

AGREE REALTY CORP  
Form 8-K  
September 25, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **September 25, 2012**

**AGREE REALTY CORPORATION**

(Exact name of registrant specified in its charter)

|   |                             |                                      |
|---|-----------------------------|--------------------------------------|
| <b>Maryland</b>                                   | <b>1-12928</b>              | <b>38-3148187</b>                    |
| (State or other jurisdiction<br>of incorporation) | (Commission<br>File Number) | (IRS Employer<br>Identification No.) |

**31850 Northwestern Highway**

**Farmington Hills, MI 48334**

(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: **(248) 737-4190**

**Not applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**ITEM 8.01. OTHER EVENTS**

**Discontinued Operations**

Agree Realty Corporation (the “Company”) is re-issuing the historical financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2011 (the “2011 Form 10-K”) to reflect as discontinued operations additional entities that were presented as discontinued operations during the six months ended June 30, 2012 in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 205-20, Discontinued Operations. During the six months ended June 30, 2012, the Company sold three non-core properties and conveyed four properties to the lender pursuant to a consensual deed-in-lieu-of-foreclosure process that satisfied the loans, each of which qualifies as discontinued operations. In compliance with ASC 205-20, the Company has reported revenue, expenses and net gains from the sale of these properties as discontinued operations for each period presented in its Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 filed with the Securities and Exchange Commission (“SEC”) on August 3, 2012. Under SEC requirements, the same reclassification as discontinued operations required by ASC 205-20 following the sale of a property is required for previously issued annual financial statements for each of the three years shown in the Company’s last annual report on Form 10-K, if those financials are incorporated by reference in subsequent filings with the SEC made under the Securities Act of 1933, as amended, even though those financial statements relate to periods prior to the date of the sale.

This reclassification has no effect on the Company’s previously reported net income (loss) attributable to Company stockholders or funds from operations. As a result of the changes discussed above, this Current Report on Form 8-K updates the following information in Items 6, 7, 8 and 15 (Exhibit 12 only) of the 2011 Form 10-K:

- o Selected Financial Data included in Item 6 of the 2011 Form 10-K

Management’s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of the 2011 Form 10-K

- o Financial Statements and Supplementary Data included in Item 8 of the 2011 Form 10-K

- o Exhibit 12 included in Item 15 of the 2011 Form 10-K

No attempt has been made to update matters in the 2011 Form 10-K for any other activities or events occurring after the original filing date except to the extent expressly provided herein. The information in this Current Report on Form 8-K should be read in conjunction with the portions of the 2011 Form 10-K not subject to the updates described herein and the Company's filings made with the SEC subsequent to the filing of the 2011 Form 10-K, including the

Company's Quarterly Report on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012, and the Company's Current Reports on Form 8-K.

### **Recent Acquisitions**

In connection with its filing on or about the date hereof of a Registration Statement on Form S-3, the Company is also filing this Current Report on Form 8-K to present certain additional disclosures to be incorporated by reference therein, including disclosures relating to:

- historical financial statements related to certain of the Company's completed acquisitions in 2011 and 2012; and
- unaudited pro forma financial information regarding the Company's completed acquisitions for purposes of Regulation S-X.

**ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS**

**(a) Financial Statements Under Rule 3-14 of Regulation S-X**

2012 ACQUISITIONS

|   |    |
|---|----|
| Portland, Oregon Property   |    |
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2011 ACQUISITIONS

|  |    |
|--|----|
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**(b) Unaudited Pro Forma Condensed Consolidated Financial Information**

|   |    |
|---|----|
| Agree Realty Corporation and Subsidiaries   |    |
| Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2012                              | 31 |
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**(c) Exhibits**

| Exhibit No. | Description   |
|-------------|---|
| 12.1        | Statement of computation of ratios of earnings to combined fixed charges and preferred stock dividends  |
| 23.1        | Consent of Baker Tilly Virchow Krause, LLP  |
| 99.1        | Form 10-K, Item 6. Selected Financial Data  |
|             | Form 10-K, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations  |
|             | Form 10-K, Item 8. Financial Statements and Supplementary Data  |
| 100         | The following materials from Agree Realty Corporation's Current Report on Form 8-K updating its Annual Report on Form 10-K for the year ended December 31, 2011 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statement of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) related notes to these consolidated financial statements, tagged as blocks of text |

As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934

**Report of Independent Registered Public Accounting Firm**

To the Shareholders, Audit Committee and Board of Directors

Agree Realty Corporation

Farmington Hills, MI

We have audited the accompanying statement of revenue and certain expenses (the “Statement”) of the Portland, Oregon Property (the “Property”) for the year ended December 31, 2011. This Statement is the responsibility of management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Agree Realty Corporation), as described in note 2 and is not intended to be a complete presentation of the Property’s revenue and expenses.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenue and certain expenses, as described in note 2, of the Property for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Chicago, Illinois  
September 25, 2012





**Portland, Oregon Property**

**Statements of Revenue and Certain Expenses**

**(Dollars in thousands)**

|                                       | Period from January 1,<br>2012 to May 17, 2012<br>(Unaudited) | Year ended<br>December 31,<br>2011 |
|---------------------------------------|---|------------------------------------|
| Revenue                               |   |                                    |
| Rental revenue                        | \$ 403  | \$ 1,062                           |
| Total revenue                         | 403   | 1,062                              |
| Certain expenses                      |   |                                    |
| Interest expense                      | 188   | 506                                |
| Certain expenses                      | 188   | 506                                |
| Revenue in excess of certain expenses | \$ 215  | \$ 556                             |

The accompanying notes are an integral part to the statements of revenue and certain expenses.

Portland, Oregon Property

Notes to Statements of Revenue and Certain Expenses

December 31, 2011

(Dollars in thousands)

**(1) Organization**

The Portland, Oregon Property (the "Property") is a single tenant retail property located in Portland, Oregon. The accompanying statements of revenue and certain expenses ("Statements") relate to the operations of the Property.

On May 18, 2012, the Property was acquired by Agree Portland OR LLC, a single member limited liability company wholly owned by Agree Limited Partnership, an entity consolidated by Agree Realty Corporation. Prior to May 18, 2012, the Property was owned by an unaffiliated third party.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying Statements have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended, and accordingly, are not representative of the actual results of operations of the Property, due to the exclusion of the following revenue and expenses which may not be comparable to the proposed future operations of the Property:

- Depreciation and amortization
  
- Interest income

- Amortization of above and below market leases
  
- Other miscellaneous revenue and expenses not directly related to the proposed future operations of the Property.

