

American Farmland Company
Notes to Consolidated Financial Statements
(Unaudited)

1. ORGANIZATION

American Farmland Company (together with its subsidiaries, the “Company”), a Maryland corporation, was established on October 9, 2009, and commenced its operations on October 15, 2009, for purposes of investing in farmland principally located in the United States. The Company conducts all of its activities through American Farmland Company L.P. (the “Operating Partnership”), a Delaware limited partnership. The Company owned 81.2% and 80.8% of the common limited partnership interests in the Operating Partnership at June 30, 2015 and December 31, 2014, respectively.

The Company and American Farmland Advisors LLC (“AFA”) are Co-General Partners of the Operating Partnership. Since inception, affiliates of the members of AFA (the “Founders”) contributed \$21,145,000 in capital to the Operating Partnership through June 30, 2015 and December 31, 2014, respectively, in addition to the capital provided to the Company from the proceeds of issuance of common stock.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements are unaudited and include the accounts of the Company, the Operating Partnership and its wholly owned limited liability companies. All intercompany transactions and balances have been eliminated. In our opinion, all adjustments (which include only normal recurring adjustments) necessary to present fairly the consolidated financial position, results of operations and changes in cash flows have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been omitted. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of December 31, 2014 and 2013 and for the years then ended included elsewhere in this prospectus. We have made estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The results of operations for the interim periods are not necessarily indicative of the operating results for the full year. Certain prior period balances have been reclassified in order to conform to current period presentation.

Cash and Cash Equivalents—The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents include an investment in a commercial paper fund and a money market fund.

The Company maintains cash balances in major banks which, at times, may exceed the limits of amounts insured by the Federal Deposit Insurance Corporation (FDIC). The Company had funds on deposit in excess of amounts insured by the FDIC; however, the Company believes the credit risk related to these deposits is minimal.

Investments in Real Estate—Investments in real estate consist of farmland and improvements made to the farmland, consisting of buildings, wells, irrigation and drain systems, and trees and vines acquired in connection with the land purchase. Investments in real estate are recorded at cost. Improvements, replacements and costs of development for new trees and vines or the repurposing of raw land are capitalized when they extend the useful life or improve the use of the asset. Costs of