

Desautels Capital Management

Farmland Partners Inc. (NYSE: FPI)

Real Estate

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March 15th, 2023



Executive Summary



"SELL" Rating

\$8.50

15.3% Potential Downside

Current Valuation

\$10.03

Current Price

\$545.2M

Market Cap.

37.2x

NTM P / FFO

Investment Pillars

1 Potential downward multiple re-rating given continued operational issues

2 High leverage expose FPI to rising interest rates and limit growth opportunities

3 Declining crop sales to negatively impact tenant's profitability

Main Catalyst

Growing population driving food demand

Main Risk

Cash flows significantly exposed to interest rates

- I. Farmland Partners Inc Overview**
 - i. Company Overview & History
 - ii. ESG Analysis
 - iii. Industry Analysis
 - iv. Recent Lawsuit

- II. Investment Thesis I: Potential downward multiple re-rating**
 - i. Inability to Increase Rent Prices
 - ii. Trading Multiple Premium Not Justified

- III. Investment Thesis II: High leverage will limit growth opportunities**
 - i. Impact on FFO and Dividend
 - ii. Limits Growth Capacity

- IV. Investment Thesis III: Declining crop sales will negatively impact tenant's profitability**
 - i. Market Outlooks for Each Crop Are Poor
 - ii. FPI Has Poorer Pricing Power Compared to LAND

- V. Valuation**
 - i. Football Field Analysis
 - ii. NAV
 - iii. Sensitivity Analysis
 - iv. Trading Multiples
 - v. Main Risks

- VI. Appendix**

Company Overview & History



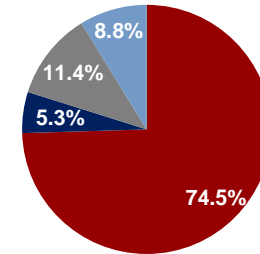
FPI as performed roughly the same as the market and its subsector over the past year

Business Description & Segments

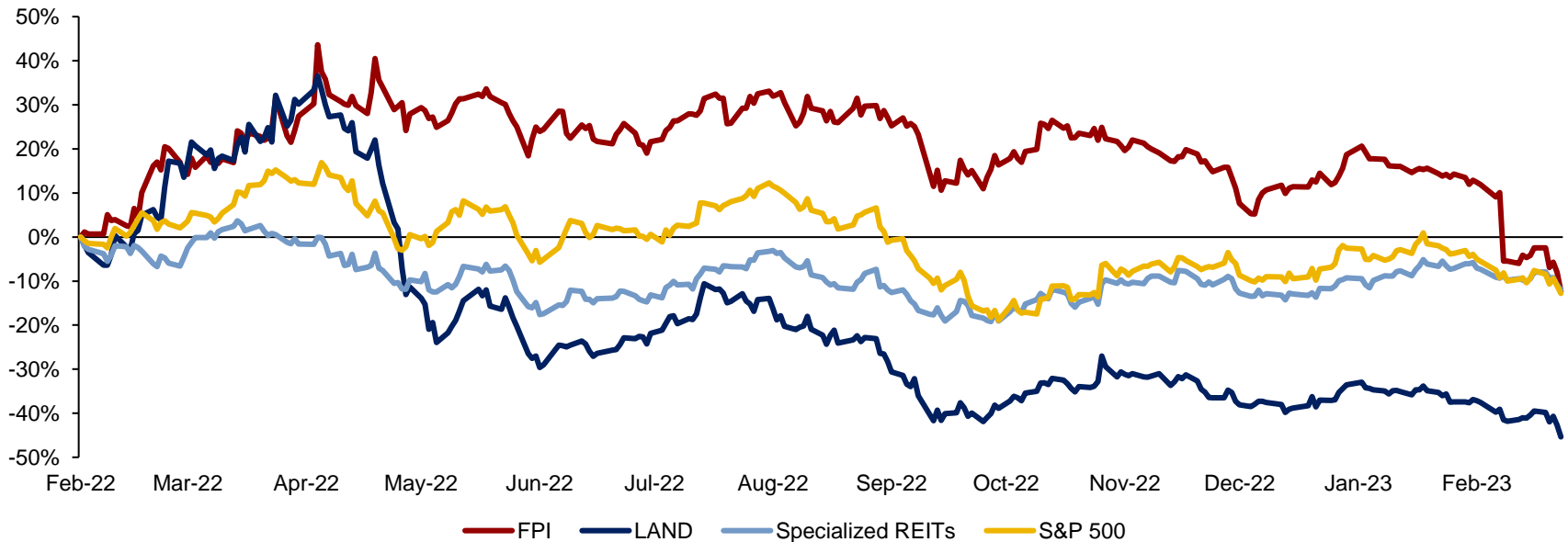
- Farmland Partners Inc. is an internally managed real estate company that owns and seeks to acquire high-quality US farmland
- They also make loans to farmers secured by farm real estate
- The company owns approximately 165,200 acres in 16 states, with approx. 26 crop types and over 100 tenants

Revenue Breakdown

- Rental Income
- Tenant Reimbursements
- Other Revenues
- Crop Sales



Stock Performance vs Main Competitor

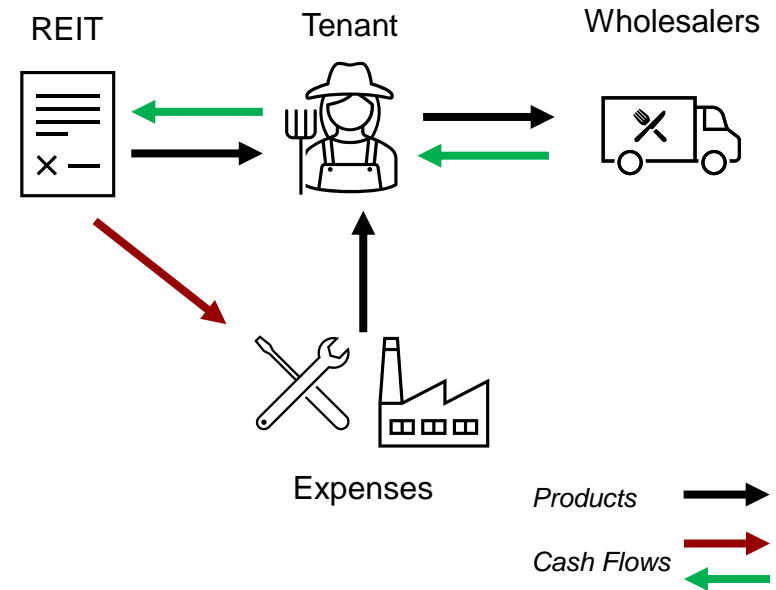


Source: Bloomberg, Capital IQ

Farm REITs are a new value chain

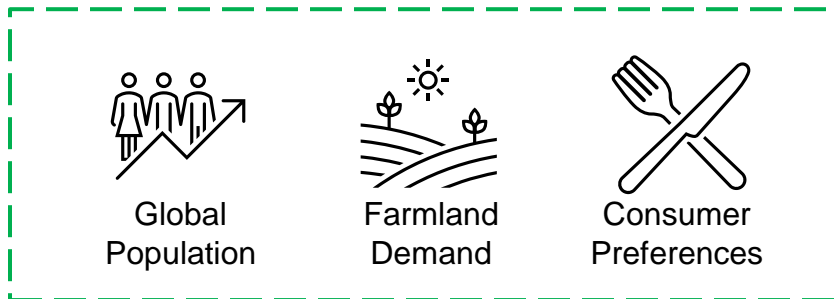
Farm REITs

- Lease farmland and farm-related facilities to corporate or independent farmers
- Typically offer sale-leaseback opportunities to allow the seller to continue farming the land
- Lease structures are typically in the form of (i) Fixed cash rent, or (ii) fixed cash rent plus a percentage of the farm's gross revenues (participating leases)
- ~ 40% of all U.S. farm acreage is leased to and operated by non-owners & ~ 10% of all U.S. farm acreage is owned by institutional investors
- Competitors include family & corporate owners

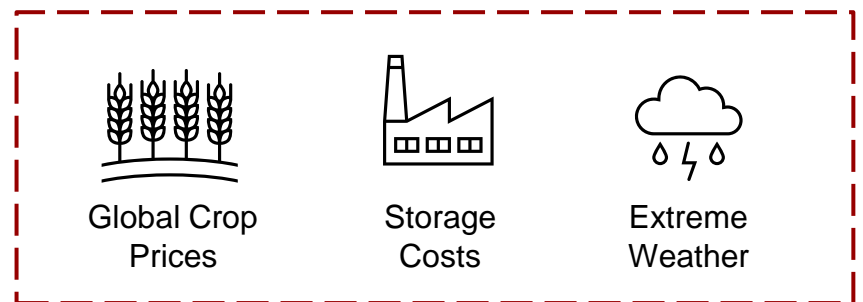


Growth & Costs Drivers

Revenue Drivers



Cost Drivers



Farming industry set for a slowdown in near to mid-term

1 Crop Prices to Decrease

-9% to -5%
Growth rate in '23E

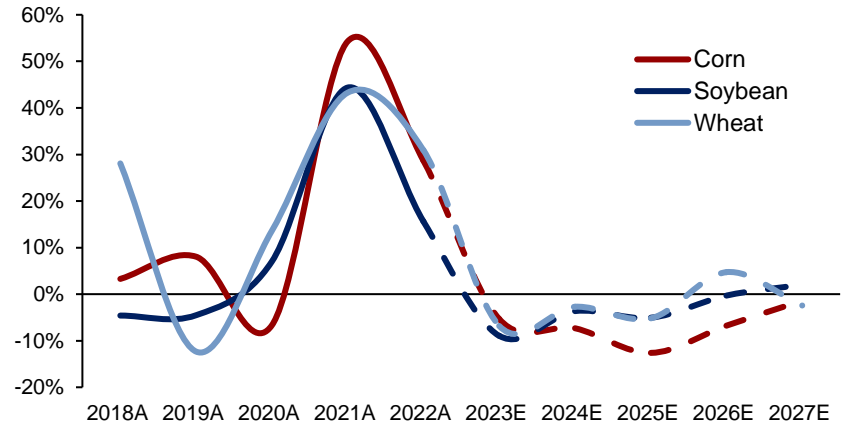
-1.25%
CAGR over '23E-28E

2 Total Farmland Area

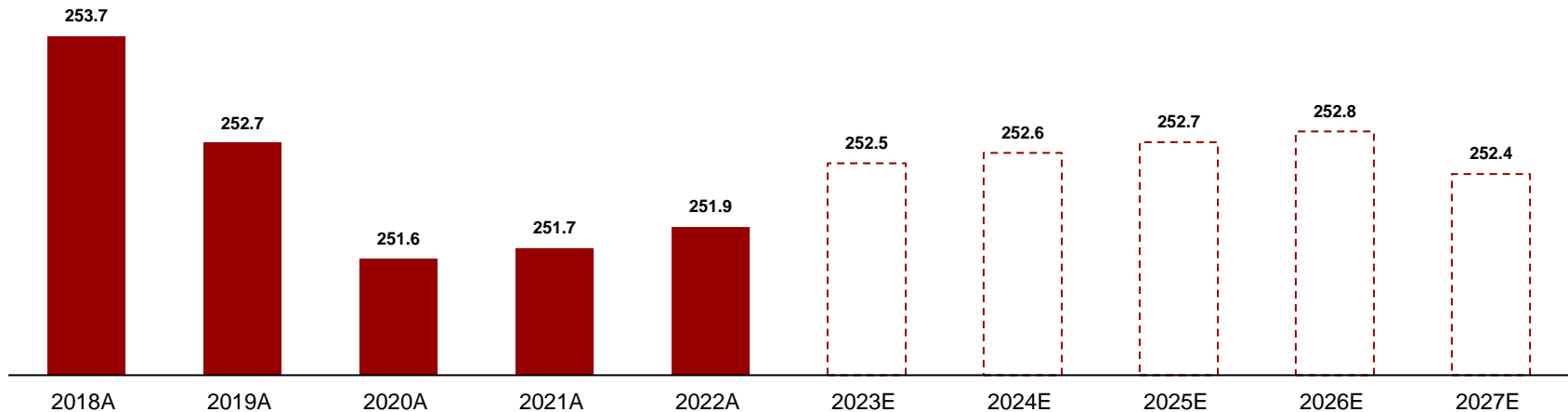
Increase
Over short-term

↓
Impact on Farmland prices

Most popular crops growth % YoY



Total U.S. Cropland Area Outlook



Source: Statista, IBIS

“Diversity” not in company’s vocabulary

Select Members of Management Team



Paul Pittman, Executive Chairman

- 8 years experience at American Agriculture Corporation and Pittman Hough Farms LLC
- Co-founded FPI in 2014