**(b) Revenue Recognition**

Rental revenue is recognized on a straight-line basis over the term of the non-cancelable portion of the related leases. Differences between rental revenue earned and amounts due under the lease is charged or credited, as applicable, to accrued rental revenue. The impact of the straight-line rent adjustment increased revenue by approximately \$40 for the period from January 1, 2012 to May 17, 2012 (unaudited) and increased revenue by approximately \$105 for the year ended December 31, 2011. The tenant makes payments for certain expenses and costs, which have been assumed by the tenant under the terms of their respective lease, and are not reflected in the Statements.

**(c) Use of Estimates**

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting period to prepare the Statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Portland, Oregon Property

Notes to Statements of Revenue and Certain Expenses

December 31, 2011

**(Dollars in thousands)**

**(d) *Unaudited Interim Statement***

The statement of revenue and certain expenses for the period from January 1, 2012 to May 17, 2012 is unaudited. In the opinion of management, the statement reflects all adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of normal recurring nature.

**(3) Mortgage Payable**

The Property is subject to a non-recourse mortgage loan in the original amount of \$11,100. The loan carries a 5.075% interest rate and is payable in monthly installments of \$60 with a balloon payment of \$9,168 due on the maturity date on June 1, 2014, and is collateralized by related real estate and tenant lease.

The following table presents scheduled principal payments on mortgages as of December 31, 2011:

| Year ending December 31, | (In thousands) |
|--------------------------|----------------|
| 2012                     | \$ 224         |
| 2013                     | 237            |
| 2014                     | 9,271          |
| Total                    | \$ 9,732       |

Portland, Oregon Property

Notes to Statements of Revenue and Certain Expenses

December 31, 2011

(Dollars in thousands)

**(4) Description of Leasing Arrangements**

The Property is leased to one tenant under a non-cancelable operating lease which has an expiration date of September 30, 2029.

Future minimum base rentals over the next five years and in the aggregate on the non-cancelable operating lease at December 31, 2011 are as follows:

|            |          |
|------------|----------|
| 2012       | \$957    |
| 2013       | 957      |
| 2014       | 981      |
| 2015       | 1,053    |
| 2016       | 1,053    |
| Thereafter | 15,054   |
| Total      | \$20,055 |

The above future minimum lease payments exclude tenant recoveries, amortization of accrued rental revenue and above/below-market lease intangibles.

**(5) Commitments and Contingencies**

The Property is subject to legal claims and disputes in the ordinary course of business. Management believes that the ultimate settlement of any existing potential claims and disputes would not have a material impact on the Property's revenue and certain operating expenses.

**(6) Subsequent Events**

Management has evaluated the events and transactions that have occurred through September 25, 2012, the date which the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

**Report of Independent Registered Public Accounting Firm**

To the Shareholders, Audit Committee and Board of Directors

Agree Realty Corporation

Farmington Hills, MI

We have audited the accompanying statement of revenue and certain expenses (the “Statement”) of the Tri-State Properties (the “Properties”) for the year ended December 31, 2011. This Statement is the responsibility of management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Agree Realty Corporation), as described in note 2 and is not intended to be a complete presentation of the Properties’ revenue and expenses.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenue and certain expenses, as described in note 2, of the Properties for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Chicago, Illinois  
September 25, 2012





**Tri-State Properties**

**Statements of Revenue and Certain Expenses**

**(Dollars in thousands)**

|                                       | Period from January 1,<br>2012 to July 18, 2012<br>(Unaudited) | Year ended<br>December 31,<br>2011 |
|---------------------------------------|--|------------------------------------|
| Revenue                               |  |                                    |
| Rental revenue                        | \$ 617   | \$ 1,122                           |
| Total revenue                         | 617  | 1122                               |
| Certain expenses                      |  |                                    |
| Interest expense                      | 310  | 563                                |
| Certain expenses                      | 310  | 563                                |
| Revenue in excess of certain expenses | \$ 307   | \$ 559                             |

The accompanying notes are an integral part to the statements of revenue and certain expenses.

**Tri-State Properties**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2011**

**(Dollars in thousands)**

**(1) Organization**

The Tri-State Properties (the “Properties”), are three single tenant retail properties located in Clifton Heights, Pennsylvania, Newark, Delaware and Vineland, New Jersey. The accompanying statements of revenue and certain expenses (“Statements”) relate to the operations of the Properties.

On July 19, 2012, the Properties were acquired by Agree Tri-State Lease, LLC, a single member limited liability company wholly owned by Agree Limited Partnership, an entity consolidated by Agree Realty Corporation. Prior to July 19, 2012, the Properties were owned by an unaffiliated third party.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying Statements have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended, and accordingly, are not representative of the actual results of operations of the Properties, due to the exclusion of the following revenue and expenses which may not be comparable to the proposed future operations of the Properties:

- Depreciation and amortization
  
- Interest income and expense

- Amortization of above and below market leases
- Other miscellaneous revenue and expenses not directly related to the proposed future operations of the Properties.

**(b) Revenue Recognition**

Rental revenue is recognized on a straight-line basis over the term of the non-cancelable portion of the related leases. Differences between rental revenue earned and amounts due under the lease is charged or credited, as applicable, to accrued rental revenue. The tenant makes payments for certain expenses and costs, which have been assumed by the tenant under the terms of their respective lease, and are not reflected in the Statements.

**(c) Use of Estimates**

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting period to prepare the Statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**Tri-State Properties**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2011**

**(Dollars in thousands)**

**(d) *Unaudited Interim Statement***

The statement of revenue and certain expenses for the period from January 1, 2012 to July 18, 2012 is unaudited. In the opinion of management, the statement reflects all adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of normal recurring nature.

**(3) **Mortgage Payable****

The Properties are subject to a non-recourse mortgage loan in the original amount of \$8,580. The loan carries a 6.56% interest rate payable monthly with a balloon payment of \$8,580 due on the maturity date on June 11, 2016 and is collateralized by related real estate and related tenant lease.

**(4) **Description of Leasing Arrangements****

The Properties are leased to one tenant under a non-cancelable operating lease which has an expiration date of December 31, 2021.

