

AGREE REALTY CORP
Form 10-Q
November 01, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Mark One

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

For the quarterly period ended September 30, 2013, or

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

Commission File Number 1-12928

AGREE REALTY CORPORATION

(Exact name of registrant as specified in its charter)

Maryland

38-3148187

State or Other Jurisdiction of Incorporation or

(I.R.S. Employer Identification No.)

Organization

31850 Northwestern Highway, Farmington Hills, Michigan 48334

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(Address of Principal Executive Offices)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 28, 2013, the Registrant had 13,241,654 shares of common stock, \$0.0001 par value, outstanding.

AGREE REALTY CORPORATION

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PART I

Financial Information

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Item 1:

Interim Consolidated Financial Statements

Consolidated Statements of Income and Comprehensive Income
(Unaudited) for the three months and nine months ended September 30,
2013 and 2012

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Item 2:

Management's Discussion and Analysis of Financial Condition and
Results of Operations

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PART II

SIGNATURES

AGREE REALTY CORPORATION
CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Real Estate Investments		
Land	\$ 156,313,462	\$ 134,740,784
Buildings	296,399,050	240,204,708
Less accumulated depreciation	(63,587,930)	(58,508,881)
	389,124,582	316,436,611
Property under development	12,837,237	18,980,779
Property held for sale	-	4,537,752
Net Real Estate Investments	401,961,819	339,955,142
Cash and Cash Equivalents	5,824,331	1,270,027
Accounts Receivable - Tenants , net of allowance of \$35,000 for possible losses at September 30, 2013 and December 31, 2012	2,361,105	2,160,055
Unamortized Deferred Expenses		
Financing costs, net of accumulated amortization of \$6,810,953 and \$6,273,113 at September 30, 2013 and December 31, 2012, respectively	2,637,995	2,864,314
Leasing costs, net of accumulated amortization of \$1,395,349 and \$1,312,085 at September 30, 2013 and December 31, 2012, respectively	613,514	687,828
Lease intangibles, net of accumulated amortization of \$2,801,182 and \$1,594,815 at September 30, 2013 and December 31, 2012, respectively	27,903,865	21,342,122
Other Assets	2,316,525	1,813,344
Total Assets	\$ 443,619,154	\$ 370,092,832

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION
CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES		
Notes Payable:		
Mortgage Notes Payable	\$ 114,789,938	\$ 117,376,142
Unsecured Revolving Credit Facility	40,000,000	43,530,005
Unsecured Term Loan	35,000,000	-
Total Notes Payable	189,789,938	160,906,147
Dividends and Distributions Payable	5,570,068	4,710,446
Deferred Revenue	1,583,248	1,930,783
Accrued Interest Payable	371,901	335,416
Accounts Payable and Accrued Expense		
Capital expenditures	322,719	122,080
Operating	1,464,350	2,015,367
Interest Rate Swap	734,179	1,337,998
Deferred Income Taxes	705,000	705,000
Tenant Deposits	51,371	64,461
Total Liabilities	200,592,774	172,127,698
STOCKHOLDERS' EQUITY		
Common stock, \$.0001 par value per share, 28,000,000 and 15,850,000 shares		
authorized, 13,240,404 and 11,436,044 shares issued and outstanding, respectively	1,324	1,144
Excess stock, \$.0001 par value per share, 8,000,000 and 4,000,000 shares authorized, no shares issued and outstanding, respectively	-	-
Preferred Stock, \$.0001 par value per share, 4,000,000 and 150,000 shares authorized, respectively Series A junior participating preferred stock, \$.0001 par value per share, 200,000 and 150,000 shares authorized, no shares issued and outstanding, respectively	-	-
Additional paid-in-capital	263,962,863	217,768,918
Deficit	(23,262,722)	(21,166,509)
Accumulated other comprehensive income (loss)	(308,116)	(1,294,267)
Total Stockholders' Equity - Agree Realty Corporation	240,393,349	195,309,286
Non-controlling interest	2,633,031	2,655,848
Total Stockholders' Equity	243,026,380	197,965,134
Total Liabilities and Stockholders' Equity	\$ 443,619,154	\$ 370,092,832

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenues				
Minimum rents	\$ 10,683,883	\$ 8,635,775	\$ 30,581,677	\$ 24,438,181
Percentage rents	-	-	20,061	22,725
Operating cost reimbursement	901,257	542,271	2,138,547	1,691,199
Other income	1,553	14,889	1,553	59,991
Total Revenues	11,586,693	9,192,935	32,741,838	26,212,096
Operating Expenses				
Real estate taxes	660,053	395,033	1,685,273	1,363,513
Property operating expenses	326,037	253,879	985,408	810,584
Land lease payments	106,975	106,075	320,925	468,225
General and administrative	1,587,617	1,317,094	4,668,491	4,153,269
Depreciation and amortization	2,176,179	1,640,478	6,418,310	4,787,813
Impairment charge	450,000	-	450,000	-
Total Operating Expenses	5,306,861	3,712,559	14,528,407	11,583,404
Income from Operations	6,279,832	5,480,376	18,213,431	14,628,692
Other Income (Expense)				
Interest expense, net	(1,634,051)	(1,344,245)	(4,599,256)	(3,625,943)
Income From Continuing Operations	4,645,781	4,136,131	13,614,175	11,002,749
Discontinued Operations				
Gain(Loss) on sale of assets from discontinued operations	-	(320,718)	946,347	1,746,750
Income from discontinued operations	-	209,619	7,014	1,107,360
Total Discontinued Operations	-	(111,099)	953,361	2,854,110
Net Income	4,645,781	4,025,032	14,567,536	13,856,859
Less Net Income Attributable to Non-Controlling Interest	117,619	118,321	378,691	414,116
Net Income Attributable to Agree Realty Corporation	\$ 4,528,162	\$ 3,906,711	\$ 14,188,845	\$ 13,442,743
Basic Earnings (Loss) Per Share				
Continuing operations	\$ 0.35	\$ 0.36	\$ 1.03	\$ 0.97
Discontinued operations	-	(0.01)	0.07	0.25
	\$ 0.35	\$ 0.35	\$ 1.10	\$ 1.22
Diluted Earnings (Loss) Per Share				
Continuing operations	\$ 0.35	\$ 0.36	\$ 1.03	\$ 0.96
Discontinued operations	-	(0.01)	0.07	0.25
	\$ 0.35	\$ 0.35	\$ 1.10	\$ 1.21
Other Comprehensive Income				

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Net income	\$ 4,645,781	\$ 4,025,032	\$ 14,567,536	\$ 13,856,859
Other Comprehensive Income (Loss)	(549,979)	(177,010)	1,012,214	(704,155)
Total Comprehensive Income	4,095,802	3,848,022	15,579,750	13,152,704
Comprehensive Income Attributable to Non-Controlling Interest	(103,540)	(113,099)	(404,754)	(393,407)
Comprehensive Income Attributable to Agree Realty Corporation	\$ 3,992,262	\$ 3,734,923	\$ 15,174,996	\$ 12,759,297
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