



Gladstone Land Corp. (LAND)

Updated September 1st, 2025, by Josh Arnold

Key Metrics

Current Price:	\$9.20	5 Year CAGR Estimate:	-2.0%	Market Cap:	\$333 M
Fair Value Price:	\$5.40	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	09/22/25
% Fair Value:	170%	5 Year Valuation Multiple Estimate:	-10.1%	Dividend Payment Date:	09/30/25
Dividend Yield:	6.1%	5 Year Price Target	\$6.26	Years Of Dividend Growth:	10
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Hold

Overview & Current Events

Gladstone Land Corporation is a real estate investment trust, or REIT, that specializes in the owning and operating of farmland in the U.S. The trust owns about 160 farms, comprising more than 100,000 acres of farmable land. Gladstone's business is made up of three different options available to farmers, all of which are done on a triple-net basis. The trust offers long-term sale leaseback transactions, traditional leases of farmland, and outright purchases of farm properties. Gladstone's portfolio has an appraised value of over \$1.5 billion, and the stock trades with a market capitalization of \$333 million. The trust went public in early 2013 after having been founded in 1997.

Gladstone posted second quarter earnings on August 7th, 2025, and results were much worse than expected, adding more weakness to what has been a challenging year. The trust posted adjusted funds-from-operations per share of -\$0.09, which missed estimates for a breakeven quarter. Revenue plummeted 42% year-over-year to \$12.3 million, and missed estimates massively, which were for nearly \$16 million.

Core expenses fell by about \$200,000 during the quarter, and cash expenses were off by \$135,000, but those were offset by higher property operating expenses. The latter was attributed to costs to protect water rights and higher property taxes from farm vacancies.

The management team noted, rather worryingly, that they are being cautious because the expense and interest costs of running farms has changed significantly, and not for the better. That has led the trust to make no new investments, and as more of its existing portfolio is vacant, results are suffering. We've slashed our estimate of earnings this year and don't see a path forward for meaningful growth at the moment.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
AFFO	\$0.40	\$0.54	\$0.56	\$0.51	\$0.57	\$0.66	\$0.70	\$0.74	\$0.67	\$0.59	\$0.30	\$0.35
DPS	\$0.47	\$0.50	\$0.52	\$0.53	\$0.53	\$0.54	\$0.54	\$0.55	\$0.56	\$0.56	\$0.56	\$0.33
Shares¹	8.6	10.8	13.4	16.3	17.9	20.9	34.2	35.7	35.8	36.2	36.5	38.0

Gladstone's growth has been irregular since it went public in 2013, although that growth has settled down a bit recently. From 2016 to 2018, Gladstone produced just over \$0.50 in AFFO-per-share annually, which is below where we see long-term earnings potential after recent acquisitions. With margins and revenue growth now both sources of concern, we see growth at just 3% going forward, even off of the decade-low base of earnings for 2025. Acquisitions and rent escalations are likely to be the only sources of AFFO growth in the coming years, as has been the case for some time. Rent reductions in 2024 were a troubling development, and no improvement thus far in 2025 has been seen.

Growth in the trust's portfolio will drive higher rental revenues, but Gladstone continues to suffer from high funding costs. It issues preferred stock with coupons in the mid-to-high single-digits, and issues common stock that has not only an implied cost of a higher share count, but also a dividend yield of 5%+. With capitalization rates in the mid-single digits, it is very difficult for Gladstone to issue such expensive capital and then profitably invest it in new properties. Given this, Gladstone must tightly control operating expenses to move the needle on a per-share basis, which it has

¹ Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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struggled to accomplish at times in the past. We see this as continuing for the foreseeable future unless it finds a cheaper way to fund acquisitions. We note recent lease renewals were done at unfavorable rates, at the same time as the acquisition landscape is quite negative. The REIT has said it is waiting out this period of higher interest rates as financing cannot be completed at favorable rates at the moment, highlighting this risk. The most recent report showed further deterioration.

The dividend was raised fractionally most recently as Gladstone appears to have hit the maximum dividend it can pay until AFFO-per-share increases. The most recent increase was just 0.2%, and while the dividend increase streak is now up to ten years, the dividend is very little changed from a few years ago.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/AFFO	25.8	18.9	22.0	24.8	21.2	21.6	32.3	25.8	21.6	18.4	30.7	18.0
Avg. Yld.	4.6%	4.9%	4.2%	4.2%	4.4%	3.8%	2.4%	3.0%	3.9%	5.2%	6.1%	5.3%

Gladstone's price-to-AFFO has been very high in recent years and sits at 30.7 today. We see fair value, given its projected growth and maxed out dividend, at 18 times AFFO. That implies a big headwind from the valuation. The yield is 6.1% today and we see it declining over time as the dividend now appears at significant risk given very weak earnings. We note the company could issue capital to fund the dividend in part, but we don't see earnings covering the current payout for some time.