Future minimum base rentals over the next five years and in the aggregate on the non-cancelable operating lease at December 31, 2011 are as follows:

|      |          |
|------|----------|
| 2012 | \$ 1,122 |
| 2013 | 1,122    |
| 2014 | 1,122    |
| 2015 | 1,122    |

|            |           |
|------------|-----------|
| 2016       | 1,122     |
| Thereafter | 5,610     |
| Total      | \$ 11,220 |

The above future minimum lease payments exclude tenant recoveries, amortization of accrued rental revenue and above/below-market lease intangibles.

**(5) Commitments and Contingencies**

The Properties are subject to legal claims and disputes in the ordinary course of business. Management believes that the ultimate settlement of any existing potential claims and disputes would not have a material impact on the Property's revenue and certain operating expenses.

**(6) Subsequent Events**

Management has evaluated the events and transactions that have occurred through September 25, 2012, the date which the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

**Report of Independent Registered Public Accounting Firm**

To the Shareholders, Audit Committee and Board of Directors

Agree Realty Corporation

Farmington Hills, MI

We have audited the accompanying statement of revenue and certain expenses (the “Statement”) of the Roseville, California Property (the “Property”) for the year ended December 31, 2010. This Statement is the responsibility of management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Agree Realty Corporation), as described in note 2 and is not intended to be a complete presentation of the Property’s revenue and expenses.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenue and certain expenses, as described in note 2, of the Property for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Chicago, Illinois  
September 25, 2012





**Roseville, California Property**

**Statements of Revenue and Certain Expenses**

**(Dollars in thousands)**

|                                       | Period from<br>January 1, 2011 to<br>August 29, 2011<br>(Unaudited) | Year ended<br>December 31,<br>2010 |
|---------------------------------------|---|------------------------------------|
| Revenue                               |   |                                    |
| Rental revenue                        | \$ 481  | \$ 722                             |
| Total revenue                         | 481   | 722                                |
| Certain expenses                      |   |                                    |
| Revenue in excess of certain expenses | \$ 481  | \$ 722                             |

The accompanying notes are an integral part to the statements of revenue and certain expenses.

**Roseville, California Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(1) Organization**

The Roseville, California Property (the "Property") is a single tenant retail property located in Roseville, California. The accompanying statements of revenue and certain expenses ("Statements") relate to the operations of the Property.

On August 30, 2011, the Property was acquired by Agree Roseville CA, LLC, a single member limited liability company wholly owned by Agree Limited Partnership, an entity consolidated by Agree Realty Corporation. Prior to August 30, 2011, the Property was owned by an unaffiliated third party.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying Statements have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended, and accordingly, are not representative of the actual results of operations of the Property, due to the exclusion of the following revenue and expenses which may not be comparable to the proposed future operations of the Property:

- Depreciation and amortization
  
  
  
  
  
  
  
  
  
  
- Interest income and expense

- Amortization of above and below market leases
- Other miscellaneous revenue and expenses not directly related to the proposed future operations of the Property.

**(b) Revenue Recognition**

Rental revenue is recognized on a straight-line basis over the term of the non-cancelable portion of the related leases. Differences between rental revenue earned and amounts due under the lease is charged or credited, as applicable, to accrued rental revenue. The impact of the straight-line rent adjustment increased revenue by approximately \$40 and \$59 for the period January 1, 2011 to August 29, 2011 (unaudited) and the year ended December 31, 2010, respectively. The tenant makes payments for certain expenses and costs, which have been assumed by the tenant under the terms of their respective lease, and are not reflected in the Statements.

**(c) Use of Estimates**

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting periods to prepare the Statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**Roseville, California Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(d) *Unaudited Interim Statement***

The statement of revenue and certain expenses for the period January 1, 2011 to August 29, 2011 is unaudited. In the opinion of management, the statement reflects all adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of normal recurring nature.

**(3) *Description of Leasing Arrangements***

The Property is leased to one tenant under a non-cancelable operating lease which has an expiration date of June 30, 2029.

Future minimum base rentals over the next five years and in the aggregate on the non-cancelable operating lease at December 31, 2010 are as follows:

|            |          |
|------------|----------|
| 2011       | \$663    |
| 2012       | 663      |
| 2013       | 663      |
| 2014       | 663      |
| 2015       | 663      |
| Thereafter | 10,328   |
| Total      | \$13,643 |

The above future minimum lease payments exclude tenant recoveries, amortization of accrued rental revenue and above/below-market lease intangibles.

**(4) Commitments and Contingencies**

The Property is subject to legal claims and disputes in the ordinary course of business. Management believes that the ultimate settlement of any existing potential claims and disputes would not have a material impact on the Property's revenue and certain operating expenses.

**(5) Subsequent Events**

Management has evaluated the events and transactions that have occurred through September 25, 2012, the date which the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

**Report of Independent Registered Public Accounting Firm**

To the Shareholders, Audit Committee and Board of Directors

Agree Realty Corporation

Farmington Hills, MI

We have audited the accompanying statement of revenue and certain expenses (the “Statement”) of the Salt Lake Property (the “Property”) for the year ended December 31, 2010. This Statement is the responsibility of management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Agree Realty Corporation), as described in note 2 and is not intended to be a complete presentation of the Property’s revenue and expenses.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenue and certain expenses, as described in note 2, of the Property for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Chicago, Illinois  
September 25, 2012





**Salt Lake Property**

**Statements of Revenue and Certain Expenses**

**(Dollars in thousands)**

|                                       | Period from<br>January 1, 2011 to<br>October 13, 2011<br>(Unaudited) | Year ended<br>December 31,<br>2010 |
|---------------------------------------|--|------------------------------------|
| Revenue                               |  |                                    |
| Rental revenue                        | \$ 582   | \$ 743                             |
| Total revenue                         | 582  | 743                                |
| Certain expenses                      |  |                                    |
| Revenue in excess of certain expenses | \$ 582   | \$ 743                             |

The accompanying notes are an integral part to the statements of revenue and certain expenses.

**Salt Lake Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(1) Organization**

The Salt Lake Property (the "Property"), consists of a single tenant retail building located in Salt Lake City, Utah. The accompanying statements of revenue and certain expenses ("Statements") relate to the operations of the Property.

