



AGREE REALTY CORPORATION



7<sup>th</sup> Annual North American  
Real Estate Conference  
September 5-6, 2012

## Market Statistics

Ticker:	NYSE: ADC
Recent Price:	\$24.82 <sup>(1)</sup>
Shares Outstanding:	11,784,000
Current Annualized Dividend:	\$1.60
Dividend Yield:	6.5% <sup>(1)</sup>
Current Market Cap:	\$292 million
Total Enterprise Value:	\$399 million
Real Estate Assets:	\$281 million <sup>(2)</sup>
Total Revenues:	\$37 million <sup>(3)</sup>
Number of Properties:	93

(1) Based on August 31, 2012 closing stock price of \$24.82 per share, including OP units

(2) As of June 30, 2012

(3) Based on trailing 12 month results through June 30, 2012

## Investment Highlights

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- Industry leading team
- Strategic retailer relationships
- Disciplined investment approach
- Strong balance sheet
- Attractive, sustainable dividend yield

# Executive Management – Experienced and Driven



**Richard Agree**  
CEO & Chairman

- Founded Agree Development in 1971
- CEO and Chairman since the Company's IPO in 1994
- Developed over 8,000,000 square feet of retail space



**Joey Agree**  
President & COO

- Oversees the direction and supervision of all operations of the Company
- Joined the Company in 2005, as Executive Vice President
- Named "30 in their Thirties" by DBusiness magazine and "40 under 40" by Real Estate Forum magazine and Crain's Detroit Business



**Alan Maximiuk**  
Chief Financial Officer

- Oversees the Company's accounting, corporate governance and SEC compliance
- Former Vice President Financial Services for Ramco-Gershenson Properties Trust



**Laith Hermiz**  
Executive Vice President

- Responsible for new business development, redevelopment activity & asset management
- Served as Vice President Development / Redevelopment at Ramco-Gershenson Properties Trust
- Former Managing Director of Joseph Freed & Associates



**Michael Fitzgerald**  
Vice President of Construction

- Oversees all development and redevelopment construction activities
- Served as Project Manager for both Grand/Sakwa and Clark Construction
- Managed the construction of commercial, institutional and industrial projects totaling 4.8 million square feet in 18 states



**Geoff Linden**  
Vice President of Acquisitions

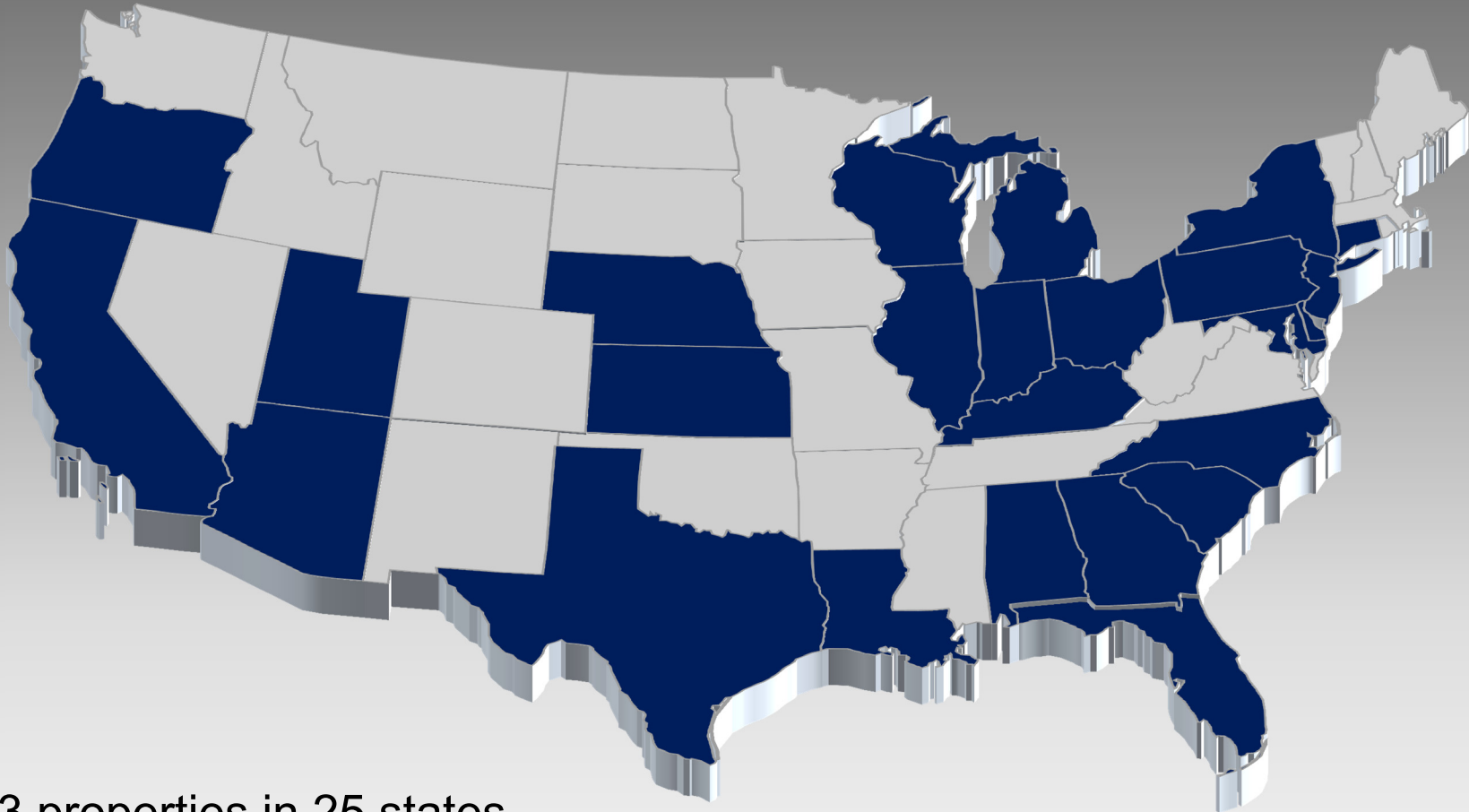
- Responsibilities include sourcing, analyzing, and underwriting acquisition opportunities
- Former Senior Acquisition Analyst for Fortress Investment Group
- Responsible for the acquisition of over \$2.1B of senior living assets for Brookdale Senior Living