Lucas Fabbri, CEO & President

- 3 years experience at American Agriculture
- Co-founded FPI with Pittman in 2014 and served as CFO until Oct 2021



James Gilligan, CFO

- 8 years experience at Equity International as senior VP, CFO, and CCO
- Joined FPI in 2021



Richard Keck, VP Operations

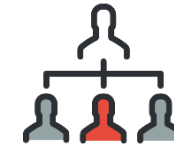
- Experience in finance and operating roles in logistics and technology companies
- Joined FPI in 2015

Governance

Board of Directors



8 directors
5 independent



All directors are males



7 directors have finance backgrounds
5 directors have REIT backgrounds
5 directors have agriculture backgrounds

“Short and Distort” Scheme Litigation

Recap on the litigation background

Timeline of the lawsuits

The “RF article” targeting FPI

- An article was published on Seeking Alpha against FPI in July 2018, with allegations that their financials were purposely manipulated and full of misstatements
- FPI’s stock price **dropped by almost 40%**
- A series of class actions and derivative suits were filed against FPI

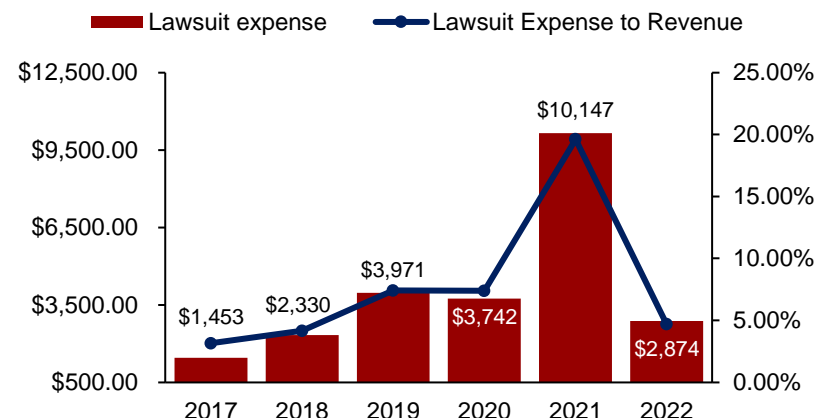
The litigation evolved for a few years

- In June 2020, RF disclosed his real name as Quinton Mathews, as requested
- FPI sued the author (a.k.a. Rota Fortunae) for publishing “false and misleading” information
- **In June 2021, Mathews admitted that the article he wrote contained incorrect allegations.** Before the publication, he shorted FPI and schemed to profit from the stock decline
- After Mathews’ admission, Anna Barber, the named plaintiff in a shareholder derivative claim filed against FPI, voluntarily dismissed her claim
- The class action against FPI was officially dismissed on **May 9, 2022**

Is the whole chapter formally closed?

- After Mathews’ confession, FPI kept on investigating Sabrepoint Capital Management, a hedge fund that hired Mathews and shorted FPI as well
- FPI filed several amended complaints against Sabrepoint, which were dismissed on procedural background
- The matter remained unsettled by the end of FY22

FPI’s legal expense



FPI’s spendings on lawsuits only surged in 2021

“Short and Distort” Scheme Litigation

FPI's conquest was not breaking news

1 The “RF article” was published, driving down FPI’s stock price by 40%

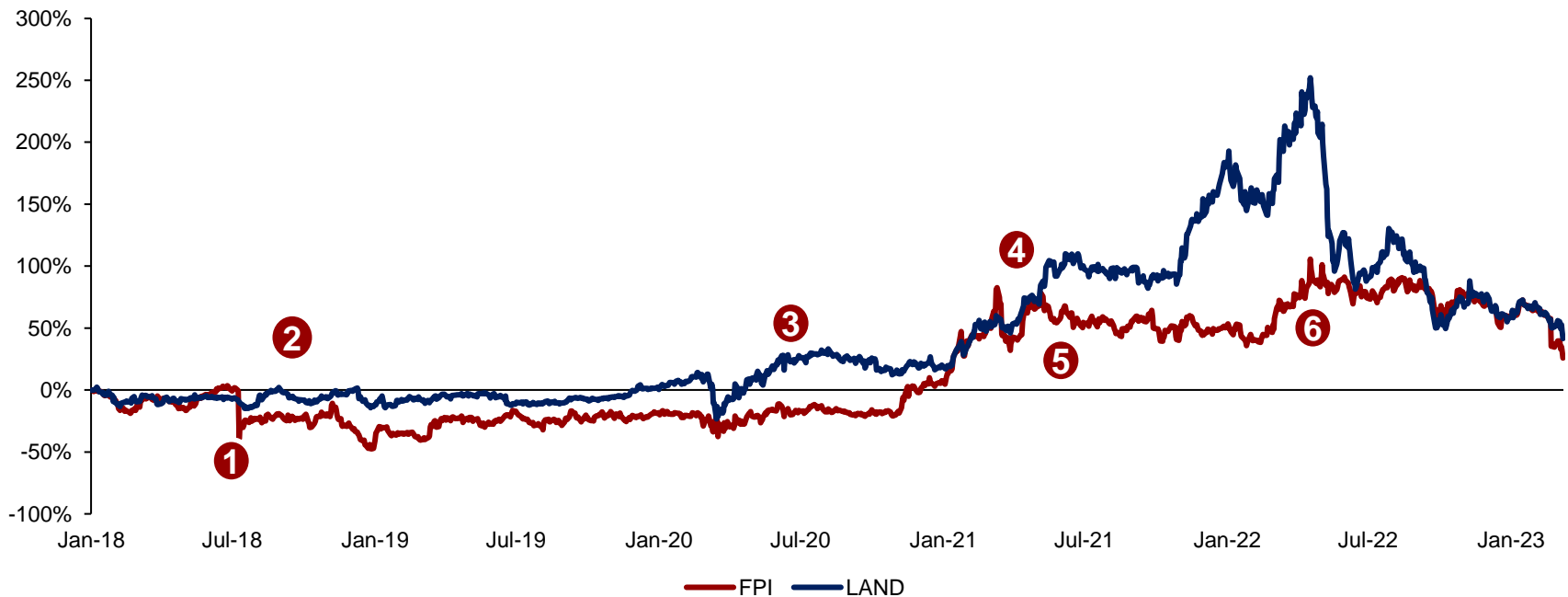
2 FPI filed federal lawsuit against Rota Fortunae (a.k.a. Quinton Mathews)

3 FPI filed an amended complaint to include Sabrepoint Cap.

4 Mathews admitted falsity in the article and promised to return profits from the scheme

5 Plaintiff voluntarily dismissed the derivative suits against FPI

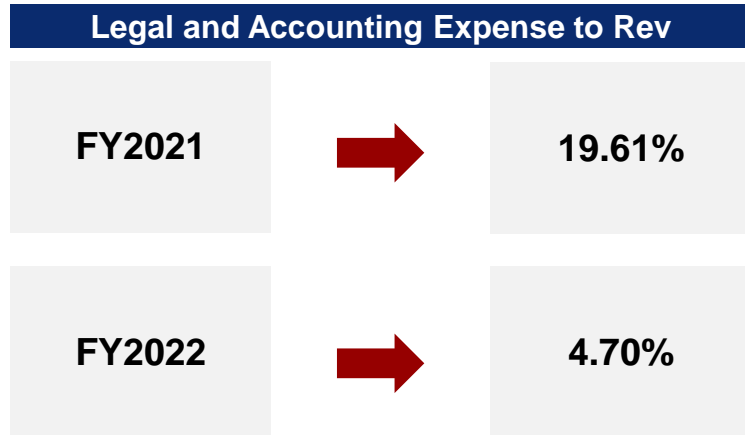
6 FPI defeated the class action lawsuit stemming from 2018



The market has already realized the article’s misstatements and priced in FPI’s winning as the litigation evolved

“Short and Distort” Scheme Litigation

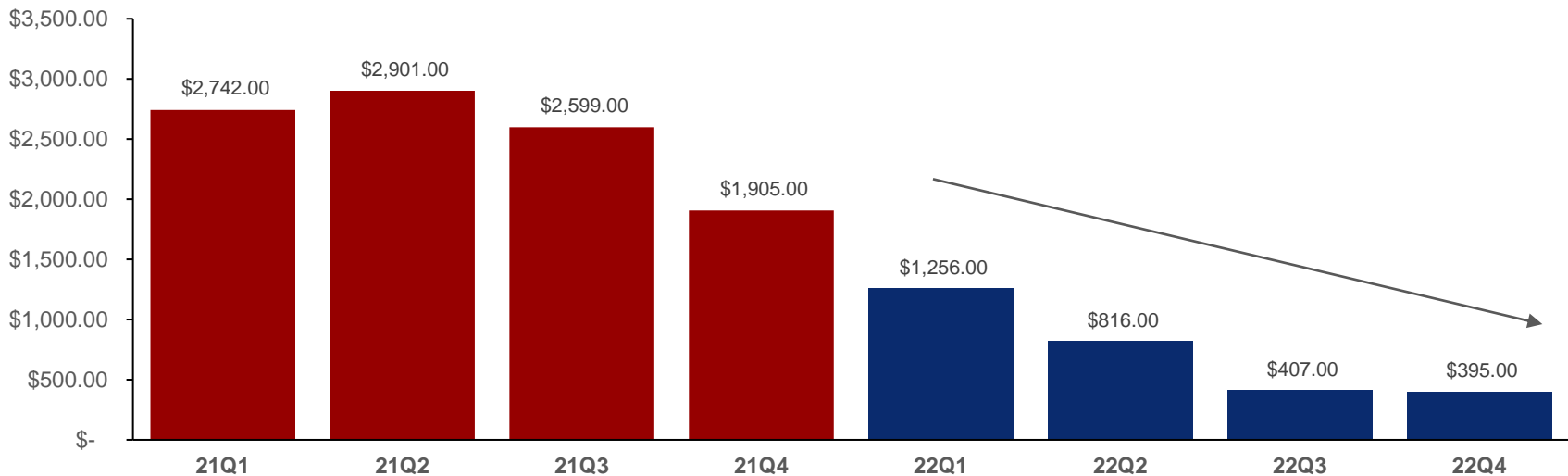
Lawsuit expense faded as FPI entered FY22



Relatively **high legal spendings in FY21** mainly attributable to the several amended complaints filed during the year

Legal and accounting expense **declines by quarter since FY21 Q2**

The ease-up of FPI’s lawsuit-related financial burden has been observable for long



Source: Bloomberg

1

Potential downward multiple re-rating given continued operational issues

A

Continued inability to increase rent prices in an rising crop prices environment

B

Improvement in land quality will require high capex investment in next few years

2

High leverage expose FPI to rises in interest rates and limit growth opportunities

A

Debt burden puts pressure on FFO

B

Without debt capacity FPI is not able to acquire land without diluting shareholders

3

Decline in crop sales to negatively impact tenant's profitability

A

Market outlooks for each crop are poor



B

FPI has poorer pricing power compared to LAND

Farmland Partners vs Gladstone Land



Gladstone has better margins and lower multiples than Farmland Partners

Metric				
Acquisitions % Revenue	156.9% '21	88.9% '22	380.82% '21	69.54% '22
Property Expenses % Rental Revenue	16.2% '21	18.0% '22	3.37% '21	3.16% '22
Maintenance CapEx % Revenue	5.2% '21	6.9% '22	8.1% '21	22.5% '22
EV/EBIT	67.0x '21	45.0x '22	37.9x '21	34.6x '22
P/FFO	1195.0x '21	41.5x '22	48.9x '21	26.2x '22

Source: Capital IQ

Inability to Increase Rent Prices



Acquisition is the only source of growth, FPI is unable to effectively increase rent prices YoY

Total Acres

	2018A	2019A	2020A	2021A	2022A	CAGR
Farmland Total Acres Owned	161,840.0	158,480.0	154,511.0	160,198.0	165,172.0	0.5%
Gladstone Land Total Acres Owned	73,205.0	86,535.0	101,079.0	112,542.0	115,731.0	12.1%

Rent per Acre

	2018A	2019A	2020A	2021A	2022A	CAGR
Farmland Rent per Acre		0.30	0.28	0.29	0.28	-2.3%
YoY%			-7.1%	3.0%	-2.5%	
Gladstone Land Rent per Acre		0.51	0.61	0.71	0.78	15.3%
YoY%			19.3%	16.0%	10.9%	

Why might this be the case?

