

**FOR IMMEDIATE RELEASE****AGREE REALTY CORPORATION REPORTS THIRD QUARTER 2016 RESULTS**

---

**Bloomfield Hills, MI, October 24, 2016** -- Agree Realty Corporation (NYSE: ADC) (the "Company") today announced results for the quarter ended September 30, 2016. All per share amounts included herein are on a diluted per common share basis unless otherwise stated.

**Third Quarter 2016 Financial and Operating Highlights:**

- Invested \$54.0 million in 17 retail net lease properties
- Commenced five development or Partner Capital Solutions ("PCS") projects
- Increased rental revenue 32.9% to \$22.3 million
- Net Income per share attributable to the Company decreased 25.3% to \$0.61
- Net Income attributable to the Company decreased 2.3% to \$14.3 million
- Increased Funds from Operations ("FFO") per share 11.0% to \$0.68
- Increased FFO 44.1% to \$16.2 million
- Increased Adjusted Funds from Operations ("AFFO") per share 9.0% to \$0.66
- Increased AFFO 41.5% to \$15.8 million
- Declared a dividend of \$0.48 per share, an increase of 3.2% year-over-year

**Financial Results**Total Rental Revenue

Total rental revenue, which includes minimum rents and percentage rents, for the three months ended September 30, 2016 increased 32.9% to \$22.3 million, compared to total rental revenue of \$16.8 million for the comparable period in 2015.

Total rental revenue for the nine months ended September 30, 2016 increased 28.3% to \$60.9 million, compared to total rental revenue of \$47.5 million for the comparable period in 2015.

Net Income

Net income attributable to the Company for the three months ended September 30, 2016 decreased 2.3% to \$14.3 million, compared to \$14.6 million for the comparable period in 2015. Net income per share attributable to the Company for the three months ended September 30, 2016 decreased 25.3% to \$0.61, compared to \$0.81 per share for the comparable period in 2015.

Net income attributable to the Company for the nine months ended September 30, 2016 increased 3.7% to \$32.4 million, compared to \$31.2 million for the comparable period in 2015. Net income per share attributable to the Company for the nine months ended September 30, 2016 decreased 16.8% to \$1.46, compared to \$1.76 per share for the comparable period in 2015.

### Funds from Operations

FFO for the three months ended September 30, 2016 increased 44.1% to \$16.2 million, compared to FFO of \$11.2 million for the comparable period in 2015. FFO per share for the three months ended September 30, 2016 increased 11.0% to \$0.68, compared to FFO per share of \$0.61 for the comparable period in 2015.

FFO for the nine months ended September 30, 2016 increased 31.9% to \$42.6 million, compared to FFO of \$32.3 million for the comparable period in 2015. FFO per share for the nine months ended September 30, 2016 increased 6.0% to \$1.90, compared to FFO per share of \$1.79 for the comparable period in 2015.

### Adjusted Funds from Operations

AFFO for the three months ended September 30, 2016 increased 41.5% to \$15.8 million, compared to AFFO of \$11.1 million for the comparable period in 2015. AFFO per share for the three months ended September 30, 2016 increased 9.0% to \$0.66, compared to AFFO per share of \$0.60 for the comparable period in 2015.

AFFO for the nine months ended September 30, 2016 increased 30.9% to \$42.2 million, compared to AFFO of \$32.2 million for the comparable period in 2015. AFFO per share for the nine months ended September 30, 2016 increased 5.2% to \$1.88, compared to AFFO per share of \$1.78 for the comparable period in 2015.

### Dividend

The Company paid a cash dividend of \$0.48 per share on October 14, 2016 to stockholders of record on September 30, 2016, a 3.2% increase over the \$0.465 quarterly dividend declared in the third quarter of 2015. The quarterly dividend represents payout ratios of approximately 70.9% of FFO per share and 72.8% of AFFO per share, respectively.