**Kurt Beleck**  
Vice President

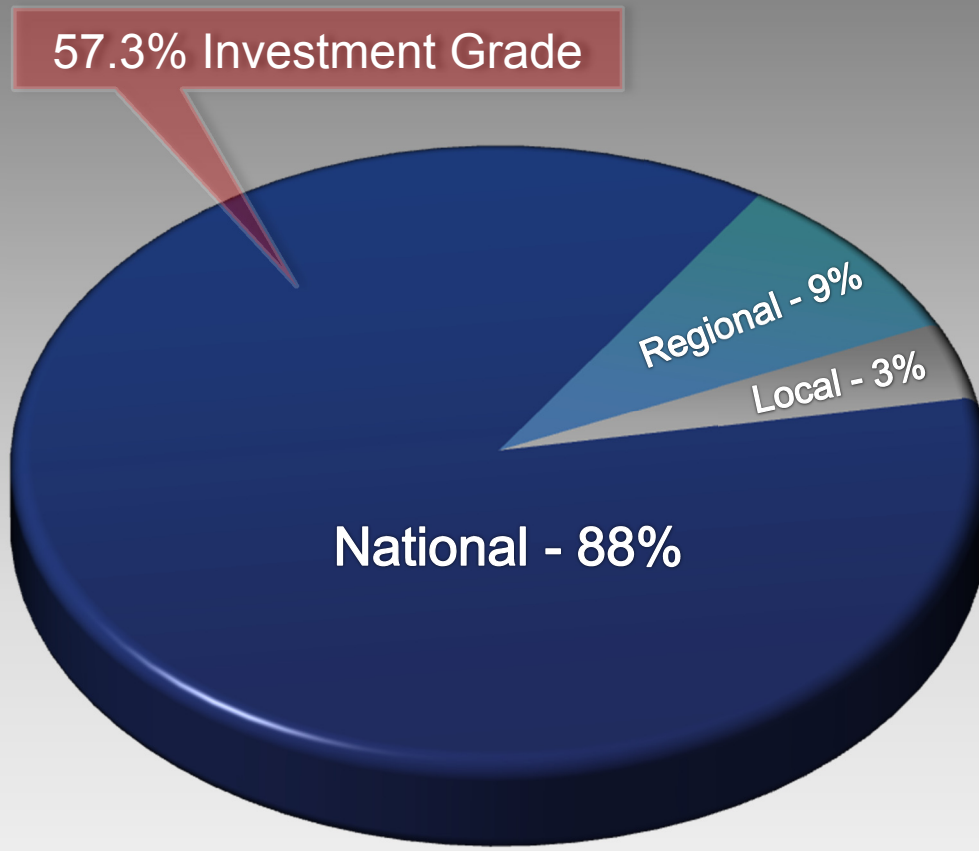
- Responsible for the Company's due diligence and entitlement activities
- Registered Architect and Certified Development, Design and Construction Professional (CDP)
- Over 21 years of project management and real estate land development experience

