

American Farmland Company
Notes to Consolidated Financial Statements (Continued)

6. BORROWINGS UNDER CREDIT FACILITY (Continued)

purposes. The facility bears interest on the drawn amount at the rate of 130 basis points (1.3%) above the Three Month London Interbank Offered Rate (0.2552% at December 31, 2014). The Operating Partnership is required to pay any interest due quarterly in arrears beginning January 1, 2014 and any unpaid interest and drawn principal is due and payable in full on January 1, 2019 ("Maturity Date"). The minimum advance under the terms of the facility is \$500,000 and may be repaid at any time prior to the Maturity Date. The credit facility is secured by a first mortgage over, and assignment of leases from, the Pleasant Plains, Macomb Farm, Kane County Farms, Sweetwater and Tillar properties. The Operating Partnership pays a 0.25% per annum non usage fee. Pursuant to the terms of the credit facility, the properties securing the credit facility must have an aggregate appraised value such that the amount of the credit facility is 50% or less of the aggregate appraised value of such properties. The amount outstanding under this credit facility is \$20,400,000 as of December 31, 2014. We believe we are in compliance with the credit facility covenants. The fair value of the borrowings under the credit facility as of December 31, 2014 was approximately \$20.4 million, comparable to our carrying value of \$20.4 million.

The Operating Partnership incurred costs of \$181,682 (inclusive of a one-time 0.25% commitment fee) in arranging the credit facility. These costs are being amortized on a straight-line basis over the period of the agreement.

On January 14, 2015, the Company entered into an additional \$25 million revolving credit facility to provide funds for potential acquisitions, development of existing properties and other corporate purposes. The facility bears interest on the drawn amount at the rate of 130 basis points (1.3%) above the Three Month London Interbank Offered Rate. The Operating Partnership is required to pay any interest due quarterly in arrears beginning April 1, 2015 and any unpaid interest and drawn principal is due and payable in full on January 1, 2020 ("Second Maturity Date"). The minimum advance under the terms of the facility is \$500,000 and may be repaid at any time prior to the Second Maturity Date. The credit facility is secured by a first mortgage over and assignment of leases from the Sandpiper, Quail Run, Golden Eagle and Blue Heron properties. The Operating Partnership pays a 0.25% per annum non-usage fee. Pursuant to the terms of the credit facility, the properties securing the credit facility must have an aggregate appraised value such that the amount of the credit facility is 50% or less of the aggregate appraised value of such properties.

7. RELATED PARTY TRANSACTIONS

The limited partnership agreement of the Operating Partnership provides that the Operating Partnership shall pay AFA a management fee in arrears calculated at the annual rate of (i) 1% of the Company's share of the Gross Asset Value, as defined, of the Operating Partnership as of the end of the immediately preceding calendar quarter and (ii) 0.5% of the Founders' share of the Gross Asset Value of the Operating Partnership as of the end of the immediately preceding calendar quarter. The management fee for the years ended December 31, 2014 and 2013 amounted to \$1,296,857 and \$1,211,390, respectively, of which \$331,143 and \$310,130 was payable on December 31, 2014 and 2013, respectively.