1 FPI focuses on commodity row crops which have lower rental rates despite being more volatile in price

2 FPI rents remain consistent until lease renegotiation

3 FPI conducts less stringent due diligence than Gladstone

Source: Farmland Partners Filings (2018 to 2022), Gladstone Land Filings (2018 to 2022)


Inability to Increase Rent Prices

Several core factors contribute to Farmland’s inability to increase rent prices

1. Commodity Row Crops vs Fresh Produce Row Crops


Annual Commodity Crops

- ~70% of FPI’s portfolio value
- Depend on rainwater → greater drought risk
- Cropland value depends on global crop market prices → **more volatile variable rents**
- Limits ability to raise fixed rents yearly**



Annual Fresh Produce Crops

- LAND’s primary focus
- Irrigated from farm wells or country-supplied water → mitigates drought risks
- Generally, grown and consumed in the US → insulated from global market prices



FPI is more suitable for long-term buy & hold investors
“Farmland should be assessed over a long-term horizon, mitigating short-term commodity price volatility”
 – **FPI Management**

Focus	Time Horizon	Factors
Commodity Prices	Growing season	<ul style="list-style-type: none"> Supply and demand imbalances Global weather patterns Agriculture productivity
Farmland Rents	Approximately three years	<ul style="list-style-type: none"> Revenue per acre (prices x yield) Farmer profitability Economic cycles Trade policy
Farmland Values	Decades	<ul style="list-style-type: none"> Long-term farmer profitability Land appreciation Higher and better use options

2. FPI vs LAND Lease Terms

REIT	Lease Terms
FPI	<ul style="list-style-type: none"> Rents remain constant until lease renegotiation → every 1-5yrs FPI bear repair costs of capital on property
LAND	<ul style="list-style-type: none"> 3-10yr lease terms with annual escalations or upward market reset periods Primarily, triple net leases

3. FPI vs LAND Due Diligence

REIT	Lease Terms
FPI	<ul style="list-style-type: none"> Underwriting performed by management Lack structured tenant underwriting
LAND	<ul style="list-style-type: none"> Appraisal by an independent licensed farmland expert Ensure property is in an active rental market In-depth tenant underwriting

Source: Farmland Partners Filings (2018 to 2022), Gladstone Land Filings (2018 to 2022)

Lack of Investment Opportunity or Bad Execution?



No sign from FPI that this trend will reverse in the future

Land improvement would require high CapEx investment

Metric	Farmland		Gladstone	
Property Expenses % Rental Revenue	16.2%	18.0%	3.37%	3.16%
	'21	'22	'21	'22
Maintenance CapEx % Revenue	5.2%	6.9%	8.1%	22.5%
	'21	'22	'21	'22

1 Property expenses remain high over the years due to tenant's requesting repairs of the capital on properties

2 No sign of making longer term capital expenditures to increase land value & decrease repairs required

Weak track record of realizing growth plan

November Investor Presentation

3. Positioned for Growth

Robust pipeline of over \$300 million of potential transactions

- Farms: Target accretive acquisitions with strong demand from high-quality tenants
- FPI Loan Program: Provides capital to farmers for growth or working capital, backed by high-quality farms

Representative Investment Pipeline^(c)

Category	Value (\$mm)	Total Acres	States
Preliminary	\$250	30,000	IL, MO, NE, SD, GA, CA, NH, CO, AR
In Negotiations	\$21	3,800	IL
Under Contract	\$39	5,000	OK, TX, OH
Total	\$310	38,800	

March Update

3. Positioned for Growth

Robust pipeline of potential transactions

- Farms: Target accretive acquisitions with strong demand from high-quality tenants
- FPI Loan Program: Provides capital to farmers for growth or working capital, backed by high-quality farms

Robust pipeline of transactions disappears after only \$38M and <5,000 acres acquired

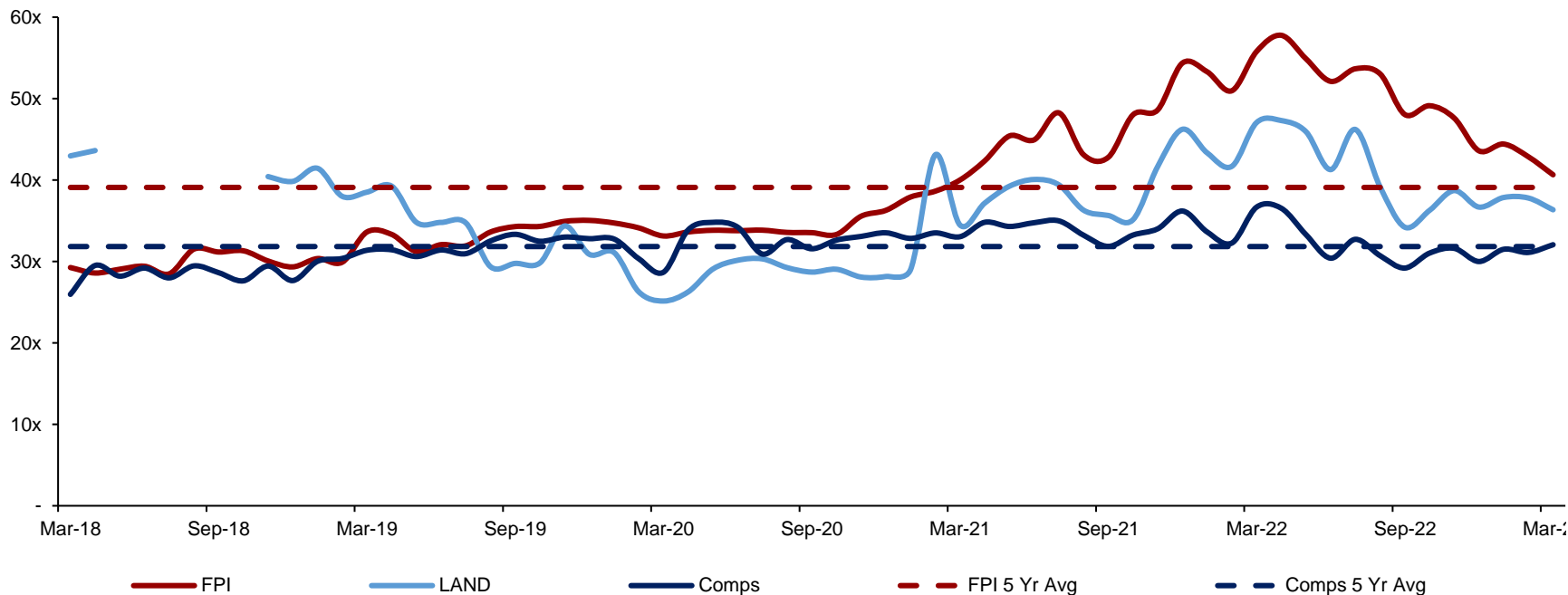
Source: Capital IQ, Farmland Partners Filings

Premium Set to Reverse



Farmland is currently trading at a non-justified premium

EV/Forward EBIT Multiples



1

Farmland is trading at a premium

- Trading at premium to peers and its direct comparable Gladstone of 26.8% and 11.8%, respectively

2

Market has not priced in Farmland's difficulty monetizing their land

- Will hurt their ability to grow in the future
- Subsequent, downward re-rating is likely to occur

Source: Capital IQ

1

Potential downward multiple re-rating given continued operational issues

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Continued inability to increase rent prices in an rising crop prices environment

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Improvement in land quality will require high capex investment in next few years

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High leverage expose FPI to rises in interest rates and limit growth opportunities

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Decline in crop sales to negatively impact tenant's profitability

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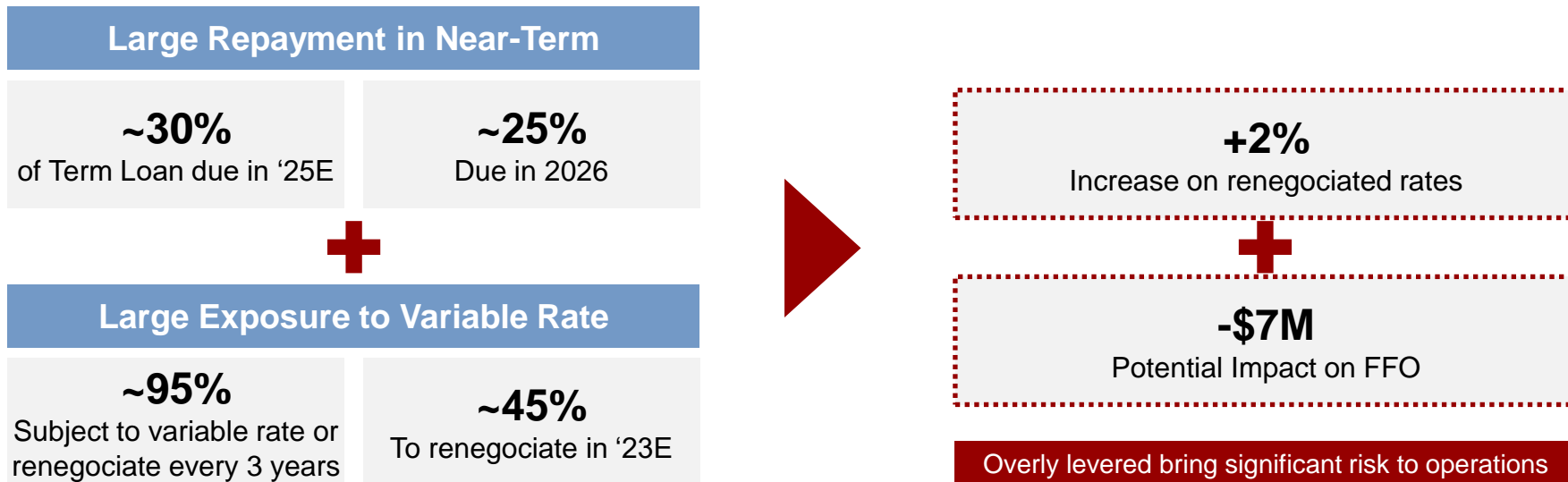
Market outlooks for each crop are poor

B

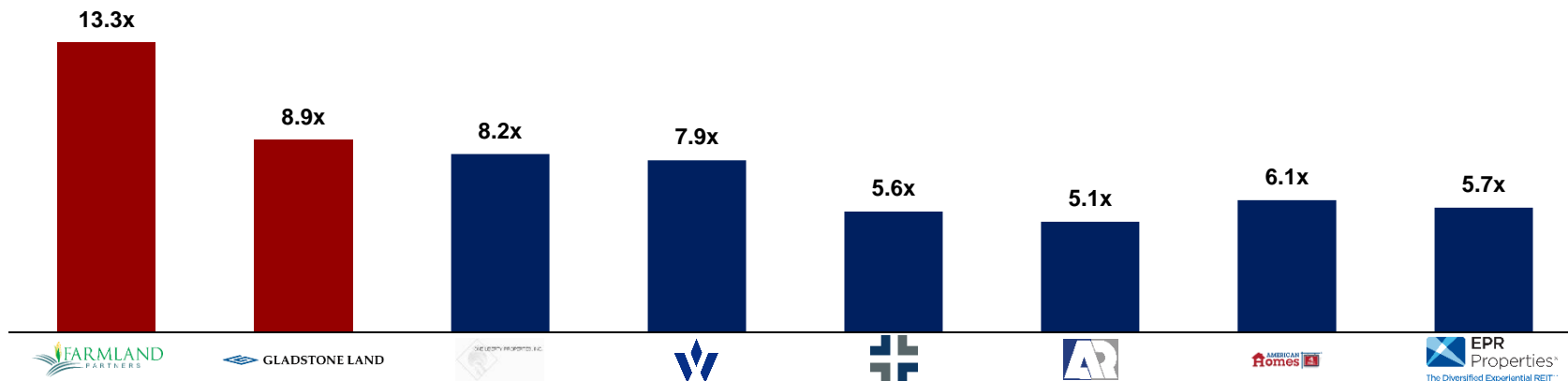
FPI has poorer pricing power compared to LAND

FPI Significantly More Levered than Industry Peers

Debt exposure to variable rates with only \$33.2M covered by interest rate swap



LTM Net Debt/EBITDA



Source: Capital IQ

Highly Exposed to Hikes in Interest Rates



Unstable track record of dividends to continue as debt burden have a huge impact on cash flows

1 Weak Financial Performance

16.8% Property expense margin 4yr avg.	4.0% LAND avg. over same period
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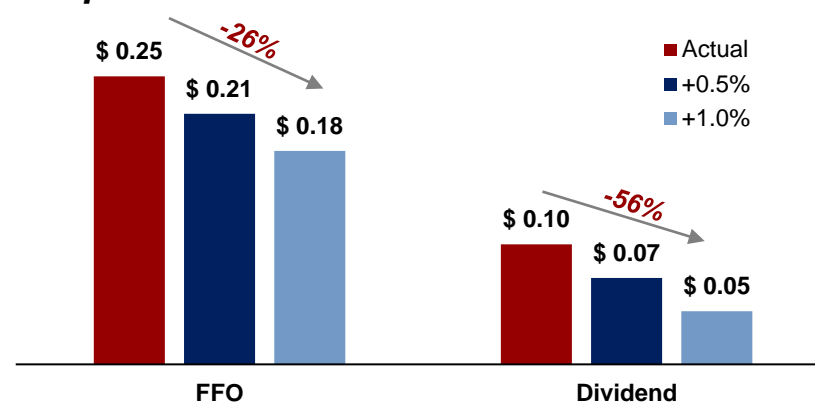
2 High Debt Burden