## National Portfolio Anchored by Strategic Retailer Relationships



- 93 properties in 25 states
- 3.1 million square feet of GLA

# Strong Tenant Base

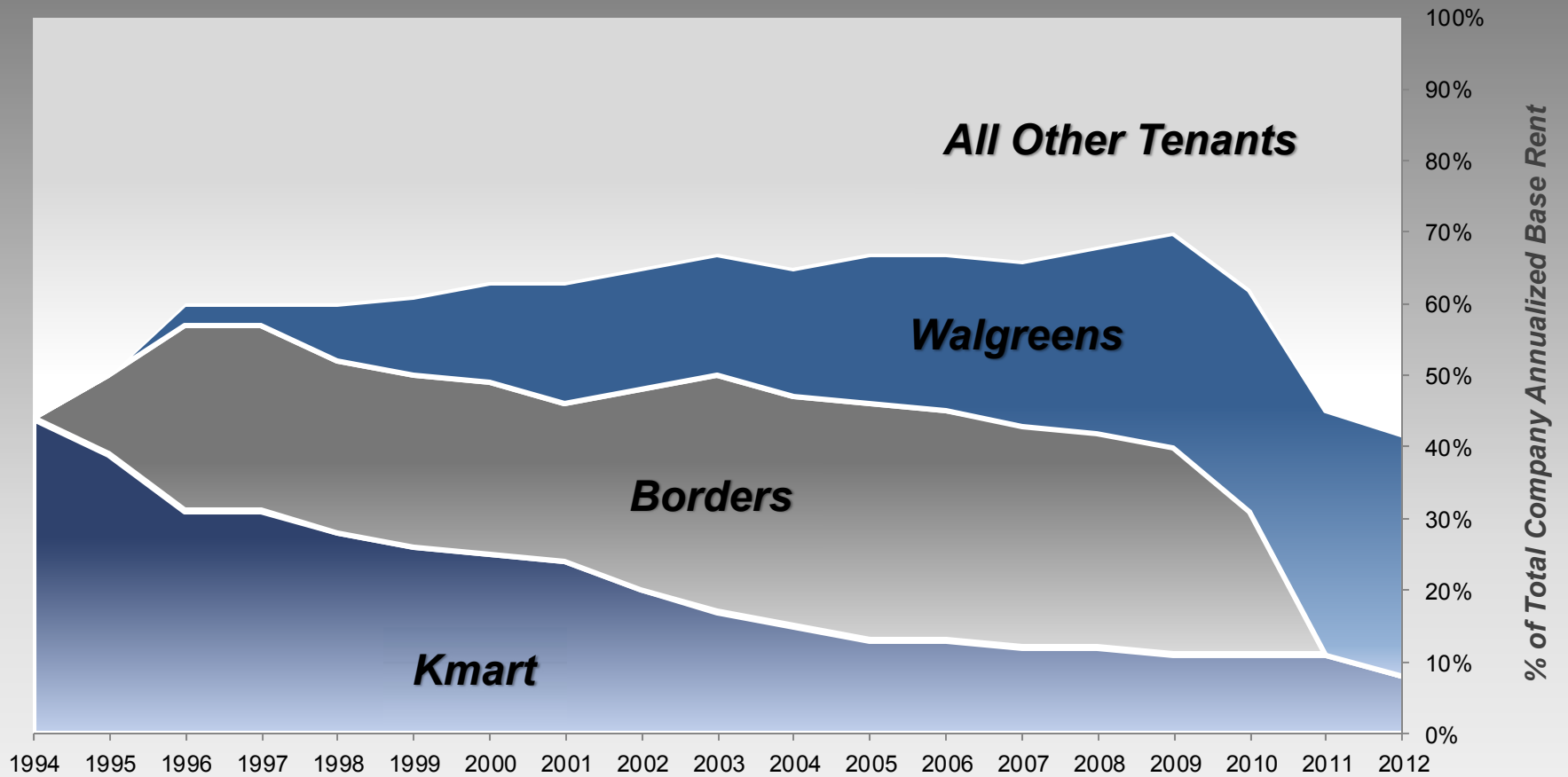


(% of annualized base rents)