## **CEO Comments**

“The third quarter marked another strong quarter for our Company as we continued to execute in all phases of our business,” said Joey Agree, President and Chief Executive Officer of Agree Realty Corporation. “During the quarter, we maintained our disciplined investment approach across our three external growth platforms, as we invested \$54.0 million into 17 high-quality retail net lease properties. We continue to concentrate our efforts on leading operators in recession resistant retail sectors who either offer a compelling customer experience or employ a cohesive omni-channel strategy.”

## **Portfolio Update**

As of September 30, 2016, the Company’s portfolio consisted of 341 properties located in 43 states and totaling 6.7 million square feet of gross leasable space. Properties ground leased to tenants accounted for 7.8% of annualized base rent.

The portfolio was approximately 99.6% leased, had a weighted average remaining lease term of approximately 10.8 years, and generated approximately 46.3% of annualized base rents from investment grade tenants.



The following table provides a summary of the Company's portfolio as of September 30, 2016:

<b>Property Type</b>	<b>Number of Properties</b>	<b>Annualized Base Rent <sup>(1)</sup></b>	<b>Percent of Annualized Base Rent</b>	<b>Percent Investment Grade <sup>(2)</sup></b>	<b>Weighted Average Lease Term</b>
Retail Net Lease	307	\$80,625	90.2%	43.1%	10.7 yrs
Retail Net Lease Ground Leases	31	6,984	7.8%	87.6%	13.2 yrs
<b>Total Retail Net Lease</b>	<b>338</b>	<b>\$87,609</b>	<b>98.0%</b>	<b>46.7%</b>	<b>10.9 yrs</b>
<b>Total Portfolio</b>	<b>341</b>	<b>\$89,359</b>	<b>100.0%</b>	<b>46.3%</b>	<b>10.8 yrs</b>

*Annualized base rent is in thousands; any differences are the result of rounding.*

*(1) Represents annualized straight-line rent as of September 30, 2016.*

*(2) Reflects tenants, or parent entities thereof, with investment grade credit ratings from Standard & Poor's, Moody's, Fitch and/or NAIC.*

### Acquisitions

Total acquisition volume for the third quarter of 2016 was approximately \$49.5 million and included 14 assets net leased to a number of notable retailers operating in the crafts and novelties, farm and rural supply, grocery, specialty retail, discount and auto parts sectors. The properties are located in 11 states and leased to 13 distinct tenants operating across 11 retail sectors. These properties were acquired at a weighted average cap rate of 8.0% and with a weighted average remaining lease term of approximately 10.6 years.

For the nine months ending September 30, 2016, total acquisition volume was approximately \$234.0 million and included 60 high-quality retail net lease assets. The properties are located in 23 states and leased to 40 diverse tenants who operate in 20 retail sectors. The properties were acquired at a weighted average cap rate of 7.8% and with a weighted average remaining lease term of approximately 10.7 years.

### Dispositions

During the quarter, the Company sold two properties net leased to Walgreens for gross proceeds of approximately \$15.4 million. The stores were located in Rancho Cordova, California and Macomb Township, Michigan. The dispositions were completed at a weighted average cap rate of 5.5%.

For the nine months ended September 30, 2016, the Company has divested of three Walgreens for total proceeds of \$22.7 million. The weighted average cap rate of the dispositions was 5.5%.

### Development and Partner Capital Solutions

In the third quarter of 2016, the Company completed three previously announced development and Partner Capital Solutions projects, including the Company's first Chick-fil-A in Frankfort, Kentucky. This project is leased to Chick-fil-A under a new 20-year ground lease and had a total project cost of approximately \$0.6 million.

Also within the quarter, the Company completed its previously announced Wawa in Orlando, Florida. This project, which represents the Company's ninth Wawa in the portfolio, had a total project cost of approximately \$2.5 million and is under a new 20-year ground lease.

The Company also completed a Burger King in Devils Lake, North Dakota during the quarter. This project, which represents the second Burger King in the Company's partnership with Meridian Restaurants, is subject to a new 20-year net lease and had a total project cost of approximately \$1.5 million.