13.3x Net Debt / EBITDA	Highest Among peers (avg. 5.7x)
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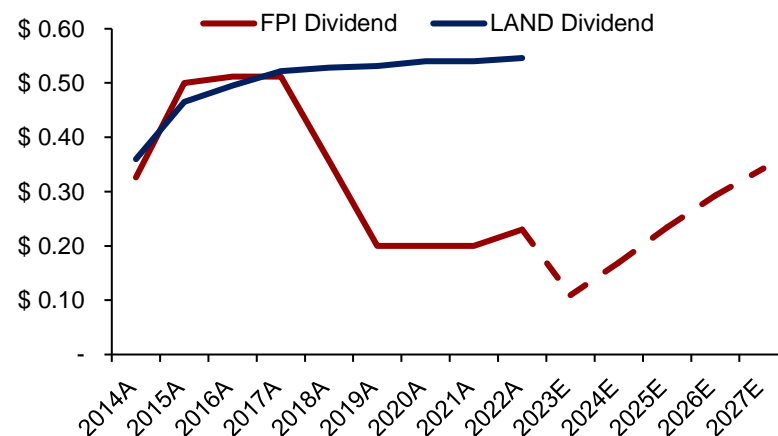
3 Inconsistent Cash Distribution

-4.3% CAGR since 2014	5.3% CAGR for LAND
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Impact of 1% increase in interest rates '23E



Dividend per share history & estimates



Even with high growth in future dividend distribution, FPI remains far behind LAND

Source: Capital IQ, Bloomberg, Team Analysis

High Debt Level to Impede Growth by Limiting Access to Capital



Even with the “capacity” to increase leverage, FPI likely to dilute shareholders for further financing

Over \$300M in Investment Pipeline

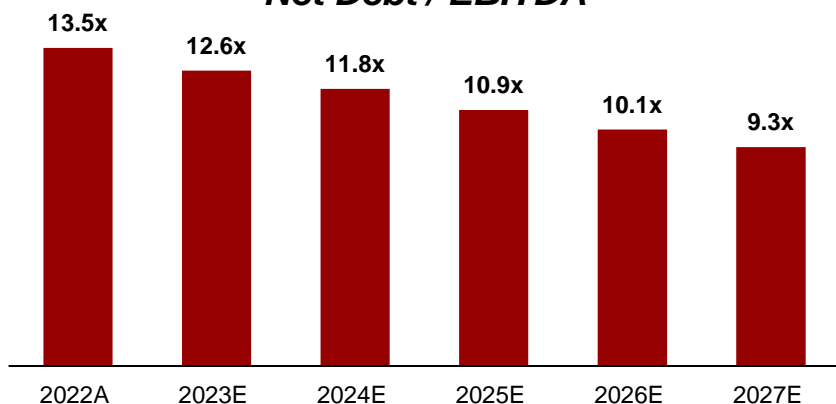
Debt Financing

- 1 Increase in leverage already over industry average
- 2 Weaken cash flow generation with higher interest
- 3 Decrease in cash available for common share distribution

Equity Financing

- 1 Possible decrease in leverage to meet industry average
- 2 Higher future cash flow from lower interest
- 3 More cash available for shareholders but shareholders diluted

**Base Case change in leverage
Net Debt / EBITDA**



**No capacity for growth
(~\$95M/\$300M included)**

Debt Schedule (Credit Facility)	Projected				
	2023E	2024E	2025E	2026E	2027E
Cash Available for Credit Facility Payment					
Beginning Cash Balance	7,654.0	5,000.0	5,000.0	5,000.0	5,000.0
(+) Cash from Operations	11,220.8	17,372.6	21,037.7	23,947.3	29,165.0
(-) Cash from Investing Activities	(22,438.9)	(21,916.0)	(18,942.4)	(18,693.8)	(19,850.6)
(-) Capital Repayments	-	(2,100.0)	(102,087.0)	(84,603.0)	(62,704.0)
(-) Required Dividend Payment	(5,578.4)	(8,940.0)	(12,019.4)	(14,333.3)	(19,096.7)
(+) New Term Loan Issuance	14,040.0	12,366.9	110,457.5	109,671.8	10,223.1
Cash Before Revolvers	4,897.5	1,775.9	3,446.3	20,989.0	(57,263.2)

- 1 Debt rollover at new rates
- 2 Minimum \$5M cash balance >> need more financing

Source: Capital IQ, Bloomberg, Team Analysis

1

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Continued inability to increase rent prices in an rising crop prices environment

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Market outlooks for each crop are poor

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FPI has poorer pricing power compared to LAND

Crops in Demand to Have Significant Drop in Prices

Farming industry set for a slowdown in near to mid-term

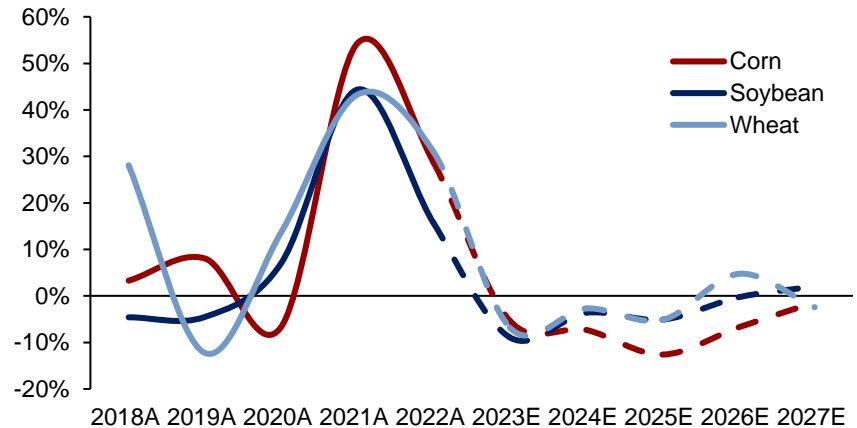
1 Crop Prices to Decrease

-9% to -5% Growth rate in '23E	-1.25% CAGR over '23E-28E
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2 Total Farmland Area

Increase Over short-term	<div style="text-align: center;"> Impact on Farmland prices </div>
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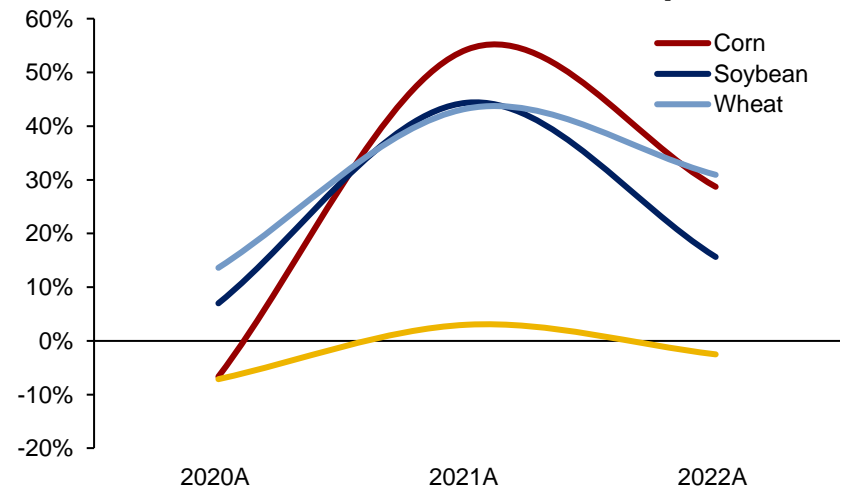
Most popular crops growth % YoY



Explanations for growth in 2020-2021

- 1 Russian invasion of Ukraine
- 2 High inflationary environment
- 3 Supply-chain disruptions
- 4 Poor weather

Clear Correlation in Increase & Crop Prices



Source: Statista, IBIS, USDA

Crops in Demand to Have Significant Drop in Prices



Future outlook of each row crop, FPI has poorer pricing power

Row Crop Type	CAGR '23-'28E
1 Corn	1 (6.19%)
2 Soybeans	2 (1.25%)
3 Wheat	3 (1.44%)

Price declines are consistent with reports from the USDA

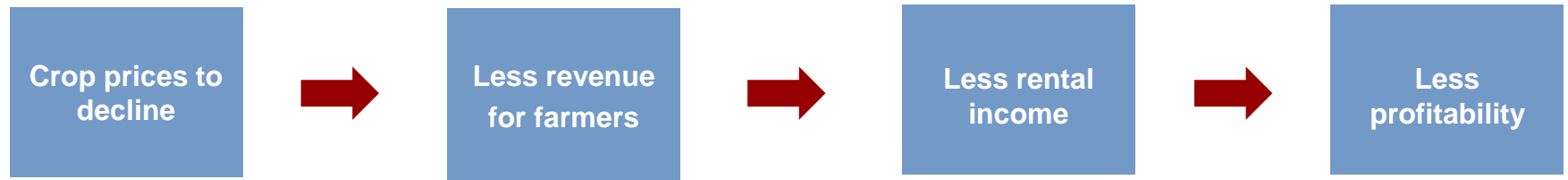
Factors	Row Crops	Produce Crops
Government Dependency	<ul style="list-style-type: none"> • High reliance • Subject to political risks, low-income farms 	<ul style="list-style-type: none"> • Low reliance • Subsidies not as necessary
Prices	<ul style="list-style-type: none"> • Volatile • Set by futures market 	<ul style="list-style-type: none"> • Stable • Higher compared to row crops
Location	<ul style="list-style-type: none"> • Rural • Less appealing for real estate development 	<ul style="list-style-type: none"> • Urban • Increased value of farmland



90% of farms in the United States are considered "low-income"

Source: IBIS, Farmland Partners Annual Report, Gladstone Land Investor Presentation

Tenant Profitability Risk to Rise

FPI is a poorer choice compared to LAND



Factors / Metrics			 GLADSTONE LAND	
Lease Revenue / Acre	\$0.283M / acre '21	\$0.276M / acre '22	\$0.669M / acre '21	\$0.784M / acre '22
Variable Rent	27.2% of total rental income		8.5% of total rental income	
Lack of Diversification	18.2% of Revenue exposed to one client		<10% No significant exposure to clients	

With the tightening of crop prices, FPI is in a poor position to gain sufficient rental income

Source: Farmland Partners and Gladstone Land Filings

Investment Summary

“SELL” Rating

\$8.50

15.3% Potential Downside

“Fair” Valuation

\$34.8

NTM EV / EBIT

\$461.9M

Market Cap.