As of August 31, 2012



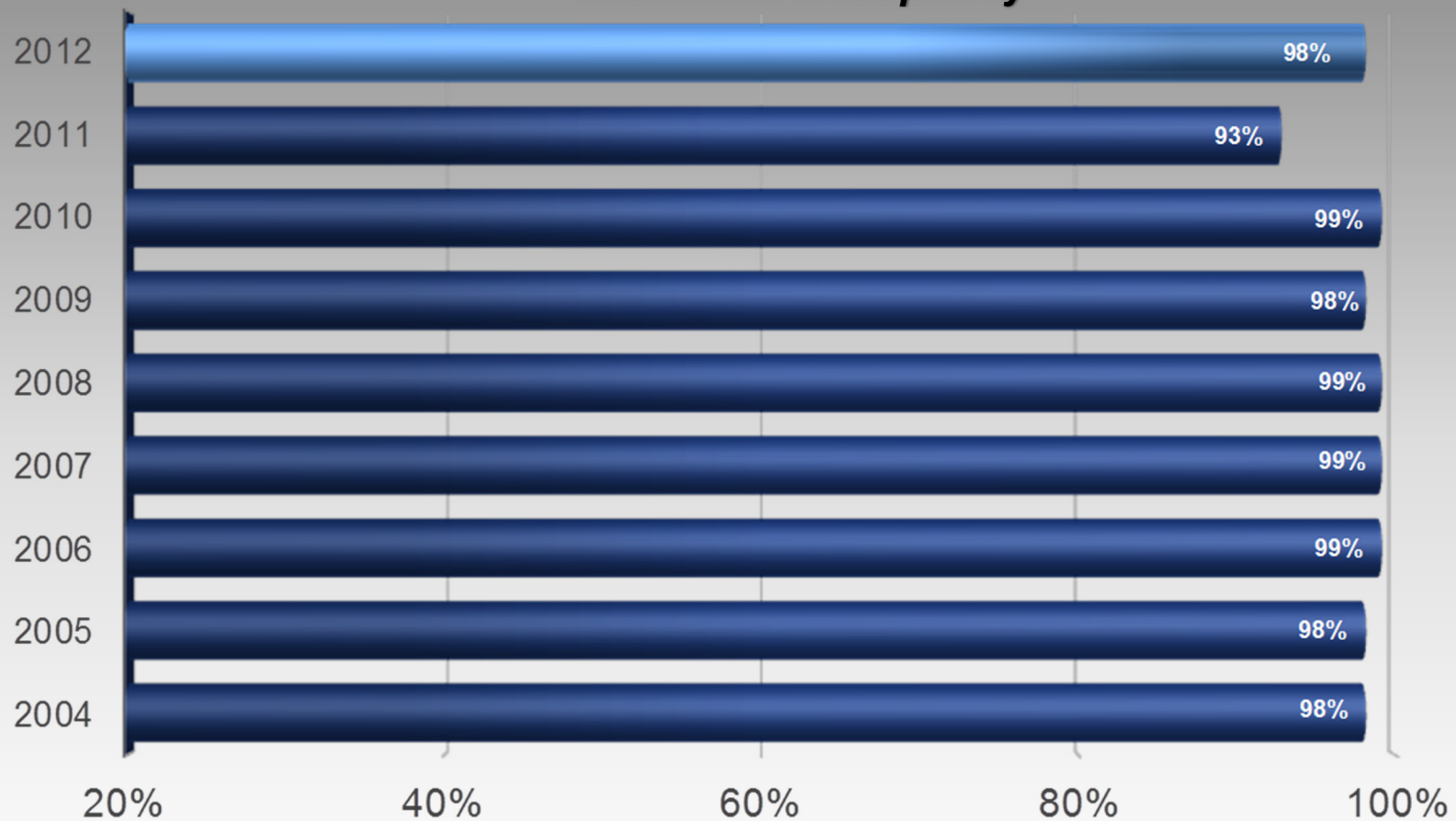
# Evolution of Major Tenant Exposure



# Portfolio Stability and Historical Occupancy

- 2012 pro forma occupancy: 98%
- 5-year average occupancy: 98%

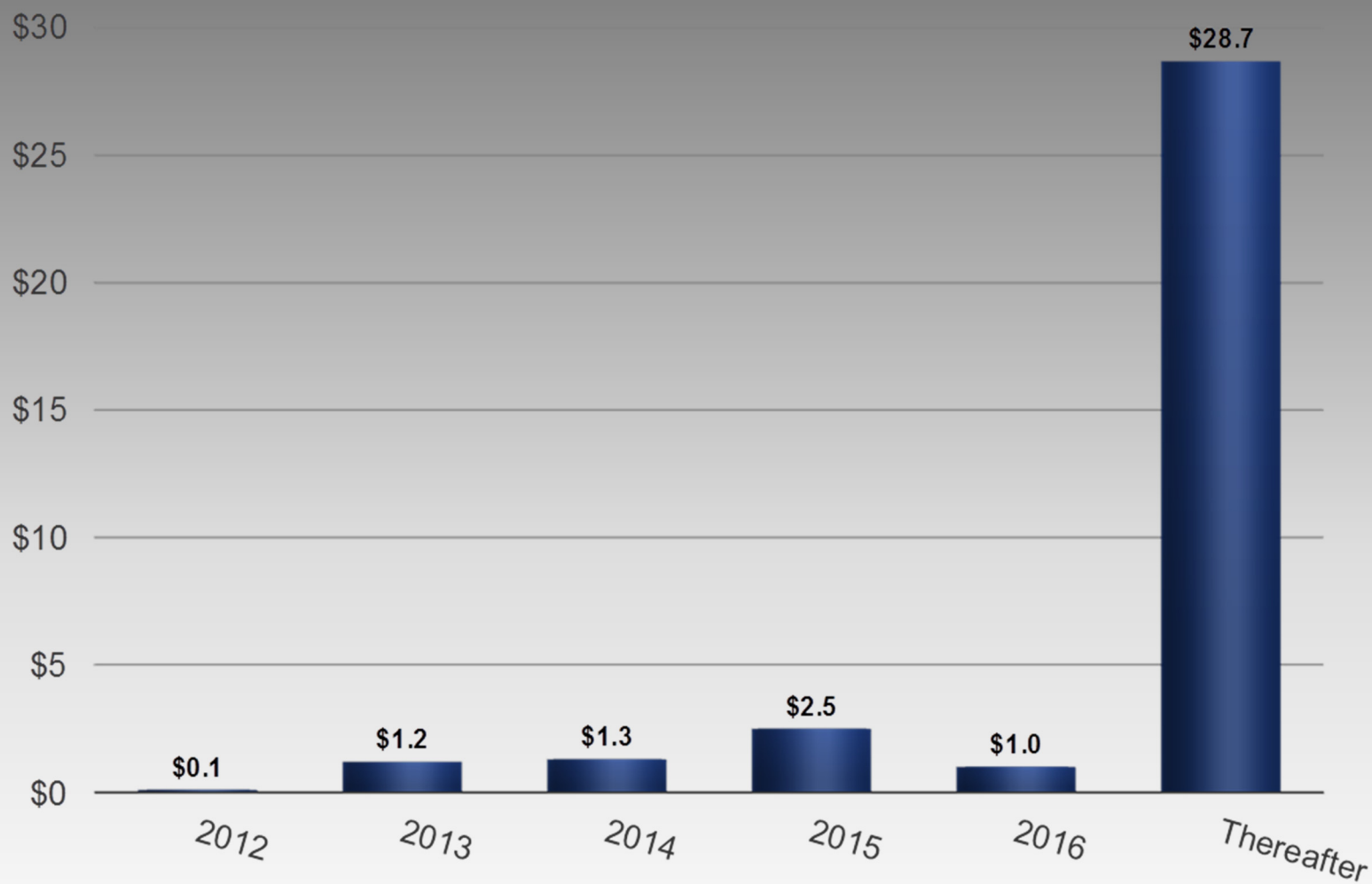
## *Historical Occupancy*





# Well Staggered Expirations