

Company Update

FPI Merging with AFCO

- **FPI Merging with AFCO.** This morning, Farmland Partners Inc. (FPI, \$11.10, Buy) announced that it was merging with American Farmland Company (AFCO, \$6.04, Not Covered). FPI will become the largest and most diversified public Farmland REIT. The transaction will close later this year or early 2017. In mid-April AFCO announced that it was exploring strategic alternatives.
 - **All Stock Transaction.** AFCO shareholders will receive 0.7417 shares of FPI stock or \$8.23/share as of Friday's close. FPI shareholders will own 65% of the share outstanding and AFCO's will own 35%.
-
- **Combined Portfolio.** The transaction will give FPI a bigger and more diversified portfolio. The merged entity will own more than 133,000 acres (293 farms) in 16 states throughout the Midwest, the Plains, the Delta, and on the coasts. 74% of the portfolio will be row crops and 26% specialty crops.
 - **Larger Enterprise.** The company will have an enterprise value over \$850 million, will somewhat de-lever FPI, and provide synergies. Pro forma 2016 revenue increases from \$26 million to \$42 million.
 - **Accretive to 2017 AFFO.** The merger will be 10.0% accretive to 2017 AFFO and could be as high as 20.0% accretive post synergies.
 - **Management Team.** FPI's CEO and chairman, Paul A. Pittman, will remain in his role as well as CFO Luca Fabbri. Robert L. Cowan will come aboard as president when the merger closes. AFCO's CEO Thomas S. T. Gimbel and chairman D. Dixon Boardman will join FPI's board.
 - **Call at 10:30: (866) 262-6804**

Priced as of close 9-9-2016.

Target Price Methodology/Risks

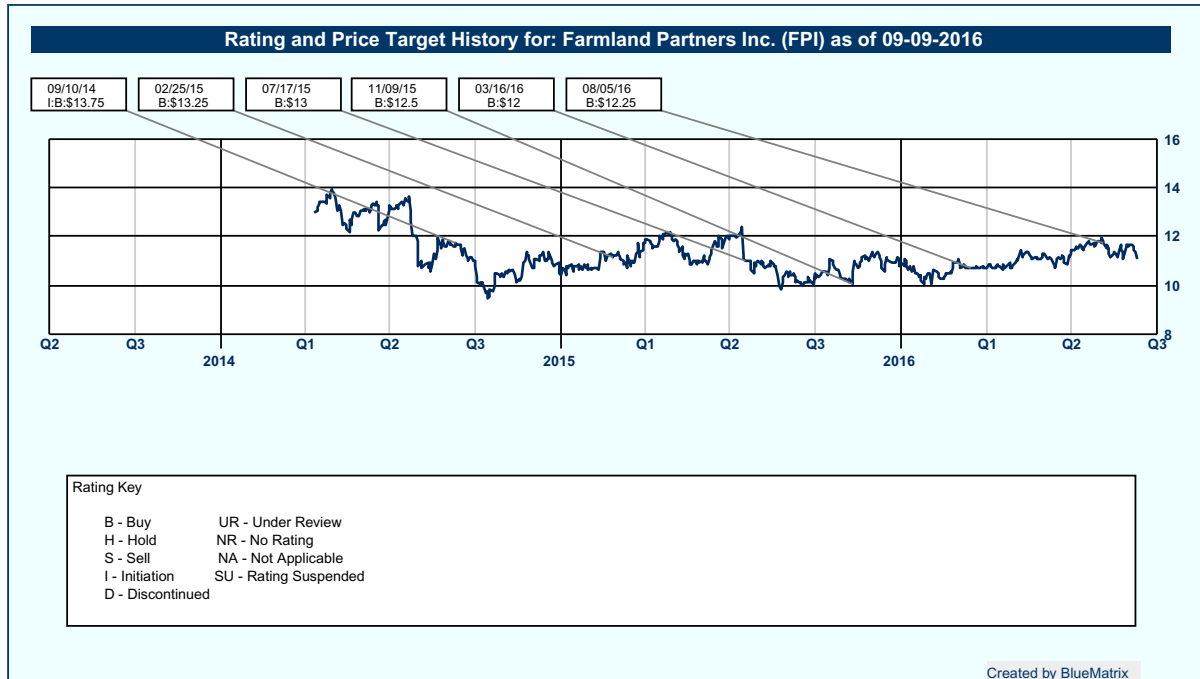
Our target price of \$12.25 equates to a 3.85% cap rate.