On October 14, 2011, the Property was acquired by Agree Limited Partnership, a majority-owned partnership, and an entity consolidated by Agree Realty Corporation. Prior to October 14, 2011, the Property was owned by an unaffiliated third party.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying Statements have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended, and accordingly, are not representative of the actual results of operations of the Property, due to the exclusion of the following revenue and expenses which may not be comparable to the proposed future operations of the Property:

- Depreciation and amortization
  
- Interest income and expense

- Amortization of above and below market leases
- Other miscellaneous revenue and expenses not directly related to the proposed future operations of the Property.

**(b) Revenue Recognition**

Rental revenue is recognized on a straight-line basis over the term of the non-cancelable portion of the related leases. Differences between rental revenue earned and amounts due under the lease is charged or credited, as applicable, to accrued rental revenue. The impact of the straight-line rent adjustment increased revenue by approximately \$77 for the period from January 1, 2011 to October 13, 2011 (unaudited) and increased revenue by approximately \$98 for the year ended December 31, 2010. The tenant makes payments for certain expenses and costs, which have been assumed by the tenant under the terms of their respective lease, and are not reflected in the Statements.

**(c) Use of Estimates**

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting periods to prepare the Statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**Salt Lake Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(d) *Unaudited Interim Statement***

The statement of revenue and certain expenses for the period January 1, 2011 to October 13, 2011 is unaudited. In the opinion of management, the statement reflects all adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of normal recurring nature.

**(3) **Description of Leasing Arrangements****

The Property is leased to one tenant under a non-cancelable operating lease which has an expiration date of July 31, 2025.

Future minimum base rentals over the next five years and in the aggregate on the non-cancelable operating lease at December 31, 2010 are as follows:

|            |          |
|------------|----------|
| 2011       | \$645    |
| 2012       | 645      |
| 2013       | 709      |
| 2014       | 709      |
| 2015       | 709      |
| Thereafter | 7,536    |
| Total      | \$10,953 |

The above future minimum lease payments exclude tenant recoveries, amortization of accrued rental revenue and above/below-market lease intangibles.

**(4) Commitments and Contingencies**

The Property is subject to legal claims and disputes in the ordinary course of business. Management believes that the ultimate settlement of any existing potential claims and disputes would not have a material impact on the Property's revenue and certain operating expenses.

**(5) Subsequent Events**

Management has evaluated the events and transactions that have occurred through September 25, 2012, the date which the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

**Report of Independent Registered Public Accounting Firm**

To the Shareholders, Audit Committee and Board of Directors

Agree Realty Corporation

Farmington Hills, MI

We have audited the accompanying statement of revenue and certain expenses (the “Statement”) of the Leawood Property (the “Property”) for the year ended December 31, 2010. This Statement is the responsibility of management. Our responsibility is to express an opinion on this Statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion on Form 8-K of Agree Realty Corporation), as described in note 2 and is not intended to be a complete presentation of the Property’s revenue and expenses.

In our opinion, the Statement referred to above presents fairly, in all material respects, the revenue and certain expenses, as described in note 2, of the Property for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Baker Tilly Virchow Krause, LLP

Chicago, Illinois  
September 25, 2012



**Leawood Property**

**Statements of Revenue and Certain Expenses**

**(Dollars in thousands)**

|                                       | Period from<br>January 1, 2011 to<br>December 29, 2011<br>(Unaudited) | Year ended<br>December 31,<br>2010 |
|---------------------------------------|---|------------------------------------|
| Revenue                               |   |                                    |
| Rental revenue                        | \$ 344  | \$ 346                             |
| Total revenue                         | 344   | 346                                |
| Certain expenses                      |   |                                    |
| Interest expense                      | 216   | 221                                |
| Certain expenses                      | 216   | 221                                |
| Revenue in excess of certain expenses | \$ 128  | \$ 125                             |

The accompanying notes are an integral part to the statements of revenue and certain expenses.



**Leawood Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(1) Organization**

The Leawood Property (the “Property”) is a single tenant retail property located in Leawood, KS. The accompanying statements of revenue and certain expenses (“Statements”) relate to the operations of the Property.

On December 30, 2011, the Property was acquired by Agree Leawood , LLC, a single member limited liability company wholly owned by Agree Limited Partnership, an entity consolidated by Agree Realty Corporation. Prior to December 30, 2011, the Property was owned by an unaffiliated third party.

**(2) Significant Accounting Policies**

**(a) Basis of Presentation**

The accompanying Statements have been prepared for the purpose of complying with Rule 3-14 of Regulation S-X promulgated under the Securities Act of 1933, as amended, and accordingly, are not representative of the actual results of operations of the Property, due to the exclusion of the following revenue and expenses which may not be comparable to the proposed future operations of the Property:

- Depreciation and amortization
  
- Interest income

- Amortization of above and below market leases
- Other miscellaneous revenue and expenses not directly related to the proposed future operations of the Property.

**(b) Revenue Recognition**

Rental revenue is recognized on a straight-line basis over the term of the non-cancelable portion of the related lease. Differences between rental revenue earned and amounts due under the lease is charged or credited, as applicable, to accrued rental revenue. Tenant is obligated under the terms of its lease to pay real estate taxes, insurance and other operating expenses directly.

**(c) Use of Estimates**

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenue and certain expenses during the reporting periods to prepare the Statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**Leawood Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(d) *Unaudited Interim Statement***

The statement of revenue and certain expenses for the period January 1, 2011 to December 29, 2011 is unaudited. In the opinion of management, the statement reflects all adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of normal recurring nature.

**(3) **Mortgage Payable****

The Property is subject to a non-recourse mortgage loan in the original amount of \$3,470. The loan carries a 6.24% interest rate and is payable in monthly installments of principal and interest of \$23 with a balloon payment of \$2,766 due on the maturity date on February 1, 2020.

The following table presents scheduled principal payments on mortgages as of December 31, 2010:

Year ending December 31, (In thousands)

|            |         |
|------------|---------|
| 2011       | \$58    |
| 2012       | 62      |
| 2013       | 67      |
| 2014       | 71      |
| 2015       | 75      |
| Thereafter | 3,129   |
| Total      | \$3,462 |

**Leawood Property**

**Notes to Statements of Revenue and Certain Expenses**

**December 31, 2010**

**(Dollars in thousands)**

**(4) Description of Leasing Arrangements**

The Property is leased to a tenant under a non-cancelable operating lease which has an expiration date of November 30, 2024.