Safety, Quality, Competitive Advantage, & Recession Resiliency

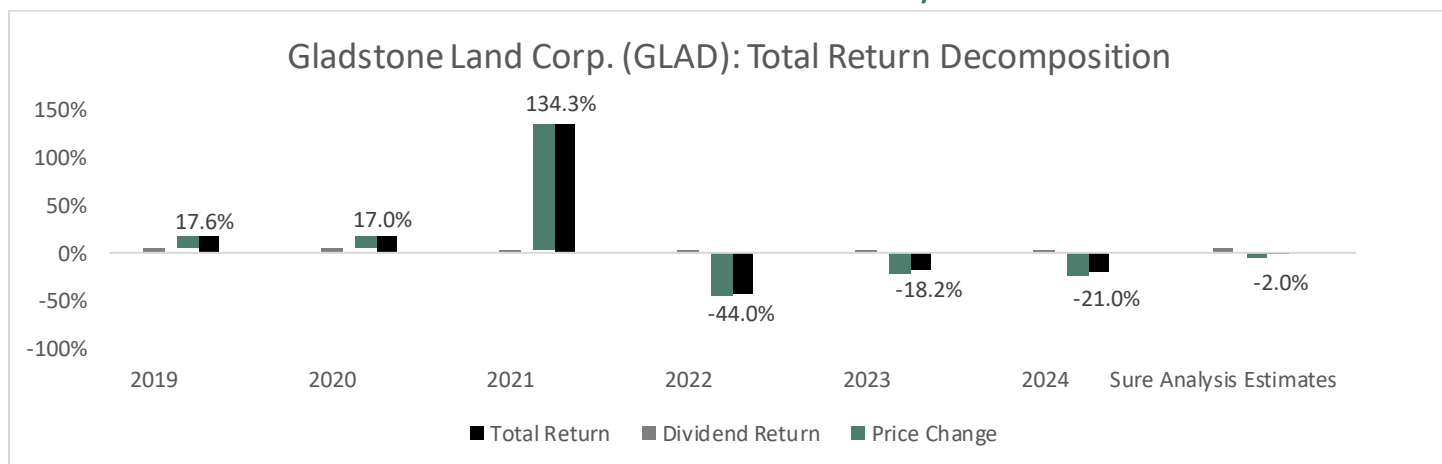
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	118%	93%	93%	104%	93%	82%	77%	74%	84%	95%	187%	95%

Gladstone offers farmers a diverse portfolio of high-quality properties, but it doesn't necessarily have a competitive advantage. Recessions may hurt the trust's earnings as farmers that operate on low margins may struggle if a downturn occurs. Weather is another risk factor for Gladstone and its farmers, as crop destruction can occur for a variety of reasons. The dividend is potentially coming under some risk at 187% of projected FFO.

Final Thoughts & Recommendation

Gladstone's share price has performed quite poorly in recent months due to rapidly declining earnings estimates. We forecast total annual returns of -2%, consisting of the dividend yield of 6.1% and growth of 3%, with a huge headwind from the valuation. We reiterate our hold rating, but note the dividend looks anything but secure.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	12	17	25	37	41	57	75	89	90	85
Gross Profit	11	17	24	35	38	55	73	86	86	80
Gross Margin	93.3%	95.5%	94.7%	94.4%	93.9%	96.8%	96.6%	96.6%	95.6%	93.7%
SG&A Exp.	3	4	4	5	5	8	10	13	14	13
D&A Exp.	3	5	7	9	13	17	27	35	37	35
Operating Profit	5	7	11	12	19	28	32	34	33	31
Operating Margin	42.3%	42.2%	45.3%	33.0%	47.4%	48.5%	42.1%	38.2%	36.7%	36.8%
Net Profit	1	0	(0)	3	2	5	3	5	15	13
Net Margin	4.8%	2.6%	-0.1%	7.2%	4.3%	8.6%	4.6%	5.6%	16.7%	15.6%
Free Cash Flow	2	(1)	1	(12)	9	8	26	24	27	24
Income Tax	---	---	---	---	---	---	---	---	---	---

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	229	334	462	565	817	1,067	1,352	1,457	1,387	1,312
Cash & Equivalents	3	2	3	15	14	9	17	61	19	18
Inventories	---	---	2	---	---	---	---	---	54	46
Goodwill & Int. Ass.	2	2	5	6	5	4	4	6	5	4
Total Liabilities	151	246	344	384	538	683	762	726	668	625
Accounts Payable	3	3	7	9	10	9	11	16	10	18
Long-Term Debt	142	207	301	336	482	624	668	627	574	528
Shareholder's Equity	78	77	110	176	277	384	587	731	720	687
LTD/E Ratio	1.82	2.70	2.74	1.91	1.74	1.63	1.14	0.86	0.80	0.77

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.3%	0.2%	0.0%	0.5%	0.3%	0.5%	0.3%	0.3%	1.0%	1.0%
Return on Equity	0.8%	0.6%	0.0%	1.8%	0.8%	1.5%	0.7%	0.7%	2.0%	1.9%
ROIC	0.3%	0.2%	0.0%	0.6%	0.3%	0.6%	0.3%	0.4%	1.1%	1.1%
Shares Out.	8.6	10.8	13.4	16.3	17.9	20.9	34.2	34.6	35.7	35.9
Revenue/Share	1.38	1.73	2.08	2.37	2.08	2.56	2.48	2.58	2.53	2.37
FCF/Share	0.17	(0.14)	0.11	(0.79)	0.46	0.38	0.86	0.68	0.76	0.68

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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