Risks to our target price: Crop price volatility could impact land and, in turn, share prices. Small float and market cap.



Important Disclosures and Certifications

I, Simon Yarmak, certify that the views expressed in this research report accurately reflect my personal views about the subject securities or issuers; and I, Simon Yarmak, certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. Our European Policy for Managing Research Conflicts of Interest is available at www.stifel.com.



For a price chart with our ratings and target price changes for FPI go to <http://sf.bluematrix.com/bluematrix/Disclosure?ticker=FPI>

The rating and target price history for Farmland Partners Inc. and its securities prior to February 25, 2015, on the above price chart reflects the research analyst's views under a different rating system than currently utilized at Stifel. For a description of the investment rating system previously utilized go to www.stifel.com.

Farmland Partners Inc. is a client of Stifel or an affiliate or was a client of Stifel or an affiliate within the past 12 months.

Farmland Partners Inc. is provided with investment banking services by Stifel or was provided with investment banking services by Stifel or an affiliate within the past 12 months.

Farmland Partners Inc. is provided with non-investment banking, securities related services by Stifel or an affiliate or was provided with non-investment banking, securities related services by Stifel or an affiliate within the past 12 months.

Stifel or an affiliate has received compensation for investment banking services from Farmland Partners Inc. in the past 12 months.

Stifel or an affiliate has received compensation for non-investment banking, securities related services from Farmland Partners Inc. in the past 12 months.

Stifel or an affiliate expects to receive or intends to seek compensation for investment banking services from Farmland Partners Inc. in the next 3 months.

Stifel or an affiliate managed or co-managed a public offering of securities for Farmland Partners Inc. in the past 12 months.

Stifel or an affiliate is a market maker or liquidity provider in the securities of Farmland Partners Inc..

The equity research analyst(s) responsible for the preparation of this report receive(s) compensation based on various factors, including Stifel's overall revenue, which includes investment banking revenue.

Our investment rating system is three tiered, defined as follows:

BUY -We expect a total return of greater than 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

HOLD -We expect a total return between -5% and 10% over the next 12 months with total return equal to the percentage price change plus dividend yield.

SELL -We expect a total return below -5% over the next 12 months with total return equal to the percentage price change plus dividend yield.

Occasionally, we use the ancillary rating of **SUSPENDED** (SU) to indicate a long-term suspension in rating and/or target price, and/or coverage due to applicable regulations or Stifel policies. **SUSPENDED** indicates the analyst is unable to determine a “reasonable basis” for rating/target price or estimates due to lack of publicly available information or the inability to quantify the publicly available information provided by the company and it is unknown when the outlook will be clarified. **SUSPENDED** may also be used when an analyst has left the firm.

Of the securities we rate, 49% are rated Buy, 42% are rated Hold, 3% are rated Sell and 6% are rated Suspended.

Within the last 12 months, Stifel or an affiliate has provided investment banking services for 15%, 7%, 0% and 13% of the companies whose shares are rated Buy, Hold, Sell and Suspended, respectively.

Additional Disclosures

Please visit the Research Page at www.stifel.com for the current research disclosures and respective target price methodology applicable to the companies mentioned in this publication that are within Stifel's coverage universe. For a discussion of risks to target price please see our stand-alone company reports and notes for all Buy-rated and Sell-rated stocks.

The information contained herein has been prepared from sources believed to be reliable but is not guaranteed by us and is not a complete summary or statement of all available data, nor is it considered an offer to buy or sell any securities referred to herein. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation or needs of individual investors. Employees of Stifel, or its affiliates may, at times, release written or oral commentary, technical analysis or trading strategies that differ from the opinions expressed within. Past performance should not and cannot be viewed as an indicator of future performance.

