

AGREE REALTY CORP
Form 10-Q
April 24, 2017

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 March 31, 2017, 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 Organization	(I.R.S. Employer Identification No.)

70 E. Long Lake Road, Bloomfield Hills, Michigan 48304

(Address of Principal Executive Offices)

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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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input checked="" type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>	Emerging growth company <input type="checkbox"/>
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(Do not check if a smaller reporting company)

If an emerging growth company, indicated by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 21, 2017, the Registrant had 26,219,680 shares of common stock, \$0.0001 par value, outstanding.

AGREE REALTY CORPORATION

Index to Form 10-Q

	Page
PART I	
<u>Financial Information</u>	
Item 1: <u>Interim Consolidated Financial Statements</u>	
<u>Consolidated Balance Sheets as of March 31, 2017 (Unaudited) and December 31, 2016</u>	1
<u>Consolidated Statements of Income and Comprehensive Income (Unaudited) for the three months ended March 31, 2017 and 2016</u>	3
<u>Consolidated Statement of Stockholders' Equity (Unaudited) for the three months ended March 31, 2017</u>	4
<u>Consolidated Statements of Cash Flows (Unaudited) for three months ended March 31, 2017 and 2016</u>	5
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
Item 2: <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3: <u>Quantitative and Qualitative Disclosures about Market Risk</u>	28
Item 4: <u>Controls and Procedures</u>	29
<u>PART II</u>	
Item 1: <u>Legal Proceedings</u>	29
Item 1A: <u>Risk Factors</u>	29
Item 2: <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
Item 3: <u>Defaults Upon Senior Securities</u>	29
Item 4: <u>Mine Safety Disclosures</u>	30
Item 5: <u>Other Information</u>	30
Item 6: <u>Exhibits</u>	30

SIGNATURES

30

AGREE REALTY CORPORATION**CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per-share data)****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

	March 31, 2017 (Unaudited)	December 31, 2016
ASSETS		
Real Estate Investments		
Land	\$ 319,935	\$ 309,687
Buildings	737,605	703,506
Less accumulated depreciation	(73,657)	(69,696)
	983,883	943,497
Property under development	8,414	6,764
Net Real Estate Investments	992,297	950,261
Cash and Cash Equivalents	2,300	33,395
Accounts Receivable - Tenants, net of allowance of \$50 for possible losses at March 31, 2017 and December 31, 2016	13,069	11,535
Unamortized Deferred Expenses		
Credit facility finance costs, net of accumulated amortization of \$127 and \$1,262 at March 31, 2017 and December 31, 2016, respectively	1,456	1,552
Leasing costs, net of accumulated amortization of \$717 and \$677 at March 31, 2017 and December 31, 2016, respectively	1,575	1,227
Lease intangibles, net of accumulated amortization of \$29,103 and \$25,666 at March 31, 2017 and December 31, 2016, respectively	140,652	139,871
Interest Rate Swaps	1,561	1,409
Other Assets	5,330	2,722

Total Assets	\$1,158,240	\$ 1,141,972
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See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per-share data)

	March 31, 2017 (Unaudited)	December 31, 2016
LIABILITIES		
Mortgage Notes Payable, net	\$ 68,539	\$ 69,067
Unsecured Term Loans, net	158,557	158,679
Senior Unsecured Notes, net	159,198	159,176
Unsecured Revolving Credit Facility	29,000	14,000
Dividends and Distributions Payable	13,151	13,124
Deferred Revenue	1,650	1,823
Accrued Interest Payable	2,671	2,210
Accounts Payable and Accrued Expenses		
Capital expenditures	61	677
Operating	4,956	4,866
Lease intangibles, net of accumulated amortization of \$8,087 and \$7,078 at March 31, 2017 and December 31, 2016, respectively	30,702	30,047
Interest Rate Swaps	1,404	1,994
Deferred Income Taxes	705	705
Tenant Deposits	94	94
Total Liabilities	470,688	456,462
STOCKHOLDERS' EQUITY		
Common stock, \$.0001 par value, 45,000,000 shares authorized, 26,219,680 and 26,164,977 shares issued and outstanding, respectively	3	3
Preferred Stock, \$.0001 par value per share, 4,000,000 shares authorized Series A junior participating preferred stock, \$.0001 par value, 200,000 authorized, no shares issued	-	-

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and outstanding		
Additional paid-in-capital	711,753	712,069
Dividends in excess of net income	(26,962)	(28,558)
Accumulated other comprehensive income (loss)	195	(536)
Total Stockholders' Equity - Agree Realty Corporation	684,989	682,978
Non-controlling interest	2,563	2,532
Total Equity	687,552	685,510
Total Liabilities and Equity	\$ 1,158,240	\$ 1,141,972

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(In thousands, except share and per-share data)

(Unaudited)

	Three Months Ended	
	March 31, 2017	March 31, 2016
Revenues		
Minimum rents	\$24,014	\$18,491
Percentage rents	212	183
Operating cost reimbursement	2,344	1,589
Other income	(10)	(39)
Total Revenues	26,560	20,224
Operating Expenses		
Real estate taxes	1,808	1,123
Property operating expenses	797	573
Land lease payments	163	163
General and administrative	2,603	2,045
Depreciation and amortization	7,025	5,085
Total Operating Expenses	12,396	8,989
Income from Operations	14,164	11,235
Other (Expense) Income		
Interest expense, net	(4,138)	(3,649)
Gain (Loss) on sale of assets	4,742	-
Net Income	14,768	7,586
Less Net Income Attributable to Non-Controlling Interest	193	125
Net Income Attributable to Agree Realty Corporation	\$14,575	\$7,461
Net Income Per Share Attributable to Agree Realty Corporation		
Basic	\$0.56	\$0.36
Diluted	\$0.56	\$0.36
Other Comprehensive Income		
Net income	\$14,768	\$7,586
Other Comprehensive Income (Loss) - Gain (Loss) on Interest Rate Swaps	741	(2,935)

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Total Comprehensive Income	15,509	4,651
Comprehensive Income Attributable to Non-Controlling Interest	(203)	(77)
Comprehensive Income Attributable to Agree Realty Corporation	\$15,306	\$4,574
Weighted Average Number of Common Shares Outstanding - Basic:	25,953,097	20,438,729
Weighted Average Number of Common Shares Outstanding - Diluted:	26,009,120	20,480,140

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION

CONSOLIDATED STATEMENT OF EQUITY

(In thousands, except share and per-share data)

(Unaudited)

	Common Stock		Additional	Dividends	Accumulated	Non-Controlling	Total
	Shares	Amount	Paid-In Capital	in excess of net income	Other Comprehensive Income (Loss)	Interest	Equity
Balance, December 31, 2016	26,164,977	\$ 3	\$ 712,069	\$ (28,558)	\$ (536)	\$ 2,532	\$685,510
Issuance of common stock, net of issuance costs	3,245	-	150	-	-	-	150
Repurchase of common shares	(23,580)	-	(1,095)	-	-	-	(1,095)
Issuance of restricted stock under the Omnibus Incentive Plan	75,038	-	-	-	-	-	-
Forfeiture of restricted stock	-	-	-	-	-	-	-
Vesting of restricted stock	-	-	-	-	-	-	-