Mitigate Rollover Risk

## Lease Expirations



As of August 31, 2012

# Strategic Growth Through Disciplined Investments

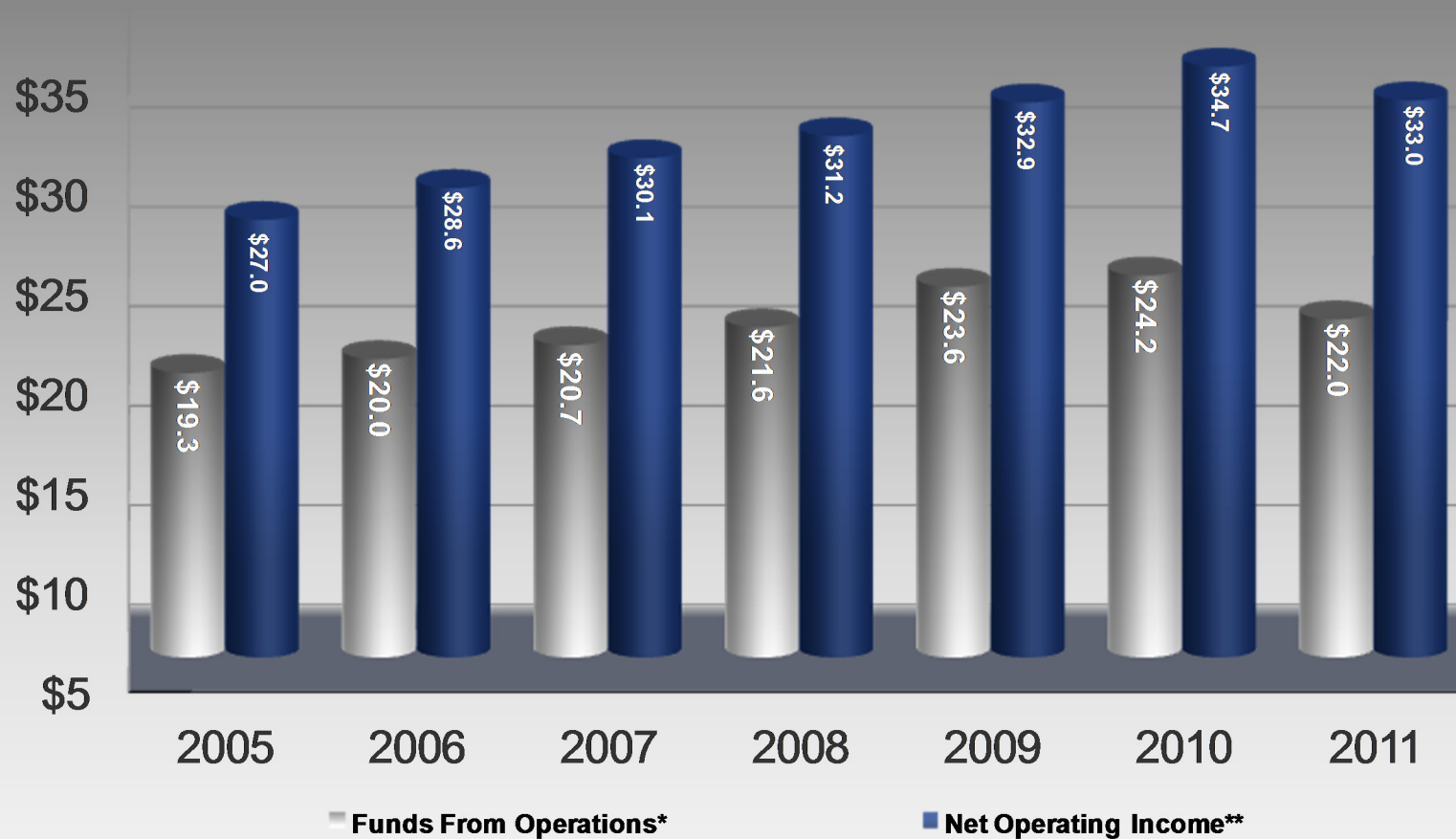
## Single Tenant Net Lease Development

- Preferred developer status with national tenants
- Long-term net leases with first in class tenants
- Pre-leasing minimizes development risk
- Superior return on development cost

## Single Tenant Net Lease Acquisitions

- Industry leading investment grade retailers
- Recession resistant and web resistant industries
- Average capitalization rate of 8%
- Superior underlying real estate
- Average lease duration approaching 19 years