During the third quarter and subsequent thereto, the Company commenced seven new development and PCS projects with total project costs of \$24.8 million. These projects include the Company's first Texas Roadhouse in Mount Pleasant, Michigan; three new Burger King developments in Hamilton, Montana, West Fargo, North Dakota and Heber, Utah; two new Camping World projects in Tyler, Texas and Georgetown, Kentucky; and the redevelopment and expansion of an existing asset for Orchard Supply Hardware in Boynton Beach, Florida.

Year-to-date, the Company has 14 development or PCS projects completed or currently under construction on behalf of a number of industry-leading retail tenants. Total project costs for those developments are approximately \$38.0 million and include the following completed or commenced projects:

<b>Tenant</b>	<b>Location</b>	<b>Lease Structure</b>	<b>Lease Term</b>	<b>Actual or Anticipated Rent Commencement</b>	<b>Status</b>
Hobby Lobby	Springfield, OH	Build-to-Suit	15 Years	Q1 2016	Completed
Burger King <sup>(1)</sup>	Farr West, UT	Build-to-Suit	20 Years	Q2 2016	Completed
Family Fare Quick Stop	Marshall, MI	Ground Lease	10 Years	Q2 2016	Completed
Burger King <sup>(1)</sup>	Devils Lake, ND	Build-to-Suit	20 Years	Q3 2016	Completed
Wawa	Orlando, FL	Ground Lease	20 Years	Q3 2016	Completed
Chick-fil-A	Frankfort, KY	Ground Lease	20 Years	Q3 2016	Completed
Starbucks	North Lakeland, FL	Build-to-Suit	10 Years	Q4 2016	Under Construction
Burger King <sup>(1)</sup>	Hamilton, MT	Build-to-Suit	20 Years	Q4 2016	Under Construction
Burger King <sup>(1)</sup>	West Fargo, ND	Build-to-Suit	20 Years	Q1 2017	Under Construction
Burger King <sup>(1)</sup>	Heber, UT	Build-to-Suit	20 Years	Q1 2017	Under Construction
Texas Roadhouse	Mount Pleasant, MI	Ground Lease	15 Years	Q2 2017	Under Construction
Camping World	Tyler, TX	Build-to-Suit	20 Years	Q2 2017	Under Construction
Camping World	Georgetown, KY	Build-to-Suit	20 Years	Q3 2017	Under Construction
Orchard Supply Hardware	Boynton Beach, FL	Build-to-Suit	15 Years	Q3 2017	Under Construction

*(1) Franchise restaurants operated by Meridian Restaurants Unlimited, LC.*

### Leasing

The Company has no remaining lease maturities in 2016.



### Top Tenants

The following table presents annualized base rents for all tenants that represent 1.5% or greater of the Company's total annualized base rent as of September 30, 2016:

<u>Tenant</u>	<u>Annualized Base Rent <sup>(1)</sup></u>	<u>Percent of Annualized Base Rent</u>
Walgreens	\$11,305	12.7%
Walmart	4,224	4.7%
Lowe's	3,099	3.5%
Wawa	2,664	3.0%
Mister Car Wash	2,580	2.9%
Smart & Final	2,518	2.8%
CVS	2,463	2.8%
Hobby Lobby	2,177	2.4%
Tractor Supply	2,175	2.4%
Dollar General	2,148	2.4%
Academy Sports	1,982	2.2%
Rite Aid	1,886	2.1%
24 Hour Fitness	1,759	2.0%
BJ's Wholesale	1,709	1.9%
LA Fitness	1,694	1.9%
Carmike	1,585	1.8%
Taco Bell <sup>(2)</sup>	1,537	1.7%
Burger King <sup>(3)</sup>	1,500	1.7%
Dollar Tree	1,427	1.6%
Other <sup>(4)</sup>	38,927	43.5%
<b>Total Portfolio</b>	<b>\$89,359</b>	<b>100.0%</b>

*Annualized base rent is in thousands; any differences are the result of rounding.*