34.5x

NTM P / FFO

Investment Pillars

1 Potential downward multiple re-rating given continued operational issues

2 High leverage expose FPI to rising interest rates and limit growth opportunities

3 Declining crop sales to negatively impact tenant’s profitability

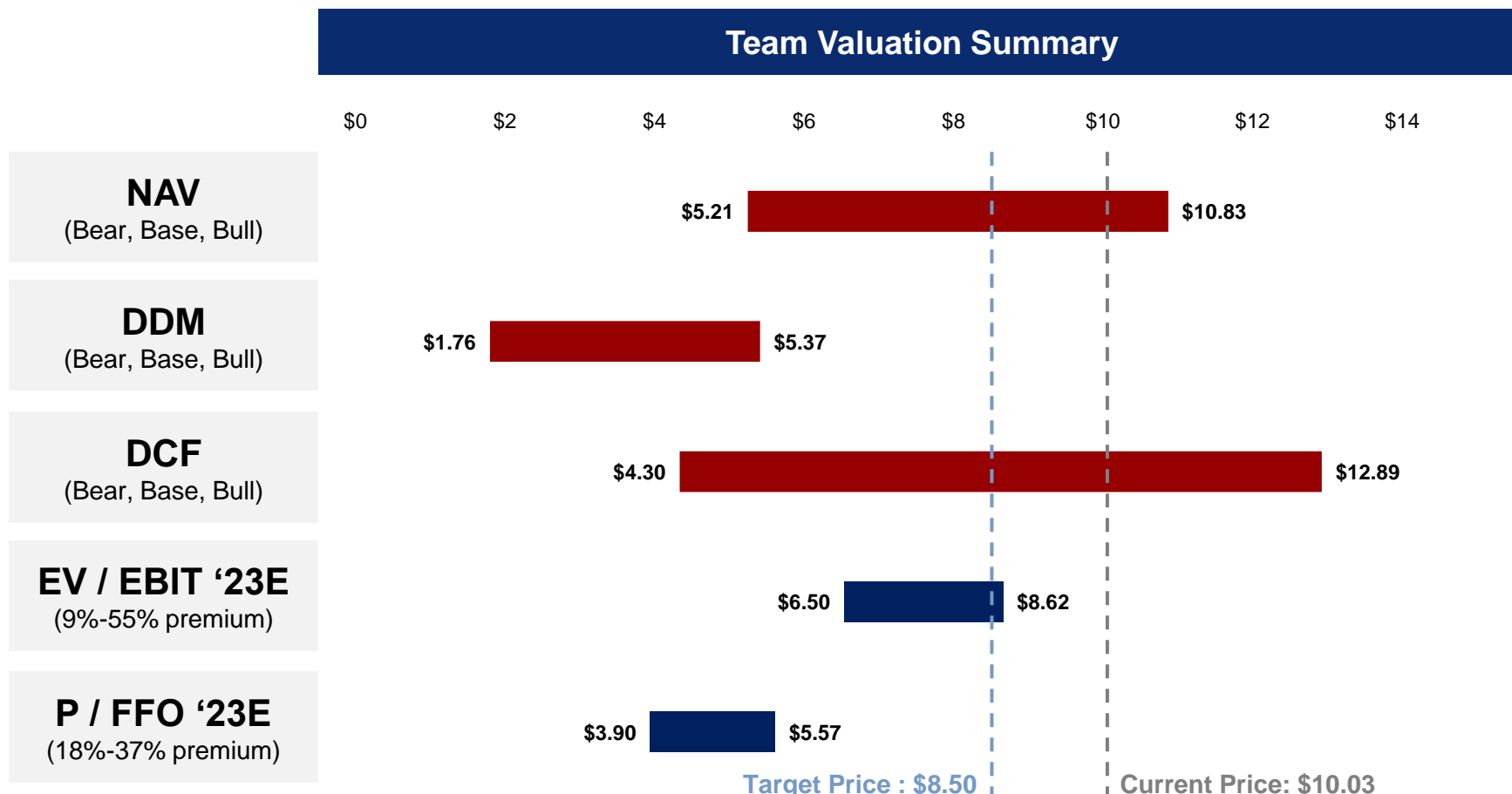
Main Catalyst

Growing population driven food demand

Main Risk

Cash Flows significantly exposed to interest rates

The target price was determined by using the NAV method supported by DDM, DCF and trading multiples



Recommend a **“SELL”** with a target price of \$8.50 representing a 15.3% downside

Source: Bloomberg

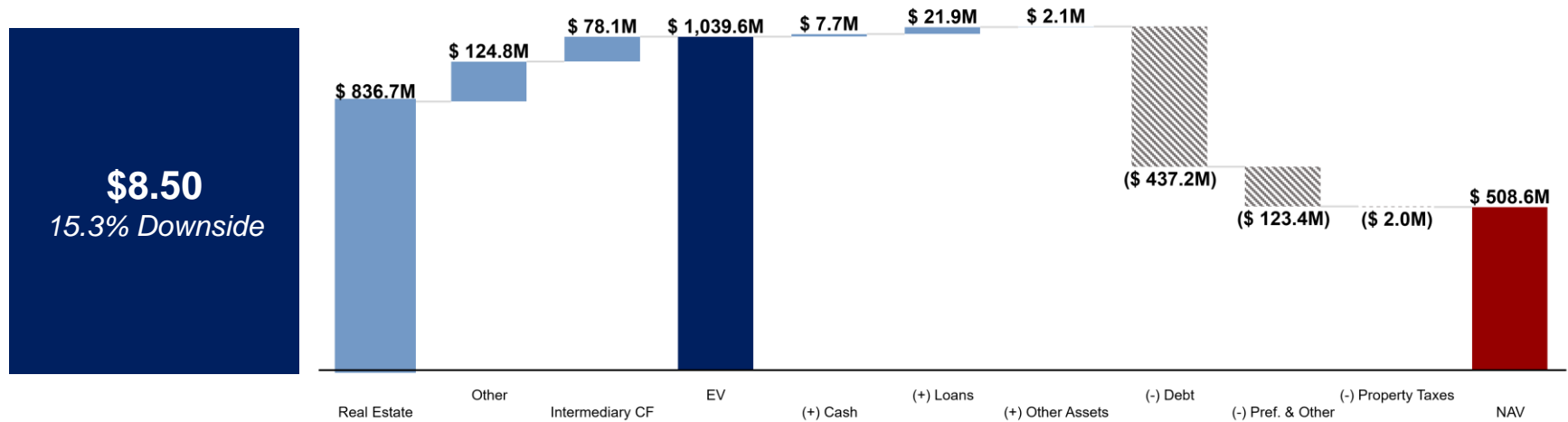
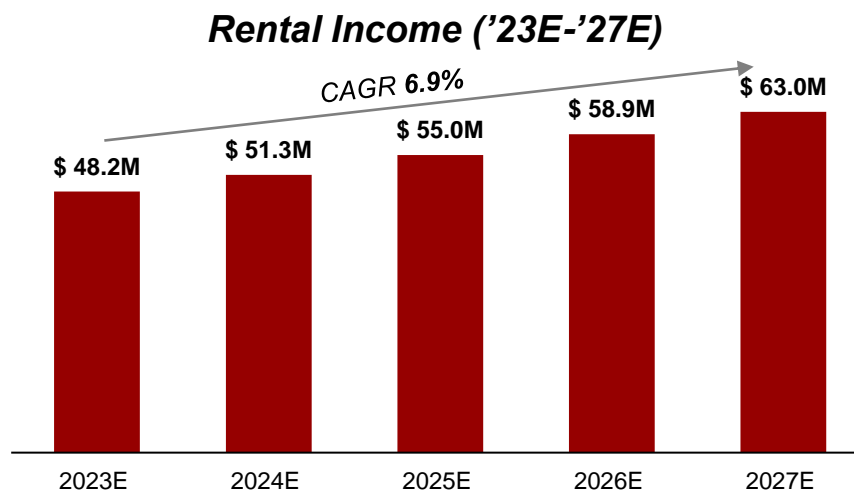
Consensus Underestimates the Capex Necessary to Grow



Slower growth than expected drives “SELL” recommendation with \$8.50 price target

Team Estimates

- Bearish on increasing rent prices
- Cash flow not able to fuel growth
- Margin improvements not enough to cover lower growth
- Maintenance capex should be included in NAV price



\$8.50
15.3% Downside

Source: Bloomberg

Key valuation driver with an impact on NAV



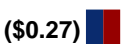
NAV – Base Case Assumptions

Cap Rate	4.50%
Stable Rent Increase	5.70%
Maintenance Capex	5.00%

NAV – Base Case Breakdown

Adj. Terminal NOI	\$63.0M
Value of Real Estate	\$835.0M
NAV/Share	\$9.39
P/NAV	0.9x
Share Price	\$8.82

\$8.50
15.3% Downside

Variables	Change	Impact on NAV Price
Cap Rate	(+/-) 0.5%	(\$1.15)  \$2.03
Stable Rent Increase	(+/-) 1%	(\$0.56)  \$0.57
Maintenance Capex	(+/-) 1%	(\$0.27)  \$0.26
Effective Interest Rate	(+/-) 1%	(\$0.02) \$0.01

The Cap Rate has the most impact and the team believes that it has a higher chance of going up giving the market conditions

Source: Capital IQ, Team Analysis

Model Assumptions & Sensitivity Analyses



Key valuation driver with an impact on the share price

NAV – Base Case

Cap Rate	4.50%
WACC	7.17%
Perpetual Growth Rate	2.50%

Cost of Capital Breakdown

WACC Assumptions

8.33% Cost of Equity	5.96% Cost of Debt	42% D/V
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Cost of Equity Assumptions

3.59% Cost of Equity	0.79 Levered Beta	5.6% Risk Premium
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\$8.50
15.3% Downside

		Cap Rate				
		4.00%	4.25%	4.50%	4.75%	5.00%
Perpetual Growth	2.00%	\$ 10.55	\$ 9.60	\$ 8.75	\$ 8.00	\$ 7.32
	2.25%	\$ 10.59	\$ 9.64	\$ 8.79	\$ 8.03	\$ 7.35
	2.50%	\$ 10.63	\$ 9.67	\$ 8.82	\$ 8.06	\$ 7.38
	2.75%	\$ 10.67	\$ 9.71	\$ 8.86	\$ 8.10	\$ 7.41
	3.00%	\$ 10.71	\$ 9.75	\$ 8.90	\$ 8.13	\$ 7.44

		WACC				
		6.67%	6.92%	7.17%	7.42%	7.67%
Perpetual Growth	2.00%	\$ 9.48	\$ 9.10	\$ 8.75	\$ 8.43	\$ 8.13
	2.25%	\$ 9.51	\$ 9.14	\$ 8.79	\$ 8.47	\$ 8.16
	2.50%	\$ 9.55	\$ 9.17	\$ 8.82	\$ 8.50	\$ 8.20
	2.75%	\$ 9.58	\$ 9.21	\$ 8.86	\$ 8.54	\$ 8.23
	3.00%	\$ 9.62	\$ 9.24	\$ 8.90	\$ 8.57	\$ 8.27

The Cap Rate has the most impact and the team believes that it has a higher chance of going up giving the market conditions

Source: Bloomberg, Capital IQ

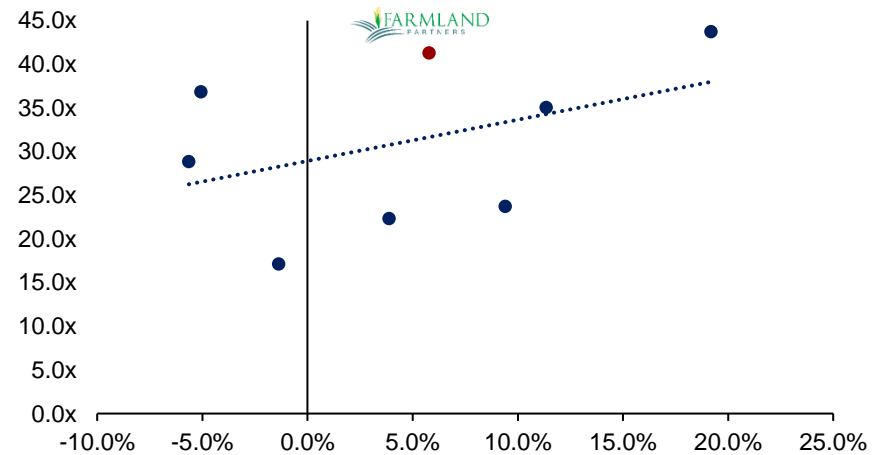
Relative Valuation Supports NAV Target Price

EV / EBIT shows that FPI is currently overvalued based on growth

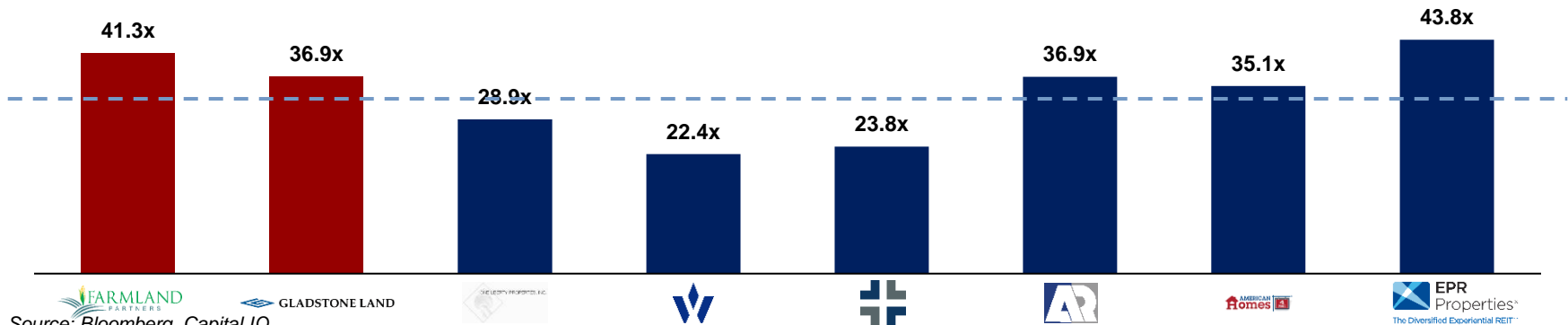
Relative Valuation – EV / EBIT

2023E	Assumptions
EBIT	\$28.5M
EV / EBIT	33.0x
Enterprise Value	\$941.8M
Equity Value	\$410.8M
Share Price	\$7.56