As a multi-disciplined financial services firm, Stifel regularly seeks investment banking assignments and compensation from issuers for services including, but not limited to, acting as an underwriter in an offering or financial advisor in a merger or acquisition, or serving as a placement agent in private transactions.

Affiliate Disclosures

“Stifel”, includes Stifel Nicolaus & Company (“SNC”), a US broker-dealer registered with the United States Securities and Exchange Commission and the Financial Industry National Regulatory Authority and Stifel Nicolaus Europe Limited (“SNEL”), which is authorized and regulated by the Financial Conduct Authority (“FCA”), (FRN 190412) and is a member of the London Stock Exchange.

Registration of non-US Analysts: Any non-US research analyst employed by SNEL contributing to this report is not registered/qualified as a research analyst with FINRA and is not an associated person of the US broker-dealer and therefore may not be subject to FINRA Rule 2241 or NYSE Rule 472 restrictions on communications with a subject company, public appearances, and trading securities held by a research analyst account.

Country Specific and Jurisdictional Disclosures

United States: Research produced and distributed by SNEL is distributed by SNEL to “Major US Institutional Investors” as defined in Rule 15a-6 under the US Securities Exchange Act of 1934, as amended. SNEL is a non-US broker-dealer and accordingly, any transaction by Major US Institutional Investors in the securities discussed in the document would need to be effected by SNC. SNC may also distribute research prepared by SNEL directly to US clients that are professional clients as defined by FCA rules. In these instances, SNC accepts responsibility for the content. Research produced by SNEL is not intended for use by and should not be made available to retail clients, as defined by the FCA rules.

Canadian Distribution: Research produced by SNEL is distributed in Canada by SNC in reliance on the international dealer exemption. This material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a “permitted client” as defined under applicable Canadian securities law.

UK and European Economic Area (EEA): This report is distributed in the EEA by SNEL, which is authorized and regulated in the United Kingdom by the FCA. In these instances, SNEL accepts responsibility for the content. Research produced by SNEL is not intended for use by and should not be made available to non-professional clients. The complete preceding 12-month recommendations history related to recommendation(s) in this research report is available at <https://stifel2.bluematrix.com/sellside/MAR.action>

Brunei: This document has not been delivered to, registered with or approved by the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance or the Autoriti Monetari Brunei Darussalam. This document and the information contained within will not be registered with any relevant Brunei Authorities under the relevant securities laws of Brunei Darussalam. The interests in the document have not been and will not be offered, transferred, delivered or sold in or from any part of Brunei Darussalam. This document and the information contained within is strictly private and confidential and is being distributed to a limited number of accredited investors, expert investors and institutional investors under the Securities Markets Order, 2013 ("Relevant Persons") upon their request and confirmation that they fully understand that neither the document nor the information contained within have been approved or licensed by or registered with the Brunei Darussalam Registrar of Companies, Registrar of International Business Companies, the Brunei Darussalam Ministry of Finance, the Autoriti Monetari Brunei Darussalam or any other relevant governmental agencies within Brunei Darussalam. This document and the information contained within must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which the document or information contained within is only available to, and will be engaged in only with Relevant Persons.

In jurisdictions where Stifel is not already licensed or registered to trade securities, transactions will only be affected in accordance with local securities legislation which will vary from jurisdiction to jurisdiction and may require that a transaction carried out in accordance with applicable exemptions from registration and licensing requirements. Non-US customers wishing to effect transactions should contact a representative of the Stifel entity in their regional jurisdiction except where governing law permits otherwise. US customers wishing to effect transactions should contact their US salesperson.

The recommendation contained in this report was produced at 12 September 2016 07:38EDT and disseminated at 12 September 2016 07:38EDT

Additional Information Available Upon Request

© 2016 Stifel. This report is produced for the use of Stifel customers and may not be reproduced, re-distributed or passed to any other person or published in whole or in part for any purpose without the prior consent of Stifel. Stifel, Nicolaus & Company, Incorporated, One South Street, Baltimore, MD 21202.