Future minimum base rentals over the next five years and in the aggregate on the non-cancelable operating lease at December 31, 2010 are as follows:

|            |         |
|------------|---------|
| 2011       | \$346   |
| 2012       | 346     |
| 2013       | 346     |
| 2014       | 346     |
| 2015       | 346     |
| Thereafter | 3,083   |
| Total      | \$4,813 |

The above future minimum lease payments exclude tenant recoveries, amortization of accrued rental revenue and above/below-market lease intangibles.

**(5) Commitments and Contingencies**

The Property is subject to legal claims and disputes in the ordinary course of business. Management believes that the ultimate settlement of any existing potential claims and disputes would not have a material impact on the Property's revenue and certain operating expenses.

**(6) Subsequent Events**

Management has evaluated the events and transactions that have occurred through September 25, 2012, the date which the Statements were available to be issued, and noted no items requiring adjustment of the Statements or additional disclosure.

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## **Agree Realty Corporation**

### **Unaudited Pro Forma Condensed Consolidated Financial Statements**

The unaudited pro forma condensed consolidated financial statements (including notes thereto) of Agree Realty Corporation (the “Company”) are qualified in their entirety and should be read in conjunction with the historical financial statements included in elsewhere in this Current Report on Form 8-K.

The unaudited pro forma condensed consolidated balance sheet as of June 30, 2012, reflects the financial position of the Company as if the acquisitions described in the notes to the unaudited pro forma condensed consolidated financial statements had been completed on June 30, 2012. The unaudited pro forma condensed consolidated statements of operations for the year ended December 31, 2011 and the six months ended June 30, 2012 are presented as if the acquisitions by the Company had occurred on January 1, 2011 (if the acquired asset was placed in service at that time, otherwise based on the placed in service date).

Such pro forma information is based upon the historical consolidated results of operations of the Company for the year ended December 31, 2011 and the six months ended June 30, 2012, giving effect to the following acquisitions:

**2011 Acquisitions**

| Property Description           | Market                | Date Acquired | Rent              |                | Acquisition Price |
|--------------------------------|-----------------------|---------------|-------------------|----------------|-------------------|
|                                |                       |               | commencement date | Square Footage |                   |
| Agree Wilmington, LLC          | Wilmington, NC        | 1/26/2011     | 11/24/2010        | 4,000          | 3,319,999         |
| Agree Marietta, LLC            | Marietta, GA          | 6/9/2011      | 4/18/2011         | 6,271          | 1,335,000         |
| Agree Dallas Forest Drive, LLC | Dallas, TX            | 7/29/2011     | 5/23/2011         | 8,074          | 2,767,000         |
| Agree Roseville CA, LLC        | Roseville, CA         | 8/30/2011     | 7/1/2009          | 15,791         | 8,340,000         |
| Agree New Lenox, LLC           | New Lenox, IL         | 9/8/2011      | 11/25/2011        | 15,000         | 1,906,250         |
| Agree Chandler, LLC            | Chandler, AZ          | 9/23/2011     | 8/16/2011         | 6,228          | 2,528,638         |
| Agree Limited Partnership      | Salt Lake City, UT    | 10/14/2011    | 12/17/2007        | 88,926         | 8,061,200         |
| Agree Fort Walton Beach, LLC   | Fort Walton Beach, FL | 12/2/2011     | 3/1/1999          | 13,905         | 2,658,000         |
| Agree Wawa Baltimore, LLC      | Baltimore, MD         | 12/29/2011    | 1/11/2012         | 4,800          | 3,500,000         |
| Agree Leawood, LLC             | Leawood, KS           | 12/30/2011    | 12/1/2004         | 13,824         | 4,227,423         |
|                                |                       |               |                   |                | 38,643,510        |

**2012 Acquisitions**

| Property Description         | Market   | Date Acquired | Rent              |                | Acquisition Price |
|------------------------------|--|---------------|-------------------|----------------|-------------------|
|                              |  |               | commencement date | Square Footage |                   |
| Agree Madison, LLC           | Madison, AL                                      | 1/3/2012      | 2/20/2012         | 6,000          | 2,278,006         |
| Agree M-59 LLC               | Macomb Township, MI                              | 1/31/2012     | 1/29/2009         | 4,200          | 2,300,000         |
| Agree Walker, LLC            | Walker, MI                                       | 2/10/2012     | 12/5/2011         | 8,000          | 1,385,000         |
| Agree Portland OR LLC        | Portland, OR                                     | 5/18/2012     | 10/1/2004         | 133,850        | 14,100,000        |
| Agree Mall of Louisiana, LLC | Baton Rouge, LA                                  | 6/7/2012      | 11/5/2011         | 6,057          | 1,760,000         |
| Agree Cochran GA, LLC        | Cochran, GA                                      | 6/29/2012     | 6/4/2012          | 20,707         | 3,074,725         |
| 2355 Jackson Avenue, LLC     | Ann Arbor, MI                                    | 6/29/2012     |                   | -              | 2,900,000         |
| Agree Tri-State Lease, LLC   | Clifton Heights, PA, Newark, DE and Vineland, NJ | 7/19/2012     | 12/28/2001        | 15,896         | 14,185,000        |
| Agree Fort Mill SC, LLC      | Fort Mill, SC                                    | 7/25/2012     | 6/1/2007          | 7,560          | 2,388,000         |
|                              | Spartanburg, SC                                  | 8/17/2012     | 6/25/2012         | 8,320          | 1,224,000         |

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|                               |                  |          |            |        |            |
|-------------------------------|------------------|----------|------------|--------|------------|
| Agree Spartanburg SC<br>LLC   |                  |          |            |        |            |
| Agree Springfield IL,<br>LLC  | Springfield, IL  | 9/5/2012 | 12/15/2003 | 10,000 | 924,000    |
| Agree Jacksonville NC,<br>LLC | Jacksonville, NC | 9/6/2012 | 3/2/2012   | 13,000 | 3,111,000  |
|                               |                  |          |            |        | 49,629,731 |

In management's opinion, all adjustments necessary to reflect the above transactions have been made. The unaudited pro forma condensed consolidated statements of operations should be read in conjunction with the historical financial statements and notes thereto of the Company included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 filed with the Securities and Exchange Commission on March 12, 2012, the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012 filed with the Securities and Exchange Commission on August 3, 2012 and the historical financial statements included in elsewhere in this Current Report on Form 8-K.