NTM EV/EBIT Function of EBIT Growth



NTM EV/EBIT Chosen Multiple: 33.0x



Source: Bloomberg, Capital IQ

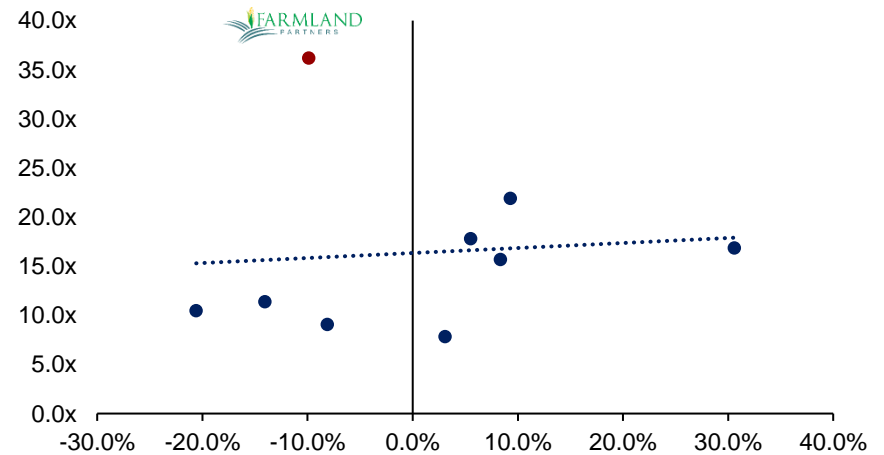
Relative Valuation Supports NAV Target Price

P / FFO shows that FPI is currently overvalued based on growth

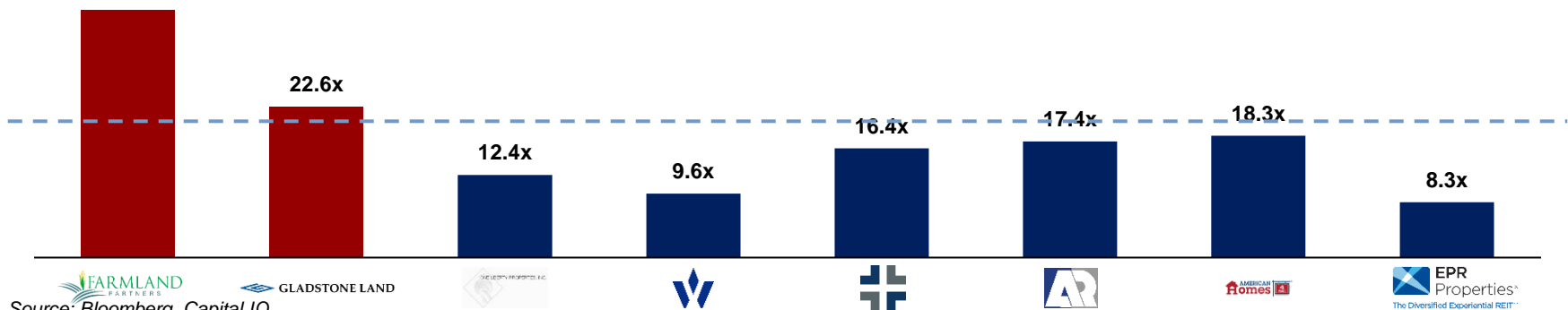
Relative Valuation – P / FFO

2023E	Assumptions
FFO	\$13.4M
FFO / Share	\$0.25
P / FFO	18.9x
Equity Value	\$252.9M
Share Price	\$4.65

NTM P/FFO Function of FFO Growth



NTM P/FFO Chosen Multiple: 18.9x
37.2x



Source: Bloomberg, Capital IQ

FPI's risks factors outweigh the benefits of its catalysts and is not able to mitigate key risks

Market Risk

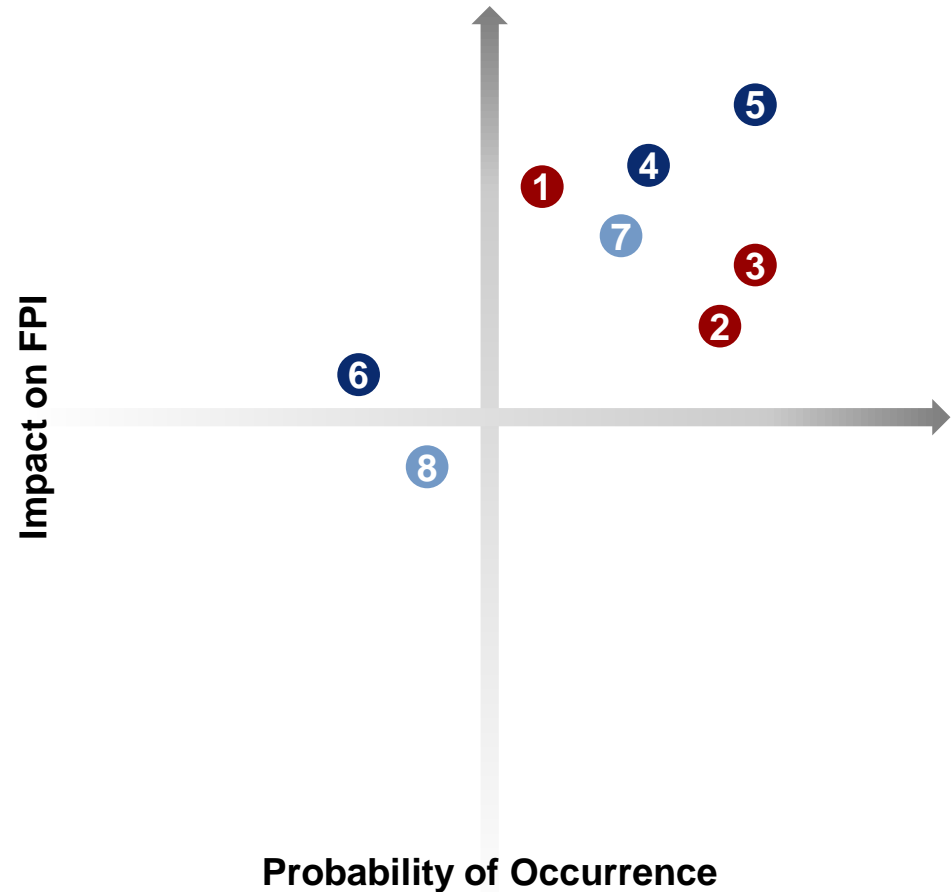
- 1 Economic Slowdown
- 2 Crop Prices to Decrease
- 3 Interest Rates

Business Risk

- 4 Tenant Profitability
- 5 Rent Pricing
- 6 Regulatory Environment

Other Risk

- 7 Extreme Weather Conditions
- 8 Crop Disease



Overall, we believe FPI's downside potential is bigger than its upside

Source: FPI Filings, Team Analysis

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Appendix

Section V



Appendix

A. Financial Statements

1 **Income Statement, Balance Sheet and Cash Flow**

2 **Debt Schedule: Term Loans, Credit Facility and Cash Needs**

B. Valuation

1 **Net Asset Value**

2 **Discounted Cash Flow**

3 **Dividend Discount Model**

4 **Cost of Capital**

C. Comparable Analysis

1 **Comparable Companies**

2 **EV / EBIT Valuation**

3 **P / FFO Valuation**

A1. Income Statement



(in thousands US\$)

Income Statement									
	2019A	2020A	2021A	2022A	Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Revenue	53,564.0	50,689.0	51,739.0	61,210.0	62,370.1	65,681.4	69,858.4	74,406.9	79,166.8
Cost of Goods Sold	(927.0)	(3,387.0)	(1,525.0)	(5,966.0)	(4,746.3)	(4,480.8)	(4,314.1)	(4,194.1)	(4,029.8)
Acquisition and Due Diligence Cos	(6.0)	(11.0)	(55.0)	(111.0)					
Property Operating Expenses	(7,897.0)	(7,350.0)	(7,331.0)	(8,190.0)	(8,128.3)	(8,135.0)	(8,165.6)	(8,150.5)	(8,091.9)
SG&A	(6,102.0)	(5,896.0)	(8,208.0)	(12,005.0)	(11,850.3)	(11,822.7)	(11,875.9)	(11,905.1)	(11,875.0)
Legal and Accounting	(3,971.0)	(3,742.0)	(10,147.0)	(2,874.0)	(1,871.1)	(1,970.4)	(2,095.8)	(2,232.2)	(2,375.0)
Other Operating Expenses	(4.0)	(2.0)	(31.0)	(130.0)	(44.2)	(46.6)	(49.5)	(52.8)	(56.2)
D&A	(8,320.0)	(7,972.0)	(7,629.0)	(6,960.0)	(7,184.7)	(7,398.5)	(7,608.0)	(7,821.3)	(8,047.8)
EBIT	26,337.0	22,329.0	16,813.0	24,974.0	28,545.1	31,827.3	35,749.5	40,050.9	44,691.2
Interest Expense	(19,588.0)	(17,677.0)	(15,929.0)	(16,143.0)	(22,346.9)	(21,885.5)	(22,394.6)	(24,125.0)	(23,472.6)
Income from Equity Method Invest	-	-	19.0	52.0					
Other Income	260.0	(111.0)	66.0	663.0	-	-	-	-	-
Gain on Disposition of Assets	7,841.0	2,989.0	9,290.0	2,641.0	-	-	-	-	-
EBT	14,850.0	7,530.0	10,259.0	12,187.0	6,198.2	9,941.9	13,354.9	15,925.9	21,218.6
Taxes and Other Expenses									
Provision for Income Tax	-	-	-	(227.0)	-	-	-	-	-
Minority Interest (After Tax)	(964.0)	(411.0)	(268.0)	(286.0)					
Net Income (Loss)	13,886.0	7,119.0	9,991.0	11,674.0	6,198.2	9,941.9	13,354.9	15,925.9	21,218.6
Revenue Growth	-4.5%	-5.4%	2.1%	18.3%	1.9%	5.3%	6.4%	6.5%	6.4%
EBITDA	34,657.0	30,301.0	24,442.0	31,934.0	35,729.8	39,225.9	43,357.5	47,872.1	52,738.9
EBITDA Margin %	64.7%	59.8%	47.2%	52.2%	57.3%	59.7%	62.1%	64.3%	66.6%

A1. Balance Sheet



(in thousands US\$)

Balance Sheet									
	2019A	2020A	2021A	2022A	Projected				
					2023E	2024E	2025E	2026E	2027E
Assets									
Cash and Cash Equivalents	12,561.0	27,217.0	30,171.0	7,654.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
Account Receivable	10,282.0	6,468.0	11,012.0	28,976.0	24,123.8	22,477.8	20,918.9	20,230.8	19,564.0
Inventory	1,550.0	1,117.0	3,059.0	2,808.0	3,250.9	3,069.0	2,954.8	2,872.7	2,760.2
Prepaid Expenses	3,440.0	2,889.0	3,392.0	3,196.0	3,790.5	3,991.8	4,245.6	4,522.1	4,811.4
Other	1.0	-	588.0	2,265.0	2,265.0	2,265.0	2,265.0	2,265.0	2,265.0
Total Current Assets	27,834.0	37,691.0	48,222.0	44,899.0	38,430.3	36,803.6	35,384.4	34,890.6	34,400.5
Land	937,813.0	924,952.0	945,951.0	980,521.0	1,001,581.0	1,020,131.4	1,035,817.5	1,050,325.3	1,065,660.0
Real Estate	136,659.0	128,168.0	119,157.0	125,395.0	123,668.8	121,615.5	119,243.3	116,754.4	114,368.8
Intangibles	-	-	1,915.0	2,055.0	2,055.0	2,055.0	2,055.0	2,055.0	2,055.0
Goodwill	-	-	2,706.0	2,706.0	2,706.0	2,706.0	2,706.0	2,706.0	2,706.0
Other	247.0	180.0	3,574.0	4,573.0	7,186.0	7,186.0	7,186.0	7,186.0	7,186.0
Total Assets	1,102,553.0	1,090,991.0	1,121,525.0	1,160,149.0	1,175,627.0	1,190,497.4	1,202,392.2	1,213,917.2	1,226,376.3
Liabilities									
Accrued Expenses	10,852.0	13,535.0	14,337.0	15,358.0	13,451.9	13,833.7	14,464.8	15,313.2	15,863.6
Long-Term Debt	511,403.0	506,625.0	511,323.0	436,875.0	453,630.5	467,121.5	477,045.6	486,125.4	495,907.8
Lease Liability	73.0	93.0	107.0	325.0	325.0	325.0	325.0	325.0	325.0
Redeemable Non-cont. Int.	120,510.0	120,510.0	120,510.0	110,210.0	110,210.0	110,210.0	110,210.0	110,210.0	110,210.0
Preferred Stock Convertible	142,861.0	139,766.0	-	-	-	-	-	-	-
Other	3,308.0	4,548.0	3,172.0	3,377.0	3,385.9	3,389.3	3,393.3	3,397.5	3,402.0
Total Liabilities	789,007.0	785,077.0	649,449.0	566,145.0	581,003.2	594,879.4	605,438.7	615,371.1	625,708.4
Shareholders' Equity									
Common Equity	294,502.0	290,073.0	458,314.0	580,786.0	581,405.8	582,400.0	583,735.5	585,328.1	587,449.9
Non-Controlling Interest	19,044.0	15,841.0	13,762.0	13,218.0	13,218.0	13,218.0	13,218.0	13,218.0	13,218.0
Total Equity	313,546.0	305,914.0	472,076.0	594,004.0	594,623.8	595,618.0	596,953.5	598,546.1	600,667.9
Total Liabilities + Equity	1,102,553.0	1,090,991.0	1,121,525.0	1,160,149.0	1,175,627.0	1,190,497.4	1,202,392.2	1,213,917.2	1,226,376.3

