

American Farmland Company
Notes to Consolidated Financial Statements (Continued)
(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

intangible assets acquired will be further allocated to in-place lease values based on management's evaluation of the specific characteristics of each tenant's lease. When determining the non-cancelable term of the lease, fixed-rate renewal options, if any, are evaluated to see if they should be included. Prior to 2013, all acquired leases were determined to be at market. In connection with one of our 2013 acquisitions, we allocated \$125,000 of the purchase price to a below-market lease, which terminated December 15, 2014. The fair value of capitalized below-market lease intangibles, included in the accompanying consolidated balance sheets as part of other liabilities, is amortized into rental income over the remaining, non-cancelable term of the lease. \$55,556 was amortized during the six months ended June 30, 2014. In-place leases will be amortized over the remaining term of the lease. Should a tenant terminate its lease, the unamortized portion of any above-market and below-market lease values, in-place lease values and any associates intangibles will be immediately charged to the related income or expense.

We account for the impairment of real estate, including intangible assets, in accordance with ASC 360-10-35, "Property, Plant, and Equipment," which requires us to periodically review the carrying value of each property to determine whether circumstances indicate impairment of the carrying value of the investment exists or if depreciation periods should be modified. If circumstances support the possibility of impairment, we prepare a projection of the undiscounted future cash flows, without interest charges, of the specific property and determine whether the carrying value of the investment in such property is recoverable. In performing the analysis, we consider such factors as agricultural and business conditions in the regions in which our farms are located, and the development period (if applicable), and whether there are indications that the fair value of the real estate has decreased. If the carrying amount is more than the aggregate undiscounted future cash flows, we would recognize an impairment loss to the extent the carrying amount exceeds the estimated fair value of the property.

We evaluate our entire property portfolio each quarter for any impairment indicators and perform an impairment analysis. We concluded that none of our properties were impaired as of June 30, 2015 or December 31, 2014 and we will continue to monitor our portfolio for any indicators of impairment. There have been no impairments recognized on real estate assets since our inception.

Stock—There were 300,000,000 shares of common stock, par value \$0.01 per share, authorized with 10,890,847 issued and outstanding as of June 30, 2015 and 10,436,902 shares issued and outstanding as of December 31, 2014. There were 35 shares of 8% Series A Cumulative Non-Voting Preferred Stock, par value \$0.01 per share, authorized as of June 30, 2015 and December 31, 2014 with 29 issued and outstanding as of both of those dates.

Non-Controlling Interests—Non-controlling interest is the portion of capital in the Operating Partnership not attributable to the Company. Our non-controlling interests relate to the Founders' capital accounts and the de minimis capital account of AFA in the Operating Partnership. Non-controlling interests are reported in equity on the consolidated balance sheets but separate from the Company's stockholders' equity. On the consolidated statements of operations, the Operating Partnership is reported at the consolidated amount, including both the amount attributable to the Company and non-controlling interests.