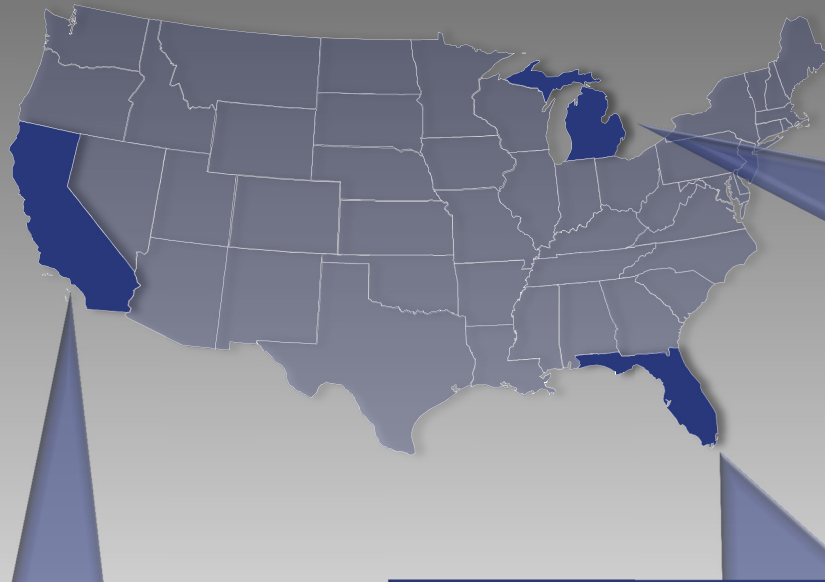
## Stable Financial Growth



\*Funds from operations, as adjusted.

\*\*Defined as adjusted revenues less property level operating expenses, including land leases.

# 2010 - 2011 Completed Developments



**MICHIGAN**



BRIGHTON, MI



LOWELL, MI




SOUTHFIELD, MI




ANN ARBOR, MI

**CALIFORNIA**




OAKLAND, CA




BERKELEY, CA


**FLORIDA**




SILVER SPRING SHORES, FL



PORT ST. JOHN, FL



ST. AUGUSTINE SHORES, FL



ATLANTIC BEACH, FL



BOYNTON BEACH, FL

# 2012 Commenced or Completed Developments



# 2011 – YTD 2012 Acquisitions

ACQUISITIONS

19

STATES

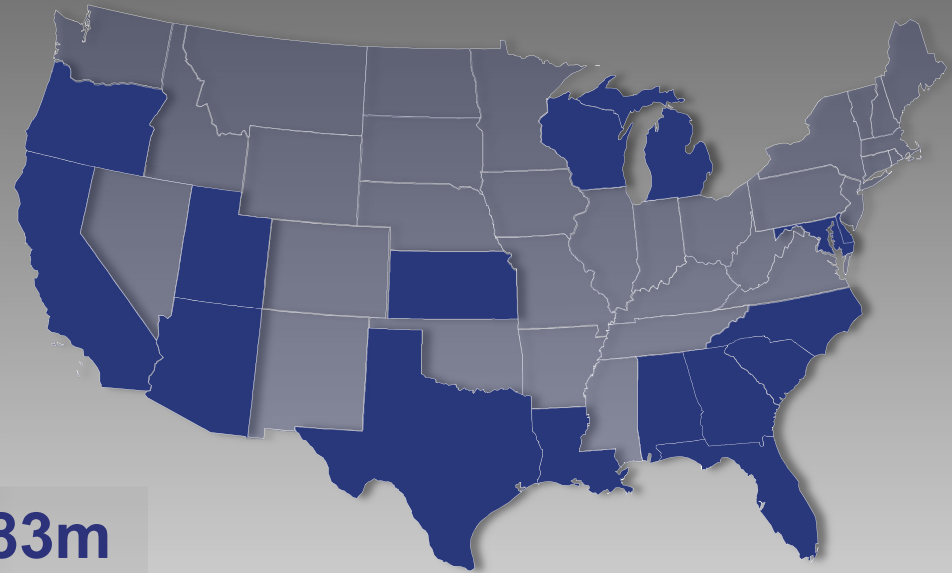
18

RETAIL SECTORS

9

AGGREGATE PURCHASE PRICE

\$83m



## 2011-2012 ACQUISITION SUMMARY

Average Purchase Price: \$4.4m

Average Base Term: 19 Years

Retail Sectors: Auto Parts, Auto Service, Pharmacy, Discount Grocery, Apparel, Banks, Gas & C-Store, Specialty Retail, Home Improvement

geographic diversification | recession resistant | web resistant | investment grade | sector diversification | strong residuals

## 2012 Disposition of Non-Core Assets

- Ann Arbor, MI – Former Borders Office Building
- Omaha, NE – Former Borders
- Charlevoix Commons, Charlevoix, MI - Kmart and Family Farm & Home Anchored Center
- Plymouth Commons, Plymouth, WI - Kmart and Roundy's Anchored Center
- Shawano Plaza, Shawano, WI - Kmart, JCPenney and Roundy's Anchored Center

