and diluted	\$ 0.13	\$ (0.08)	\$ 0.00	\$ 0.20
Weighted average shares of common stock outstanding:				
Basic and diluted	2,750,000	2,750,000	2,750,000	2,750,000
<b>Supplemental Data:</b>				
Net income (loss)	\$ 357,408	\$ (218,936)	\$ 6,219	\$ 560,523
Real estate depreciation and amortization	306,257	386,128	505,568	317,244
Funds from operations <sup>(1)</sup>	663,665	167,192	511,787	877,767
<b>Balance Sheet Data:</b>				
Real estate, gross	\$ 39,678,968		\$ 32,399,715	\$ 19,551,350
Total assets	40,284,218		32,768,277	29,034,484
Mortgage notes payable and borrowings under line of credit	31,117,880		24,133,000	19,755,621
Total stockholders equity	7,893,760		7,536,353	8,547,633

(1) Funds From Operations, or FFO, is a term approved by the National Association of Real Estate Investment Trusts, or NAREIT. FFO was developed by the NAREIT as a relative non-GAAP supplemental measure of operating performance of an equity REIT in order to recognize that income-producing real estate historically has not depreciated on the basis determined under GAAP. FFO, as defined by NAREIT, is net income (loss) (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. FFO does not represent cash flows from operating activities in accordance with GAAP and should not be considered an alternative to either net income as an indication of our performance or cash flow from operations as a measure of liquidity or ability to make distributions. Comparison of FFO to similarly titled measures for other REITs may not necessarily be meaningful due to possible differences in the application of the NAREIT definition used by such REITs.

Basic funds from operations per share, or Basic FFO per share, and diluted funds from operations per share, or Diluted FFO per share, are equal to FFO divided by our weighted average common shares outstanding and FFO divided by weighted average common shares outstanding on a diluted basis, respectively, during a period. We believe that FFO, Basic FFO per share and Diluted FFO per share are useful to investors because they provide investors with a further context for evaluating our FFO results in the same manner that

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investors use net income and earnings per share, or EPS, in evaluating operating results. In addition, since most REITs provide FFO, Basic FFO and Diluted FFO per share information to the investment community, we believe these are useful supplemental measures for comparing us to other REITs. We believe that net income is the most directly comparable GAAP measure to FFO, basic EPS is the most directly comparable GAAP measure to Basic FFO per share, and diluted EPS is the most directly comparable GAAP measure to Diluted FFO per share.

The following table provides a reconciliation of our FFO to the most directly comparable GAAP measure, net income (loss), and a computation of Basic FFO and Diluted FFO per weighted average common share and basic and diluted net income (loss) per weighted average common share:

	For the Nine Months Ended September 30,		For the years ended December 31,	
	2012	2011	2011 (Restated) <sup>(2)</sup>	2010
	(Unaudited)	(Unaudited)		
Net income (loss)	\$ 357,408	\$ (218,936)	\$ 6,219	\$ 560,523
Add: Real estate depreciation and amortization	306,257	386,128	505,568	317,244
FFO available to common stockholders	663,665	167,192	511,787	877,767
Weighted average shares outstanding basic & diluted	2,750,000	2,750,000	2,750,000	2,750,000
Basic & Diluted net income (loss) per weighted average common share	\$ 0.13	\$ (0.08)	\$ 0.00	\$ 0.20
Basic & Diluted FFO per weighted average common share	0.24	0.06	0.19	0.32

- (2) For additional information concerning the restatement, please refer to Note 2, *Restatement of Prior Period Financial Statements*, in the notes to our consolidated financial statements located elsewhere in this prospectus.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including those set forth under the heading Risk Factors and elsewhere in this prospectus. The following discussions should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this prospectus.*

**Overview**

We are an externally-managed corporation that currently owns twelve farms, leased to six separate tenants, in California and Florida that we lease to corporate and independent farmers. We intend to acquire more farmland that is leased to farmers. We expect that most of our future tenants will be medium-sized independent farming operations or large corporate farming operations that are unrelated to us. We may also acquire property 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 packing, known as a box barn. We intend to le