*(1) Represents annualized straight-line rent as of September 30, 2016.*

*(2) Franchise restaurants operated by Charter Foods North, LLC.*

*(3) Franchise restaurants operated by Meridian Restaurants Unlimited, LC.*

*(4) Includes tenants generating less than 1.5% of annualized base rent.*



### Retail Sectors

The following table presents annualized base rents for the Company's top retail sectors that represent 2.5% or greater of the Company's total annualized base rent as of September 30, 2016:

<b>Sector</b>	<b>Annualized Base Rent <sup>(1)</sup></b>	<b>Percent of Annualized Base Rent</b>
Pharmacy	\$15,654	17.5%
Grocery Stores	6,119	6.8%
Restaurants - Quick Service	6,104	6.8%
Auto Service	4,711	5.3%
Specialty Retail	4,391	4.9%
Discount Apparel	3,983	4.5%
General Merchandise	3,956	4.4%
Warehouse Clubs	3,749	4.2%
Home Improvement	3,720	4.2%
Health & Fitness	3,562	4.0%
Crafts and Novelties	3,256	3.6%
Sporting Goods	3,149	3.5%
Farm and Rural Supply	2,909	3.3%
Convenience Stores	2,830	3.2%
Restaurants - Casual Dining	2,388	2.7%
Dollar Stores	2,366	2.6%
Auto Parts	2,346	2.6%
Other <sup>(2)</sup>	14,166	15.9%
<b>Total Portfolio</b>	<b>\$89,359</b>	<b>100.0%</b>

*Annualized base rent is in thousands; any differences are the result of rounding.*

*(1) Represents annualized straight-line rent as of September 30, 2016.*

*(2) Includes sectors generating less than 2.5% of annualized base rent.*



### Geographic Diversification

The following table presents annualized base rents for all states that represent 2.5% or greater of the Company's total annualized base rent as of September 30, 2016:

<b>Sector</b>	<b>Annualized Base Rent <sup>(1)</sup></b>	<b>Percent of Annualized Base Rent</b>
Michigan	\$14,201	15.9%
Texas	8,110	9.1%
Florida	7,594	8.5%
Ohio	5,779	6.5%
Illinois	4,317	4.8%
Pennsylvania	4,095	4.6%
California	3,700	4.1%
Wisconsin	2,841	3.2%
Kentucky	2,723	3.0%
Mississippi	2,543	2.8%
Kansas	2,540	2.8%
Other <sup>(2)</sup>	30,916	34.7%
<b>Total Portfolio</b>	<b>\$89,359</b>	<b>100.0%</b>

*Annualized base rent is in thousands; any differences are the result of rounding.*

*(1) Represents annualized straight-line rent as of September 30, 2016.*

*(2) Includes states generating less than 2.5% of annualized base rent.*



### Lease Expiration

The following table presents contractual lease expirations within the Company's portfolio as of September 30, 2016, assuming that no tenants exercise renewal options:

<u>Year</u>	<u>Leases</u>	<u>Annualized Base Rent <sup>(1)</sup></u>	<u>Percent of Annualized Base Rent</u>	<u>Gross Leasable Area</u>	<u>Percent of Gross Leasable Area</u>
2016	0	\$0	0.0%	0	0.0%
2017	9	894	1.0%	93	1.4%
2018	15	2,257	2.5%	356	5.3%
2019	12	4,326	4.8%	372	5.6%
2020	18	2,639	3.0%	244	3.7%
2021	28	5,674	6.3%	354	5.3%
2022	20	4,238	4.7%	378	5.7%
2023	27	4,865	5.4%	443	6.6%
2024	35	8,835	9.9%	847	12.7%
2025	34	6,883	7.7%	538	8.1%
Thereafter	189	48,748	54.7%	3,060	45.6%
<b>Total Portfolio</b>	<b>387</b>	<b>\$89,359</b>	<b>100.0%</b>	<b>6,685</b>	<b>100.0%</b>

*Annualized base rent and gross leasable area are in thousands; any differences are the result of rounding.*

*(1) Represents annualized straight-line rent as of September 30, 2016.*

## **Capital Markets and Balance Sheet**

### Capital Markets

During the three months ended September 30, 2016, the Company issued 245,565 shares of common stock under its at-the-market equity program ("ATM program"), realizing gross proceeds of approximately \$12.2 million.

