

AR AGREE REALTY CORPORATION

DEVELOP | ACQUIRE | PARTNER

ADC
Listed
NYSE
THE NEW YORK STOCK EXCHANGE



Forward-Looking Statements

Forward-Looking Statements

This presentation 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, 2018 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.

All information in this presentation is as of February 25, 2019. The Company undertakes no duty to update the statements in this presentation to conform the statements to actual results or changes in the Company’s expectations.

Agree Realty Corporation (NYSE: ADC)

Retail net lease REIT focused on growth through the acquisition and development of high-quality retail properties

Our Company

- \$3.2 billion retail net lease REIT headquartered in Bloomfield Hills, MI and listed on the NYSE under ticker ADC⁽¹⁾
- 645 retail properties totaling approximately 11.2 million square feet in 46 states
- 51% investment grade tenants and 10.2 years average remaining lease term
- Investment grade credit rating of Baa2 with a stable outlook from Moody's

Our History

- 48-year operating history as a developer, owner and manager of retail properties
- IPO in 1994 to continue and expand business of predecessor company
- Formally launched acquisition platform in 2010 and Partner Capital Solutions ("PCS") business in 2012

Our Business Plan

- Opportunistically expand and diversify our high-quality retail net lease portfolio through a refined and disciplined investment strategy
- Generate consistent and sustainable earnings growth
- Provide a reliable income stream through a growing dividend
- Maintain a conservative and flexible capital structure

2018 Highlights

Consistent execution has led to enhanced shareholder value

- **225 retail net lease properties acquired in 2018 for a record \$607.0 million**
- **98-property sale-leaseback transaction with Sherwin-Williams totaling more than \$142 million**
- **16 development and PCS projects completed or under construction totaling \$74.4 million**
- **21 properties sold in 2018 for total gross proceeds of \$67.6 million⁽¹⁾**
- **Raised \$181 million via our ATM program**
- **Declared a fourth quarter dividend of \$0.555 per share, a 6.7% year-over-year increase**