The unaudited pro forma condensed consolidated financial statements as of June 30, 2012 and for the year ended December 31, 2011 and the six months ended June 30, 2012 are not necessarily indicative of what our actual financial condition would have been at June 30, 2012 or what our actual results of operations would have been assuming the transactions had occurred as of January 1, 2011, nor do they purport to represent our financial condition or results of operations for future periods.

## Agree Realty Corporation

## Unaudited Pro Forma Condensed Consolidated Balance Sheet

June 30, 2012

|   | June 30,<br>2012<br>(Unaudited)<br>(A) | Pro Forma<br>Adjustments<br>(B) | Company Pro<br>Forma |
|---|--|---------------------------------|----------------------|
| <b>ASSETS</b>                                 |  |                                 |                      |
| Real Estate Investments                       |  |                                 |                      |
| Land  | \$117,453,431                          | \$8,660,000                     | \$126,113,431        |
| Buildings                                     | 221,055,836                            | 15,150,000                      | 236,205,836          |
| Less accumulated depreciation                 | (65,327,048 )                          |                                 | (65,327,048 )        |
|   | 273,182,219                            | 23,810,000                      | 296,992,219          |
| Property under development                    | 7,895,801                              |                                 | 7,895,801            |
| Net Real Estate Investments                   | 281,078,020                            | 23,810,000                      | 304,888,020          |
| Cash and Cash Equivalents                     | 618,488                                |                                 | 618,488              |
| Restricted Cash                               | 3,280,534                              |                                 | 3,280,534            |
| Accounts Receivable - Tenants                 | 761,189                                |                                 | 761,189              |
| Financing costs, net                          | 1,645,221                              |                                 | 1,645,221            |
| Leasing costs, net                            | 700,508                                |                                 | 700,508              |
| Lease intangibles costs, net                  | 24,712,993                             | (1,575,000 )                    | 23,137,993           |
| Other Assets                                  | 2,278,564                              |                                 | 2,278,564            |
| Total Assets                                  | \$315,075,517                          | \$22,235,000                    | \$337,310,517        |
| <b>LIABILITIES</b>                            |  |                                 |                      |
| Mortgages Payable                             | \$61,794,286                           | 8,580,000                       | 70,374,286           |
| Notes Payable                                 | 44,434,406                             | 13,655,000                      | 58,089,406           |
| Dividends and Distributions Payable           | 4,715,306                              |                                 | 4,715,306            |
| Deferred Revenue                              | 2,162,473                              |                                 | 2,162,473            |
| Accrued Interest Payable                      | 481,055                                |                                 | 481,055              |
| Accounts Payable and Accrued Expense          |  |                                 | -                    |
| Capital expenditures                          | 35,045                                 |                                 | 35,045               |
| Operating                                     | 1,541,689                              |                                 | 1,541,689            |
| Interest Rate Swap                            | 1,156,604                              |                                 | 1,156,604            |
| Deferred Income Taxes                         | 705,000                                |                                 | 705,000              |
| Tenant Deposits                               | 81,172                                 |                                 | 81,172               |
| Total Liabilities                             | 117,107,036                            | 22,235,000                      | 139,342,036          |
| <b>STOCKHOLDERS' EQUITY</b>                   |  |                                 |                      |
| Common stock                                  | 1,144                                  |                                 | 1,144                |
| Excess stock                                  | -                                      |                                 | -                    |
| Series A junior participating preferred stock | -                                      |                                 | -                    |
| Additional paid-in-capital                    | 216,935,709                            |                                 | 216,935,709          |
| Deficit                                       | (20,531,086 )                          |                                 | (20,531,086 )        |

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|   |               |              |               |
|---|---------------|--------------|---------------|
| Accumulated other comprehensive income (loss)         | (1,118,226 )  |              | (1,118,226 )  |
| Total Stockholders' Equity - Agree Realty Corporation | 195,287,541   | -            | 195,287,541   |
| Non-controlling interest                              | 2,680,940     |              | 2,680,940     |
| Total Stockholders' Equity                            | \$197,968,481 | \$-          | \$197,968,481 |
|   | \$315,075,517 | \$22,235,000 | \$337,310,517 |

**See accompanying notes to pro forma condensed consolidated financial statements.**

## Agree Realty Corporation

## Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Six Months Ended June 30, 2012

|  | Agree Realty<br>Corporation<br>(AA) | Agree Realty<br>Corporation<br>Acquisitions<br>(BB) | Pro Forma<br>Adjustments |      | Company Pro<br>Forma |
|--|-------------------------------------|---|--------------------------|------|----------------------|
| <b>REVENUES</b>  |                                     |   |                          |      |                      |
| Minimum rents  | \$ 16,823,699                       | 1,333,000   | 29,000                   | (CC) | \$ 18,185,699        |
| Percentage rents   | 22,725                              |   |                          |      | 22,725               |
| Operating cost reimbursement   | 1,352,366                           |   |                          |      | 1,352,366            |
| Development fee income   | -                                   |   |                          |      | -                    |
| Other income   | 45,101                              |   |                          |      | 45,101               |
| Total Revenues   | 18,243,891                          | 1,333,000   | 29,000                   |      | 19,605,891           |
| <b>Operating Expenses</b>  |                                     |   |                          |      |                      |
| Real estate taxes  | 1,183,549                           |   |                          |      | 1,183,549            |
| Property operating expenses  | 692,202                             |   |                          |      | 692,202              |
| Land lease payments  | 362,150                             | (150,000 )  |                          |      | 212,150              |
| General and administrative   | 2,836,175                           |   |                          |      | 2,836,175            |
| Depreciation and amortization  | 3,395,011                           |   | 253,000                  | (DD) | 3,648,011            |
| Total Operating Expenses   | 8,469,087                           | (150,000 )  | 253,000                  |      | 8,572,087            |
| Income from Operations   | 9,774,804                           | 1,483,000   | (224,000 )               |      | 11,033,804           |
| Other Income (Expense)   |                                     |   |                          |      |                      |
| Interest expense, net  | (2,281,698 )                        | (470,000 )  | (417,000 )               | (EE) | (3,168,698 )         |
| Income From Continuing Operations  | 7,493,106                           | 1,013,000   | (641,000 )               |      | 7,865,106            |
| <b>Less Net Income Attributable to<br/>Non-Controlling Interest</b>        |                                     |   |                          |      |                      |
|  | 225,434                             |   | 11,192                   | (FF) | 236,625              |
| Net Income Attributable to Agree Realty<br>Corporation                     | \$ 7,267,672                        | \$ 1,013,000  | \$ (652,192 )            |      | \$ 7,628,481         |
| <b>Basic Earnings Per Share</b>  |                                     |   |                          |      |                      |
| Basic Earnings Per Share   | \$0.66                              |   |                          |      | \$0.70               |
| Diluted Earnings Per Share   | \$0.66                              |   |                          |      | \$0.69               |
| <b>Dividends Declared Per Share</b>  |                                     |   |                          |      |                      |
| Dividends Declared Per Share   | \$0.80                              |   |                          |      | \$0.80               |
| <b>Weighted Average Number of Common Shares<br/>Outstanding - Basic</b>    |                                     |   |                          |      |                      |
|  | 10,953,463                          |   |                          |      | 10,953,463           |
| <b>Weighted Average Number of Common Shares<br/>Outstanding - Dilutive</b> |                                     |   |                          |      |                      |
|  | 10,990,394                          |   |                          |      | 10,990,394           |

