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REITs

Price:	\$11.10
Fair Value Estimate:	\$12.50
52-Week Range:	\$9.54 - \$11.98
Equity Market Cap (M):	218.0
Shr.&Units O/S (M):	19.60
30-day Avg Daily Vol:	104,753
Dividend:	\$0.51
Yield:	4.6%

FYE: Dec	2015A	2016E	2017E
Prior FFO:		NC	NC

Quarterly FFO:			
Q1	\$0.00A	\$(0.09)A	\$0.14E
Q2	\$0.03A	\$0.09A	\$0.14E
Q3	\$0.07A	\$0.12E	\$0.14E
Q4	\$0.07A	\$0.13E	\$0.14E
Year:	\$0.20A	\$0.27E	\$0.56E

September 12, 2016

Farmland Partners Inc. (FPI) - BUY

Buying AFCO in an all-stock transaction

Flash Takeaways

FPI has agreed to acquire American Farmland Company (AFCO, NEUTRAL, \$8.00 Fair Value) in an all-stock transaction expected to close in late 4Q16 (or early 1Q17). Each AFCO shareholder will receive 0.7417 shares of FPI stock, valuing AFCO at \$8.23 per share as of Friday's close (in-line with our Fair Value estimate). Given the length of AFCO's strategic review process, we do not expect a superior offer to emerge.

Analysts Notes

- Deal expected to be accretive to earnings. FPI management believes that on a pro-forma basis, the transaction would increase FPI's 2016 revenue by ~\$16M (from \$26M to \$42M) and that it will be ~10% accretive to FPI's AFFO per share in 2017 (~20% accretive once synergies are fully realized). We believe much of the cost savings comes from eliminating AFCO's G&A as AFCO's external manager (Prudential) is being retained (at least for now).
- FPI will have a nearly \$400M market cap. Already the largest and most diversified public farmland REIT, this transaction will push FPI towards \$400M of market capitalization (~\$850 million of enterprise value) and give the combined REIT greater liquidity. Importantly, FPI will keep AFCO's attractively priced debt in-place (FPI's Net Debt to EV is expected to decrease from 44% to 40% post-transaction).
- FPI will own more than 133,000 acres nationwide. With FPI's primarily row crop farmland and AFCO's primarily specialty and permanent crop farms, the combined portfolio will be composed of 293 farms (133,000 acres) across 16 states, with 2,000 acres under development and be 78% row crop, 22% permanent/specialty crop by value. FPI's pro forma market exposures would break down as: West Coast (31%), Corn Belt (29%), Southeast (21%), Delta (12%), and High Plains (8%).
- Cowan joining FPI as President. FPI's existing management team will remain in-place, with AFCO's Robert Cowan joining FPI as President, and AFCO board members D. Dixon Boardman and Thomas Gimbel joining FPI's board (increasing the board size from 6 to 8).
- We are maintaining our Buy rating on FPI, as well as our \$12.50 Fair Value estimate.



IMPORTANT DISCLOSURES

Research Analyst Certification

I, Robert Stevenson, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Farmland Partners Inc. currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC managed or co-managed a public offering of securities for Farmland Partners Inc. in the past 12 months.

Janney Montgomery Scott LLC received compensation for investment banking services from Farmland Partners Inc. in the past 12 months.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Farmland Partners Inc. in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

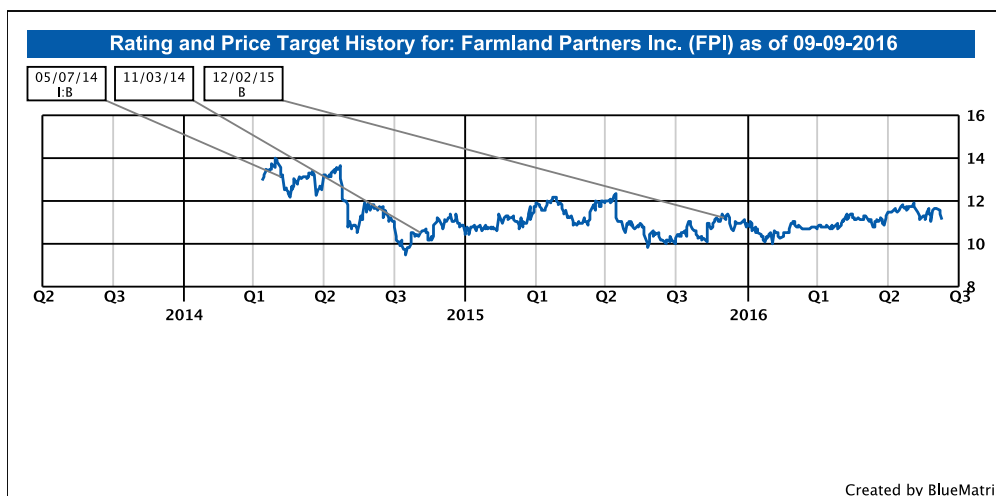
Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 06/30/16

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
BUY [B]	109	52.15	26	23.85
NEUTRAL [N]	98	46.89	11	11.22
SELL [S]	2	0.95	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

Janney Montgomery Scott LLC, is a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority and the Securities Investor Protection Corp.

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