Announced 2019 acquisition guidance of \$350 million to \$400 million

Investment Strategy



ADC's Unique Dual Capabilities

Emphasis on comprehensive real estate solutions drive multi-faceted partnerships

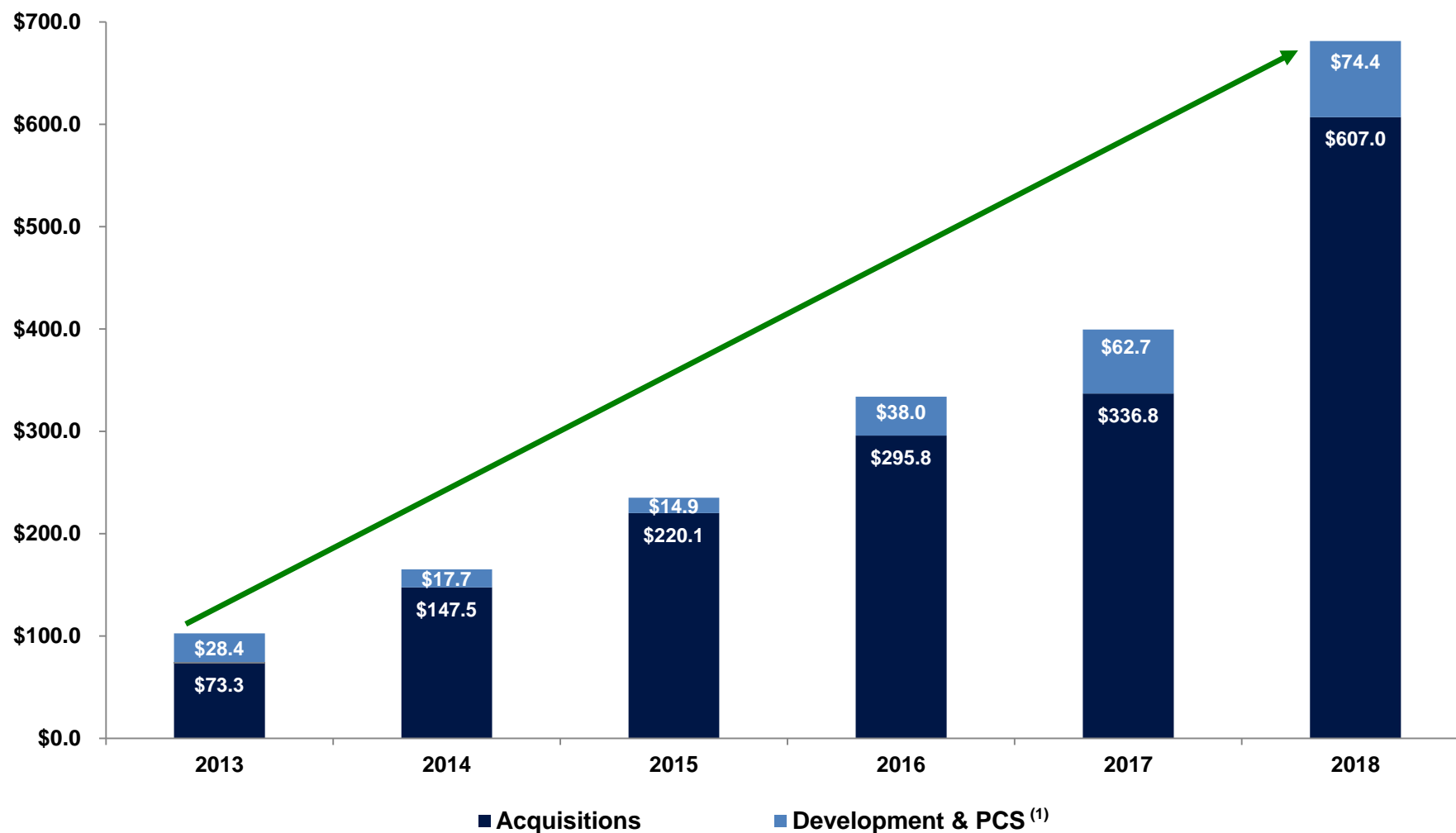


Track Record of Execution

Record 2018 investment activity of more than \$680 million

Investment Activity

\$ in millions



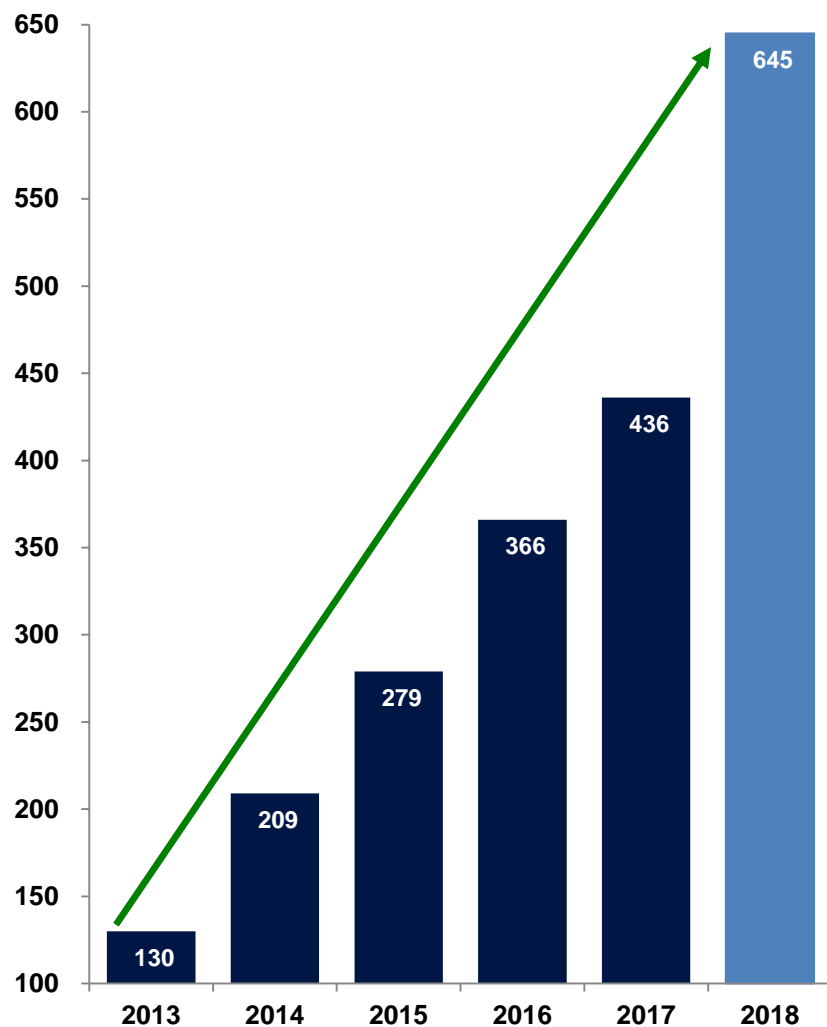
As of December 31, 2018.