**See accompanying notes to pro forma condensed consolidated financial statements.**

## Agree Realty Corporation

## Unaudited Pro Forma Condensed Consolidated Statement of Operations

For the Year Ended December 31, 2011

|  | Agree Realty<br>Corporation<br>(AA) | Agree Realty<br>Corporation<br>Acquisitions<br>(BB) | Pro Forma<br>Adjustments<br>(CC) |             | Company Pro<br>Forma |
|--|-------------------------------------|---|----------------------------------|-------------|----------------------|
| <b>REVENUES</b>  |                                     |   |                                  |             |                      |
| Minimum rents  | \$ 30,626,406                       | 4,422,000   | 94,000                           | (CC)        | \$ 35,142,406        |
| Percentage rents   | 34,404                              |   |                                  |             | 34,404               |
| Operating cost reimbursement                               | 2,408,126                           |   |                                  |             | 2,408,126            |
| Development fee income                                     | 894,693                             |   |                                  |             | 894,693              |
| Other income   | 150,436                             |   |                                  |             | 150,436              |
| <b>Total Revenues</b>                                      | <b>34,114,065</b>                   | <b>4,422,000</b>                                    | <b>94,000</b>                    |             | <b>38,630,065</b>    |
| <b>Operating Expenses</b>                                  |                                     |   |                                  |             |                      |
| Real estate taxes  | 2,331,174                           |   |                                  |             | 2,331,174            |
| Property operating expenses                                | 1,418,536                           |   |                                  |             | 1,418,536            |
| Land lease payments  | 721,300                             | (300,000 )  |                                  |             | 421,300              |
| General and administrative                                 | 5,661,912                           |   |                                  |             | 5,661,912            |
| Depreciation and amortization                              | 5,934,553                           |   | 986,000                          | (DD)        | 6,920,553            |
| Impairment Charge  | 1,350,000                           |   |                                  |             | 1,350,000            |
| <b>Total Operating Expenses</b>                            | <b>17,417,475</b>                   | <b>(300,000 )</b>                                   | <b>986,000</b>                   |             | <b>18,103,475</b>    |
| <b>Income from Operations</b>                              | <b>16,696,590</b>                   | <b>4,722,000</b>                                    | <b>(892,000 )</b>                |             | <b>20,526,590</b>    |
| <b>Other Income (Expense)</b>                              |                                     |   |                                  |             |                      |
| Interest expense, net                                      | (3,956,818 )                        | (1,285,000 )  | (1,462,000 )                     | (EE)        | (6,703,818 )         |
| Gain on extinguishment of debt                             | 2,360,231                           |   |                                  |             | 2,360,231            |
| <b>Income From Continuing Operations</b>                   | <b>15,100,003</b>                   | <b>3,437,000</b>                                    | <b>(2,354,000 )</b>              |             | <b>16,183,003</b>    |
| <b>Less Net Income Attributable to</b>                     |                                     |   |                                  |             |                      |
| <b>Non-Controlling Interest</b>                            | <b>516,684</b>                      |   | <b>37,058</b>                    | <b>(FF)</b> | <b>553,742</b>       |
| <b>Net Income Attributable to Agree Realty Corporation</b> | <b>\$ 14,583,319</b>                | <b>\$ 3,437,000</b>                                 | <b>\$(2,391,058 )</b>            |             | <b>\$ 15,629,261</b> |
| <b>Basic Earnings Per Share</b>                            |                                     |   |                                  |             |                      |
| <b>Diluted Earnings Per Share</b>                          | <b>\$ 1.51</b>                      |   |                                  |             | <b>\$ 1.62</b>       |
| <b>Dividends Declared Per Share</b>                        | <b>\$ 1.51</b>                      |   |                                  |             | <b>\$ 1.61</b>       |
| <b>Dividends Declared Per Share</b>                        | <b>\$ 1.60</b>                      |   |                                  |             | <b>\$ 1.60</b>       |
| <b>Weighted Average Number of Common Shares</b>            |                                     |   |                                  |             |                      |
| <b>Outstanding - Basic</b>                                 | <b>9,637,365</b>                    |   |                                  |             | <b>9,637,365</b>     |
| <b>Weighted Average Number of Common Shares</b>            |                                     |   |                                  |             |                      |
| <b>Outstanding - Dilutive</b>                              | <b>9,681,232</b>                    |   |                                  |             | <b>9,681,232</b>     |

**See accompanying notes to pro forma condensed consolidated financial statements.**

**Agree Realty Corporation**

**Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements**

**(Dollars in thousands)**

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**PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

The adjustments to the pro forma condensed consolidated balance sheet as of June 30, 2012 are as follows:

(A) Represents the unaudited consolidated balance sheet of Agree Realty Corporation as of June 30, 2012.

(B) Reflects the acquisition of seven buildings, in seven separate transactions, that have closed subsequent to June 30, 2012. These acquisitions were funded and will be funded using proceeds from the Company's credit facility of \$13,655 and from debt assumed of \$8,580. The following pro forma adjustments are necessary to reflect the initial allocation of the estimated purchase price of these acquisitions. The allocation of purchase price shown in the table below is based on the Company's best estimates and is subject to change based on the final determination of the fair value of assets and liabilities acquired.

|                             |          |
|-----------------------------|----------|
| Land                        | \$8,660  |
| Building                    | 15,150   |
| Net Real Estate Investments | 23,810   |
| Lease intangible costs      | (1,575 ) |
| Assets Acquired             | \$22,235 |



**Agree Realty Corporation**

**Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements (continued)**

**(Dollars in thousands)**

**PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

The adjustments to the pro forma condensed consolidated statement of operations for the six months ended June 30, 2012 and for the year ended December 31, 2011 are as follows:

(AA) Reflects the unaudited historical results of Agree Realty Corporation for the six months ended June 30, 2012 (unaudited) and the year ended December 31, 2011.