A1. Cash Flow



(in thousands US\$)

Cash Flow	Historical				Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Operating Activities									
Net Income	14,850.0	7,530.0	10,259.0	11,960.0	6,198.2	9,941.9	13,354.9	15,925.9	21,218.6
Depreciation & Amortization	8,641.0	8,280.0	8,013.0	7,338.0	7,184.7	7,398.5	7,608.0	7,821.3	8,047.8
Gain on Disposition of Asset	(7,841.0)	(2,989.0)	(9,290.0)	(2,641.0)	-	-	-	-	-
Change in NWC	375.0	4,266.0	(3,807.0)	(2,184.0)	(2,162.1)	32.2	74.8	200.2	(101.3)
Other	1,969.0	2,639.0	2,681.0	2,578.0	-	-	-	-	-
Cash from Operations	17,994.0	19,726.0	7,856.0	17,051.0	11,220.8	17,372.6	21,037.7	23,947.3	29,165.0
Investing Activities									
Proceeds from Asset Sales	34,140.0	20,478.0	70,635.0	16,999.0	-	-	-	-	-
Acquisitions	(1,403.0)	(919.0)	(82,036.0)	(54,511.0)	(23,400.0)	(20,611.5)	(17,429.1)	(16,119.7)	(17,038.5)
Improvements	(6,583.0)	(2,655.0)	(2,712.0)	(4,246.0)	(3,118.5)	(3,284.1)	(3,492.9)	(3,720.3)	(3,958.3)
Issuance of Loans	(1,781.0)	(8.0)	(3,702.0)	(20,781.0)	-	-	-	-	-
Other	6,679.0	1,772.0	(954.0)	2,141.0	4,079.6	1,979.6	1,979.6	1,146.3	1,146.3
Cash Flow from Investing	31,052.0	18,668.0	(18,769.0)	(60,398.0)	(22,438.9)	(21,916.0)	(18,942.4)	(18,693.8)	(19,850.6)
Financing Activities									
Net Change in Debt	(11,385.0)	(4,666.0)	5,201.0	(73,941.0)	14,142.5	13,491.0	9,924.2	9,079.8	9,782.3
Net Change in Common Shares	(22,003.0)	3,181.0	27,156.0	121,374.0	-	-	-	-	-
Common Dividend	(6,177.0)	(5,942.0)	(6,360.0)	(11,126.0)	(5,578.4)	(8,947.7)	(12,019.4)	(14,333.3)	(19,096.7)
Other Distributions	(12,915.0)	(12,702.0)	(10,348.0)	(3,795.0)	-	-	-	-	-
Other	(896.0)	(3,609.0)	(1,782.0)	(11,682.0)	-	-	-	-	-
Cash Flow from Financing	(53,376.0)	(23,738.0)	13,867.0	20,830.0	8,564.1	4,543.3	(2,095.3)	(5,253.5)	(9,314.4)
Net Change in Cash	(4,330.0)	14,656.0	2,954.0	(22,517.0)	(2,654.0)	-	(0.0)	-	-
(+) Beginning Cash Balance	16,891.0	12,561.0	27,217.0	30,171.0	7,654.0	5,000.0	5,000.0	5,000.0	5,000.0
Ending Cash Balance	12,561.0	27,217.0	30,171.0	7,654.0	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0

A2. Term Loans



(in thousands US\$)

Debt Schedule (Term Loans)									
					Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
LIBOR					5.36%	4.25%	3.39%	3.12%	2.91%
SOFR					5.28%	4.04%	3.26%	2.99%	3.01%
<u>New Issuance</u>									
Beginning Balance					-	14,040.0	26,406.9	136,864.4	246,536.2
(+) Addition from Land					14,040.0	12,366.9	10,457.5	9,671.8	10,223.1
(+) Addition from Leverage Availability							100,000.0	100,000.0	
(-) Repayment									
Ending Balance					14,040.0	26,406.9	136,864.4	246,536.2	256,759.3
Interest Rate					5.6%	5.6%	5.6%	5.6%	5.6%
Interest Payment					389.6	1,122.4	4,530.8	10,639.4	13,966.5
<u>Total Long Term Debt</u>									
Beginning Balance					346,488.0	346,488.0	344,388.0	242,301.0	157,698.0
(-) Mandatory Amortization					-	(2,100.0)	(102,087.0)	(84,603.0)	(62,704.0)
(-) Optional Amortization									
Ending Balance				346,488.0	346,488.0	344,388.0	242,301.0	157,698.0	94,994.0
Interest Rate					4.49%	4.49%	4.49%	4.49%	4.49%
Interest Expense					15,570.9	15,523.7	13,182.7	8,987.8	5,677.9
Deferred Financing Cost				2,613.0	2,613.0	2,613.0	2,613.0	2,613.0	2,613.0
Ending Value of Debt				346,488.0	360,528.0	370,794.9	379,165.4	404,234.2	351,753.3
Capital Repayment					-	(2,100.0)	(102,087.0)	(84,603.0)	(62,704.0)
Debt Issuance					14,040.0	12,366.9	110,457.5	109,671.8	10,223.1
Interest Expense					15,960.5	16,646.1	17,713.5	19,627.2	19,644.4

A2. Credit Facility – Farmer Mac



(in thousands US\$)

Debt Schedule (Credit Facility)									
					Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Farmer Mac									
Beginning Balance					75,000.0	75,000.0	75,000.0	75,000.0	59,011.0
(+) Drawdown					-	-	-	-	15,989.0
(-) Paydown					-	-	-	(15,989.0)	-
Ending Balance				75,000.0	75,000.0	75,000.0	75,000.0	59,011.0	75,000.0
Beginning Capacity					-	-	-	-	15,989.0
Ending Capacity				-	-	-	-	15,989.0	-
Interest Rate (SOFR)					6.78%	5.54%	4.76%	4.49%	4.51%
Unused Commitment Fee					-	-	-	-	32.0
Interest Expense					5,085.0	4,155.0	3,570.0	3,367.5	2,693.4

A2. Credit Facility – Rutledge



(in thousands US\$)

Debt Schedule (Credit Facility)									
					Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Rutledge									
Beginning Balance					18,000.0	18,102.5	21,326.6	22,880.3	22,880.3
(+) Drawdown					102.5	3,224.1	1,553.7	-	46,274.2
(-) Paydown					-	-	-	-	-
Ending Balance				18,000.0	18,102.5	21,326.6	22,880.3	22,880.3	69,154.5
Beginning Capacity					94,000.0	93,897.5	90,673.4	89,119.7	89,119.7
Ending Capacity				94,000.0	93,897.5	90,673.4	89,119.7	89,119.7	42,845.5
Interest Rate (SOFR)					7.23%	5.99%	5.21%	4.94%	4.96%
Unused Commitment Fee					-	-	-	-	-
Interest Expense					1,301.4	1,084.3	1,111.1	1,130.3	1,134.9

A2. Credit Facility – Rutledge



(in thousands US\$)

Debt Schedule (Credit Facility)									
					Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Metlife									
Beginning Balance					-	-	-	-	-
(+) Drawdown					-	-	-	-	-
(-) Paydown					-	-	-	-	-
Ending Balance				-	-	-	-	-	-
Beginning Capacity					75,000.0	75,000.0	75,000.0	75,000.0	75,000.0
Ending Capacity				75,000.0	75,000.0	75,000.0	75,000.0	75,000.0	75,000.0
Interest Rate (SOFR)					7.38%	6.14%	5.36%	5.09%	5.11%
Unused Commitment Fee					-	-	-	-	-
Interest Expense					-	-	-	-	-

A2. Cash Needs



(in thousands US\$)

Debt Schedule (Credit Facility)									
					Projected				
	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E
<u>Cash Available for Credit Facility Payment</u>									
Beginning Cash Balance					7,654.0	5,000.0	5,000.0	5,000.0	5,000.0
(+) Cash from Operations					11,220.8	17,372.6	21,037.7	23,947.3	29,165.0
(-) Cash from Investing Activities					(22,438.9)	(21,916.0)	(18,942.4)	(18,693.8)	(19,850.6)
(-) Capital Repayments					-	(2,100.0)	(102,087.0)	(84,603.0)	(62,704.0)
(-) Required Dividend Payment					(5,578.4)	(8,947.7)	(12,019.4)	(14,333.3)	(19,096.7)
(+) New Term Loan Issuance					14,040.0	12,366.9	110,457.5	109,671.8	10,223.1
Cash Before Revolvers					4,897.5	1,775.9	3,446.3	20,989.0	(57,263.2)
(+/-) Farmer Mac					-	-	-	(15,989.0)	15,989.0
Cash After Famer Mac					4,897.5	1,775.9	3,446.3	5,000.0	(41,274.2)
(+/-) Rutledge					102.5	3,224.1	1,553.7	-	46,274.2
Cash After Rutledge					5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
(+/-) MetLife					-	-	-	-	-
Cash After MetLife					5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
(+) Equity Issuance									
Cash After Equity Issuance									

B1. NAV Valuation

(in thousands US\$)

Base Case			NAV	
Base Case	Assumption	Explanation		2027E
Stable Rental Income	Stable rate of 5.70%	<ul style="list-style-type: none"> - Not able to increase rent price in early years due inefficiency - Not able to fully realize the investment pipeline. LAND has been able to acquire at a faster rate 	Rental Income	62,985.5
			(-) Property Expenses	(8,091.9)
			NOI	54,893.7
			(-) Maintenance CapEx	(3,958.3)
			Adj. NOI	50,935.3
			Perpetual Growth	2.50%
			Stabilized NOI	52,208.7
			(/) Cap Rate	4.50%
Growth plan	Renewable projects	<ul style="list-style-type: none"> - Renewable projects are not clear yet and management has not proven its capacity to realize execute growth plan 	Terminal Real Estate Value	1,160,193.5
			(+) Terminal Value of Other	170,848.9
			Terminal Enterprise Value	1,331,042.4
			(x) Discount Factor	0.72
			PV of Terminal Value	957,942.3
			(+) PV of Intermediary Cash Flow	83,455.7
			Enterprise Value	1,041,398.0
			(+) Cash	7,654.0
			(+) Loan Receivables	21,921.0
			(+) Other Non Operating Assets	2,117.0
			(-) Debt	(436,875.0)
			(-) Leases	(325.0)
			(-) Property Taxes	(2,008.0)
			(-) Pref. & Other	(123,430.0)
			NAV	510,452.0
			(/) Shares Out.	54,340.0
			NAV per Share	\$ 9.39
			(x) P/NAV	0.9x
			Share Price	\$ 8.82
Maintenance CapEx	5.0% of Rev.	<ul style="list-style-type: none"> - Lower than 5 year average - Need for improvement on acquired land to operate 		
Cap rate	4.5%	<ul style="list-style-type: none"> - In line with row crops average - Lower than LAND (5.6% - Analysts) 		
Other Assets	All other lines of business	<ul style="list-style-type: none"> - Not part of rental income - Valued with DCF analysis 		

B2. Discounted Cash Flow Analysis



(in thousands US\$)