Also within the quarter, the Company completed the issuance of \$100 million of long-term, unsecured, fixed rate debt. The combined \$100 million of unsecured financings have a weighted average term of 10 years and a blended interest rate of 3.87%.

On August 19, 2016, the Company refinanced an existing \$20.3 million secured amortizing mortgage note. The new refinanced \$20.3 million term loan, which is now unsecured, matures in May 2019 and has a fixed interest rate of 3.62% through the use of an existing interest rate swap.

### Balance Sheet

As of September 30, 2016, the Company's total debt to total enterprise value was 26.8%. Total enterprise value is calculated as the sum of total debt and the market value of the Company's outstanding shares of common stock, assuming conversion of operating partnership units into common stock.

For the three and nine months ended September 30, 2016, the Company's fully diluted weighted average shares outstanding were 23.6 million and 22.1 million, respectively. The basic weighted average shares outstanding for the three and nine months ended September 30, 2016 were 23.5 million and 22.0 million, respectively.





The Company's assets are held by, and its operations are conducted through, Agree Limited Partnership, of which the Company is the sole general partner. As of September 30, 2016, there were 347,619 operating partnership units outstanding and the Company held a 98.6% interest in the operating partnership.

## 2016 Outlook

The Company's outlook for acquisition volume in 2016, which assumes continued growth in economic activity, positive business trends and other significant assumptions, remains between \$250 and \$275 million of high-quality retail net lease properties.

## Conference Call/Webcast

The Company will host its quarterly analyst and investor conference call on Tuesday, October 25, 2016 at 9:00 AM ET. To participate in the conference call, please dial (866) 363-3979 approximately ten minutes before the call begins.

Additionally, a webcast of the conference call will be available through the Company's website. To access the webcast, visit [www.agreerealty.com](http://www.agreerealty.com) ten minutes prior to the start time of the conference call and go to the Invest section of the website. A replay of the conference call webcast will be archived and available online through the Invest section of [www.agreerealty.com](http://www.agreerealty.com).

## About Agree Realty Corporation

Agree Realty Corporation is a publicly traded real estate investment trust primarily engaged in the acquisition and development of properties net leased to industry-leading retail tenants. The Company currently owns and operates a portfolio of 346 properties, located in 43 states and containing approximately 6.8 million square feet of gross leasable space. The common stock of Agree Realty Corporation is listed on the New York Stock Exchange under the symbol "ADC". For additional information, please visit [www.agreerealty.com](http://www.agreerealty.com).

## Forward-Looking Statements

*This press release may contain certain "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Reform Act of 1995. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "seek," "anticipate," "estimate," "approximately," "believe," "could," "project," "predict," "forecast," "continue," "assume," "plan," references to "outlook" or other similar words or expressions. Forward-looking statements are based on certain assumptions and can include future expectations, future plans and strategies, financial and operating projections and forecasts and other forward-looking information and estimates. These forward-looking statements are subject to various risks and uncertainties, many of which are beyond the Company's control, which could cause actual results to differ materially from such statements. These risks and uncertainties are described in greater detail in the Company's filings with the Securities and Exchange Commission, including, without limitation, the Company's Annual Report on Form 10-K for the year ended December 31, 2015 and in subsequent quarterly reports. Except as required by law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.*

*For further information about the Company's business and financial results, please refer to the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" sections of the Company's SEC filings, including, but not limited to, its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, copies of which may be obtained at the Invest section of the Company's website at [www.agreerealty.com](http://www.agreerealty.com).*



*All information in this press release is as of October 24, 2016. The Company undertakes no duty to update the statements in this press release to conform the statements to actual results or changes in the Company's expectations.*

**Contact:**

Matthew M. Partridge, Chief Financial Officer, Agree Realty Corporation, (248) 737-4190

###