(BB) For the six months ended June 30, 2012, reflects the results of operations for the acquisitions of seven buildings, in five separate transactions, that have closed subsequent to June 30, 2012.

For the year ended December 31, 2011, reflects the results of operations for acquisitions of 14 buildings, in 12 separate transactions, that have closed subsequent to December 31, 2011.

**Agree Realty Corporation****Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements (continued)****(Dollars in thousands)****Agree Realty Corporation Acquisitions**

For the six months ended June 30, 2012  
 Certain Revenues and Expenses (unaudited)  
 (Dollars in thousands)

|                           | Various (1) | Portland,<br>Oregon Property<br>(2) | Tri-State<br>Properties<br>(3) | Adjustments<br>(4) | Pro Forma<br>Agree Realty<br>Corporation<br>Acquisitions |
|---------------------------|-------------|-------------------------------------|--------------------------------|--------------------|--|
| <b>REVENUES</b>           |             |                                     |                                |                    |  |
| Minimum rents             | 369         | 403                                 | 617                            | (56 )              | 1,333  |
| Total Revenues            | 369         | 403                                 | 617                            | (56 )              | 1,333  |
| <b>Operating Expenses</b> |             |                                     |                                |                    |  |
| Land lease payments       | (150 )      |                                     |                                |                    | (150 )   |
| Interest expense          |             | 188                                 | 310                            | (28 )              | 470  |
| Total Operating Expenses  | (150 )      | 188                                 | 310                            | (28 )              | 320  |

For the year ended December 31, 2011  
 Certain Revenues and Expenses (unaudited)  
 (Dollars in thousands)

|                              | Various (1)<br>(Unaudited) | Portland,<br>Oregon<br>Property (2) | Tri-State<br>Properties (3) | Roseville,<br>California<br>Property (5) | Salt Lake<br>Property (6) | Leawood<br>Property (7) | Adjustments<br>(4) | Pro Forma<br>Agree Realty<br>Corporation<br>Acquisitions<br>(Unaudited) |
|------------------------------|----------------------------|-------------------------------------|-----------------------------|--|---------------------------|-------------------------|--------------------|---|
| <b>REVENUES</b>              |                            |                                     |                             |  |                           |                         |                    |   |
| Minimum rents                | 831                        | 1,062                               | 1,122                       | 481                                      | 582                       | 344                     |                    | 4,422   |
| Percentage rents             |                            |                                     |                             |  |                           |                         |                    | -   |
| Operating cost reimbursement |                            |                                     |                             |  |                           |                         |                    | -   |
| Development fee income       |                            |                                     |                             |  |                           |                         |                    | -   |
| Other income                 |                            |                                     |                             |  |                           |                         |                    | -   |
| Total Revenues               | 831                        | 1,062                               | 1,122                       | 481                                      | 582                       | 344                     | -                  | 4,422   |
| <b>Operating Expenses</b>    |                            |                                     |                             |  |                           |                         |                    |   |
| Real estate taxes            |                            |                                     |                             |  |                           |                         |                    | -   |

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|                               |        |     |     |   |   |     |   |        |
|-------------------------------|--------|-----|-----|---|---|-----|---|--------|
| Property operating expenses   |        |     |     |   |   |     |   | -      |
| Land lease payments           | (300 ) |     |     |   |   |     |   | (300 ) |
| General and administrative    |        |     |     |   |   |     |   | -      |
| Depreciation and amortization |        |     |     |   |   |     |   | -      |
| Interest expense              |        | 506 | 563 |   |   | 216 |   | 1,285  |
| Total Operating Expenses      | (300 ) | 506 | 563 | - | - | 216 | - | 985    |

(1) Represents pro forma results for properties that were acquired in 2011 and 2012, excluding the properties presented in the tables as presented in the statements of revenues and certain expenses included in this Form 8-K.

(2) On May 18, 2012, the Portland, Oregon Property was acquired by Agree Portland OR LLC.

(3) On July 19, 2012, the Tri-State Properties were acquired by Agree Tri-State Lease, LLC.

(4) Represents adjustments to the historical statement of the Tri-State Properties for the activity subsequent to June 30, 2012.

(5) On August 30, 2011, the Roseville, California Property was acquired by Agree Roseville CA, LLC.

(6) On October 14, 2011, the Salt Lake Property was acquired by Agree Limited Partnership.

(7) On December 30, 2011, the Leawood Property was acquired by Agree Leawood, LLC.

(CC) Represents the net adjustment to reflect tenant rents on a straight-line basis from the acquisition date over the remaining term of the in place lease.

(DD) Represents the adjustments to reflect the estimated depreciation and amortization of the acquired assets on a straight-line basis. Buildings are depreciated over the estimated remaining useful lives which are 40 years.

(EE) Represents the adjustment to reflect the increase in interest expense related to the borrowings under the credit facility.

(FF) Reflects the allocation of net income (loss) to the non-controlling interest for 2011 and 2012.

(GG) Pro forma loss per share—basic and diluted are calculated by dividing pro forma consolidated net income allocable to the Company's stockholders by the number of weighted average shares of common stock outstanding.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**Agree Realty Corporation**

**By: /s/ Alan D. Maximiuk**

**Alan D. Maximiuk**

*Vice President, Chief Financial Officer, and*

*Secretary*

Dated: September 25, 2012

**EXHIBIT INDEX**

Exhibit No. Description

12.1 Statement of computation of ratios of earnings to combined fixed charges and preferred stock dividends

23.1 Consent of Baker Tilly Virchow Krause, LLP

99.1 Form 10-K, Item 6. Selected Financial Data

Form 10-K, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Form 10-K, Item 8. Financial Statements and Supplementary Data

100 The following materials from Agree Realty Corporation's Current Report on Form 8-K updating its Annual Report on Form 10-K for the year ended December 31, 2011 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statement of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) related notes to these consolidated financial statements, tagged as blocks of text

As provided in Rule 406T of Regulation S-T, this information is furnished and not filed for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934