## A Balance Sheet to Support Growth

- *October 2011* – closed on an expanded \$85m unsecured revolving credit facility, with a \$50m accordion feature to increase capacity to \$135m
- *January/February 2012* – completed secondary offering of 1,495,000 common shares at \$24.75/share raising net proceeds of \$35,151,000
- *June 2012* - closed on extension of \$22.9m term loan until 2019 with swapped interest rate at 3.62% beginning July 2013

	<i>(in thousands)</i>
Shares & OP Units Outstanding	11,784
Total Assets	\$315,076
Total Debt	106,228
Debt/Enterprise Value	26.6%
Fixed Rate Debt/Total Debt	58.2%
Fixed Charge Coverage	4.7x
Interest Expense Coverage	5.3x
Debt/EBITDA	3.4x
Average Years to Maturity – Fixed Rate Debt	7.5 years
Credit Facility Maturity	Oct - 2014 <sup>1</sup>

As of June 30, 2012, with enterprise value based on August 31, 2012 closing stock price of \$24.82 per share

<sup>1</sup> With extension options at Company's election until 2016



## Well Covered Dividend Since IPO in 1994

- 73 consecutive quarterly cash dividends since its IPO
- Current annualized dividend of \$1.60; current dividend yield of 6.5%
- Current FFO Payout Ratio: 80%\*
- Targeted FFO Payout Ratio: 75 – 85%
- Targeted AFFO Payout Ratio: 80 – 90%

*\*Based on current dividend for the quarter ended June 30, 2012*

## 2012 Strategic Priorities

- Strategic growth via STNL acquisition & development
- Continued diversification of portfolio
- Divestment of non-core assets ✓
- Efficient recycling of capital

## Forward Looking Statement

This presentation may include certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, our plans, objectives, expectations and intentions and other statements contained in this document that are not historical facts and statements identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates” or words of similar meaning. These statements are based on our current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond our control. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory risk factors. Information concerning risk factors that could affect Agree Realty Corporation’s actual results is contained in the Company’s reports filed from time to time with the Securities and Exchange Commission. Agree Realty Corporation does not undertake any obligation to update any forward-looking statements contained in this document, as a result of new information, future events or otherwise.

# Case Studies: Capitalizing on Value Add Opportunities

## Leveraging Tenant Relationships



Lowe's – Concord, NC

### **CHALLENGES:**

- Walgreens exclusive use restrictions encumbered entire 14.4 acre site
- Lowe's ground lease required Landlord to reimburse unamortized costs to Tenant

### **AGREE SOLUTIONS:**

- Renegotiated Reciprocal Easement Agreement with Walgreens
- Revised Lowe's Ground Lease to remove Landlord reimbursement mechanism

Closed all cash transaction for \$9,900,000

## Geotechnical & Environmental Expertise



CVS – Atchison, KS

### **CHALLENGES:**

- Store constructed on geopiers due to unsuitable soil conditions
- Previously unknown underground storage tanks located on site

### **AGREE SOLUTIONS:**

- Conducted extensive soil testing to confirm structural suitability of foundation system
- Coordinated environmental closure and obtained No Further Action from State

Closed all cash transaction for \$4,200,000

# Case Studies: Capitalizing on Value Add Opportunities

## Structural Flexibility



*Kohl's – Salt Lake City, UT*

### **CHALLENGES:**

- Former Mervyns leasehold interest acquired by institutional investor as part of larger portfolio transaction
- Minimal due diligence provided or conducted by Seller
- Unrecorded cross-access & parking dated back to 1980
- Identified environmental condition dating back to former use

### **AGREE SOLUTIONS:**

- Conducted extensive due diligence review to recreate transactional history dating back to 1969
- Eliminated potential environmental exposure via updated investigations without disturbing Tenant's business operation

**Closed all cash transaction for \$8,100,000**

## Construction Management



*AT&T – Wilmington, NC*

### **CHALLENGES:**

- Seller failed to install landscaping and irrigation required by municipality preventing AT&T from obtaining Certificate of Occupancy
- NN lease failed to include reimbursement mechanism for common area maintenance and capital expenditures

### **AGREE SOLUTIONS:**

- Coordinated installation of landscape improvements on an expedited basis to accommodate Tenant's scheduled opening in time for holidays
- Negotiated lease revisions with AT&T to install pass-through mechanisms

**Closed all cash transaction for \$3,300,000**