

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

3. FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes the levels within the fair value hierarchy in which the fair value measurements of the Company's assets and liabilities fall as of December 31, 2014:

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS				
Cash equivalents	\$842,305	\$—	\$ —	\$ 842,305
LIABILITIES				
Borrowings under credit facility	\$ —	\$—	\$20,400,000	\$20,400,000

4. INVESTMENTS IN REAL ESTATE

Investments in real estate as of June 30, 2015 and December 31, 2014 are comprised of the following:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Land	\$ 98,550,560	\$ 98,568,755
Land improvements	2,691,006	2,518,785
Buildings	1,191,000	1,191,000
Trees and vines	23,967,899	23,967,899
Development costs	20,504,545	15,435,912
Fixtures and equipment	2,073,470	1,958,160
	<u>148,978,480</u>	<u>143,640,511</u>
Less accumulated depreciation	(4,428,947)	(3,535,653)
Investments in real estate, net	<u>\$144,549,533</u>	<u>\$140,104,858</u>

Depreciation expense for the six months ended June 30, 2015 and 2014 was \$893,294 and \$735,035, respectively.

In 2013, 79 of the gross 518 acres of our Macomb Farm property, a commodity row crop property in Illinois, were expropriated by the Illinois Department of Transportation for purposes of building a new state road. The State of Illinois paid the Operating Partnership a total of \$1,723,800, of which \$1,106,300 was attributable to the acreage expropriated and \$617,500 was attributable to the diminished value of the remaining acreage. The Operating Partnership disputed the overall consideration paid by the State of Illinois. A settlement for additional compensation was reached in February 2014 with the State of Illinois, whereby the Operating Partnership received \$257,675 in additional compensation, \$61,700 of which related to the acreage expropriated and \$183,650 of which related to the diminution in value of the remaining acreage. The Company realized gains of \$54,617 during the six months ended June 30, 2014 related to the Macomb Farm expropriation.