DCF								
	2022A	2023E	2024E	Projected				
				2025E	2026E	2027E		
Revenue	61,210.0	62,370.1	65,681.4	69,858.4	74,406.9	79,166.8	Terminal NTM EBIT	45,808.5
Growth YoY %		1.9%	5.3%	6.4%	6.5%	6.4%	(x) EV / EBIT	29.7x
EBITDA	31,934.0	35,729.8	39,225.9	43,357.5	47,872.1	52,738.9	Terminal Value @ 2027	1,360,528.4
Margin %	52.2%	57.3%	59.7%	62.1%	64.3%	66.6%	(x) Discount Factor	0.72
(-) Depreciation		(7,184.7)	(7,398.5)	(7,608.0)	(7,821.3)	(8,047.8)	PV of Terminal Value	979,163.1
EBIT	24,974.0	28,545.1	31,827.3	35,749.5	40,050.9	44,691.2	(+) PV of Intermediary Cash Flows	83,455.7
(-) Taxes							Implied Enterprise Value	1,062,618.9
NOPAT		28,545.1	31,827.3	35,749.5	40,050.9	44,691.2	(+) Cash	7,654.0
(+) Depreciation		7,184.7	7,398.5	7,608.0	7,821.3	8,047.8	(+) Loans Receivable	21,921.0
(-) CapEx		(26,518.5)	(23,895.6)	(20,922.0)	(19,840.1)	(20,996.9)	(+) Other Assets	2,117.0
(-) Investment in NWC		(2,162.1)	32.2	74.8	200.2	(101.3)	(-) Debt	(436,875.0)
Unlevered Free Cash Flow		7,049.2	15,362.6	22,510.2	28,232.2	31,640.7	(-) Leases	(325.0)
Discount Period		0.75	1.75	2.75	3.75	4.75	(-) Pref. & Other	(123,430.0)
Discount Factor	7.17%	0.95	0.89	0.83	0.77	0.72	Implied Equity Value	533,680.9
PV of Unlevered FCF		6,692.5	13,609.2	18,607.0	21,775.4	22,771.6	(/) Shares Out.	54,340.0
							Share Price	\$ 9.82

Base Case	Assumption	Explanation
COGS	2.5% improvement YoY (% Crop Sales + Other)	- Operational improvements in crop sales and auction and brokerage segments
Property Expenses	1.0% improvement YoY (% Rental Income)	- Increasing trend over the past 5 years
Legal Fees	3% of Total Revenue	- No more litigation fees coming from short seller
CapEx	~\$95M in acquisitions 5.0% maintenance	- Realize ~1/3 of investment pipeline - Need continued improvement in lands to operate

B3. Dividend Discount Model



(in thousands US\$)

DDM								
	2022A	Projected						
	2022A	2023E	2024E	2025E	2026E	2027E		
Dividend to Common Shareholders	11,126.0	5,578.4	8,947.7	12,019.4	14,333.3	19,096.7	Terminal Cash Flow @ 2027	13,248.5
<i>Growth YoY</i>		-49.9%	60.4%	34.3%	19.3%	33.2%	Perpetual Growth	2.5%
Dividend per Share	\$ 0.20	\$ 0.10	\$ 0.16	\$ 0.22	\$ 0.26	\$ 0.35	Terminal Value @ 2027	246,837.4
Discount Period		0.75	1.75	2.75	3.75	4.75	(x) Discount Factor	0.69
Discount Factor	8.00%	0.94	0.87	0.81	0.75	0.69	PV of Terminal Value	171,245.7
PV of Dividend		5,265.4	7,820.0	9,726.4	10,739.5	13,248.5	(+) PV of Intermediary Cash Flows	46,799.9
							Implied Equity Value	218,045.5
							(/) Shares Out.	54,340.0
							Share Price	\$ 4.01

Base Case	Assumption	Explanation
Dividend	90% of Net Income	<ul style="list-style-type: none"> - REIT requirement - Higher than past 5 years average

B4. Cost of Capital



Cost of Capital	Rate	Methodology
Risk-free Rate	3.59%	- 10 year US Treasury yield
Equity Risk Premium	5.60%	- Satista estimate of 2023 ERP
Beta	0.79	- 0.81 current beta unlevered to 0.44 and relevered to match target D/E
Tax Rate	0.00%	- REITs do not pay taxes if 90% of Net Income is distributed
Target Leverage	0.8x	- Average of comparable companies
Cost of Debt	5.96%	- BBB 10 year yield
WACC	7.17%	- Assumption of CAPM and Beta of debt ~0

C1. Comparable Companies



Company	Market Cap	EV	P/ FFO		EV / EBIT		Growth '22-'23		Margin %	Net Debt /	P / NAV
	(M\$ US)	(M\$ US)	NTM	2024E	NTM	2024E	FFO	EBIT	LTM EBIT	LTM EBITDA	
Tier 1											
One Liberty Properties	473.5	883.6	12.4x	n.a.	28.9x	n.a.	-14.1%	-5.6%	37.8%	8.2x	0.8x
Whitestone REIT	459.6	1,085.8	9.6x	9.2x	22.4x	21.6x	-8.1%	3.9%	33.4%	7.9x	0.7x
Four Corners Property Trust	2,330.4	3,271.7	16.4x	15.7x	23.8x	21.6x	8.3%	9.4%	56.4%	5.6x	1.1x
Urstadt Biddle Properties	519.7	1,108.8	11.6x	10.9x	n.a.	n.a.	-20.6%	n.a.	39.7%	3.6x	0.7x
Gladstone Land Corp	598.2	1,214.3	22.6x	20.2x	36.9x	30.6x	9.3%	-5.1%	38.9%	8.9x	0.9x
Agree Realty Corp	6,242.2	8,354.4	17.4x	16.7x	35.1x	29.3x	30.6%	11.4%	49.7%	5.1x	1.2x
American Homes 4 Rent	10,899.1	16,045.5	18.3x	17.2x	43.8x	37.7x	5.5%	19.2%	20.6%	6.1x	0.8x
EPR Properties	2,975.4	5,923.9	8.3x	8.1x	17.1x	16.3x	3.1%	-1.4%	53.4%	5.7x	0.8x
Mean			14.6x	14.0x	29.7x	26.2x	1.8%	4.5%	41.3%	6.4x	0.9x
Median			14.4x	15.7x	28.9x	25.5x	4.3%	3.9%	39.3%	5.9x	0.8x
Farmland Partners	545.2	1,096.1	37.2x	34.6x	41.3x	38.0x	-9.9%	5.8%	40.9%	13.3x	0.7x

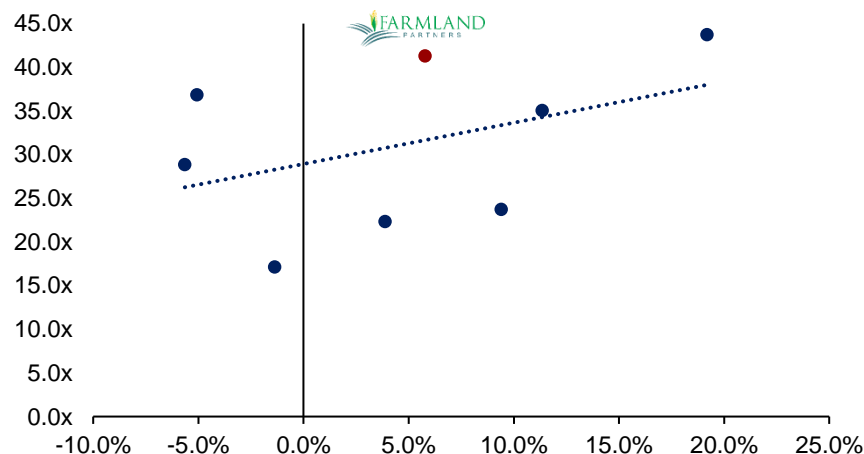
C2. EV / EBIT Valuation

Based on regression analysis

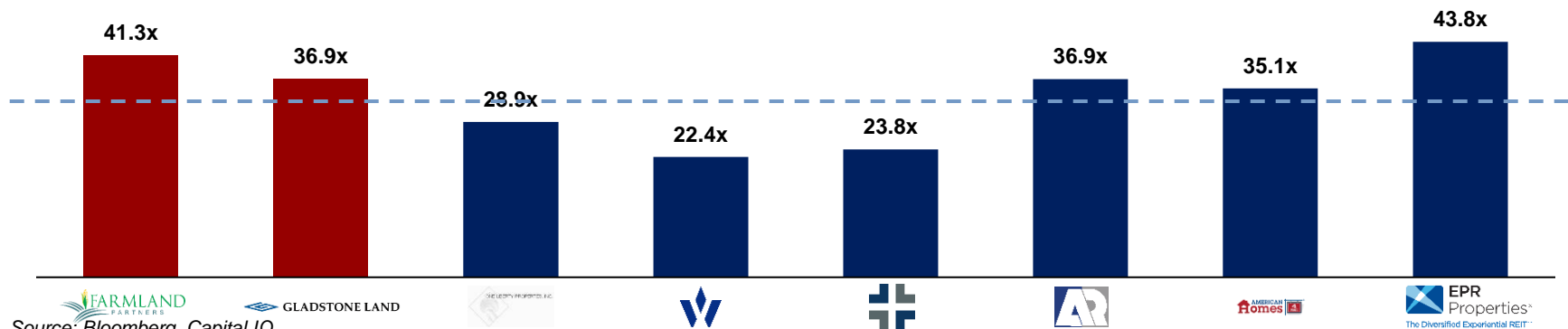
Relative Valuation – EV / EBIT

2023E	Assumptions
EBIT	\$28.5M
Low Range	31.0x / \$6.50
Mid Range	33.0x / \$7.56
High Range	35.0x / \$8.62
Target Price	\$8.50

NTM EV/EBIT Function of EBIT Growth



NTM EV/EBIT Chosen Multiple: 33.0x



Source: Bloomberg, Capital IQ

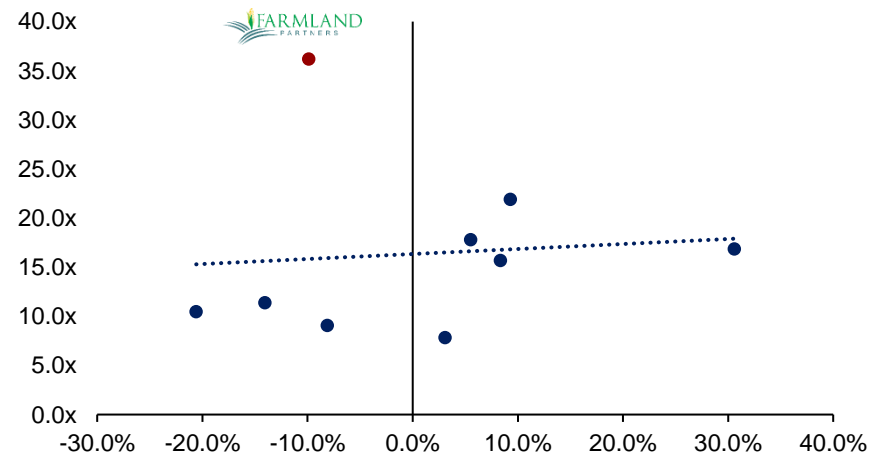
C3. P / FFO Valuation

Based on regression analysis

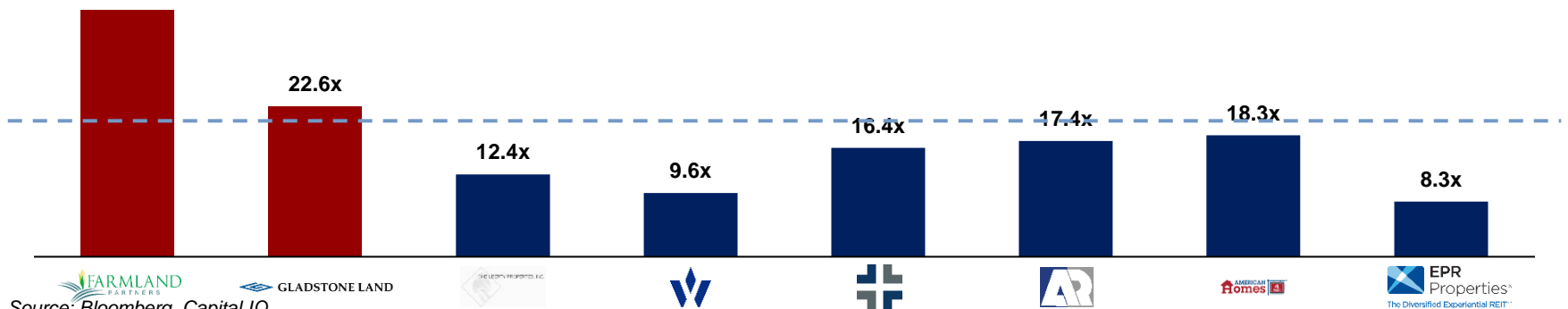
Relative Valuation – P / FFO

2023E	Assumptions
FFO	\$13.4M
Low Range	15.9x / \$3.90
Mid Range	19.2x / \$4.74
High Range	22.6x / \$5.57
Target Price	\$8.50

NTM P/FFO Function of FFO Growth



NTM P/FFO Chosen Multiple: 18.9x
37.2x



Source: Bloomberg, Capital IQ