(1) Represents development and PCS activity, completed or commenced.

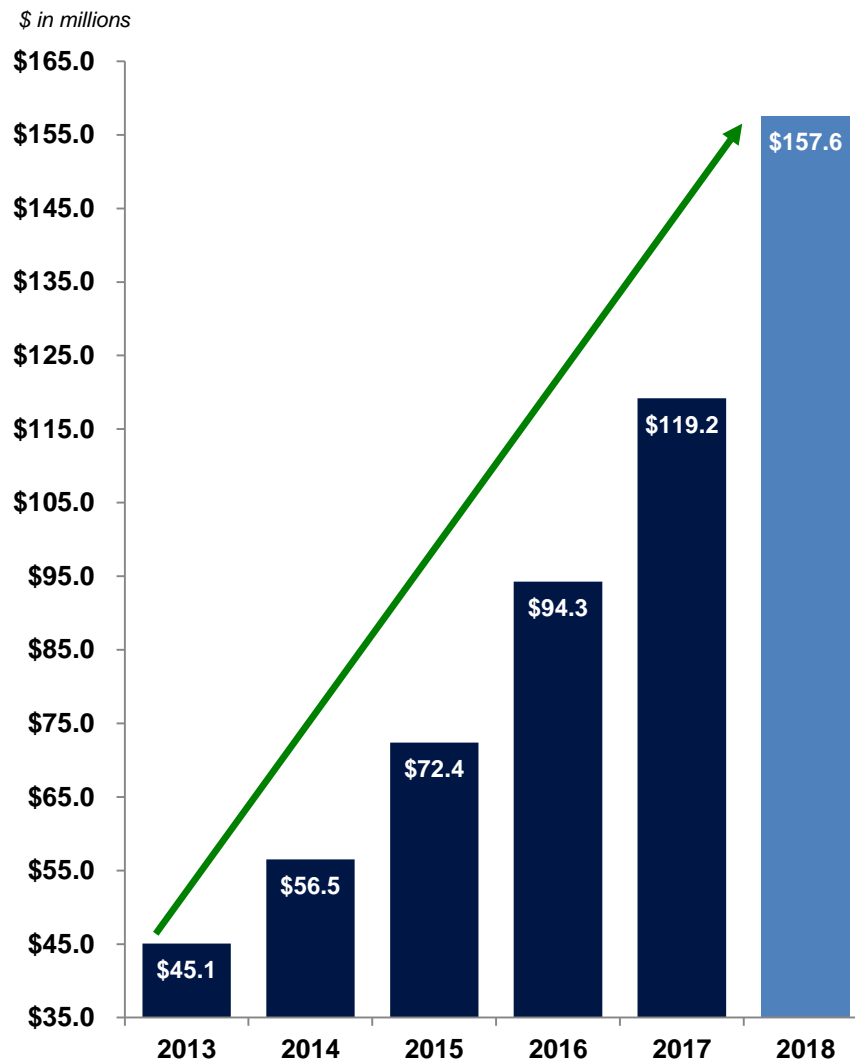
Accelerating Growth

Established real estate capabilities and growing market presence driving increased investment opportunities

of Properties



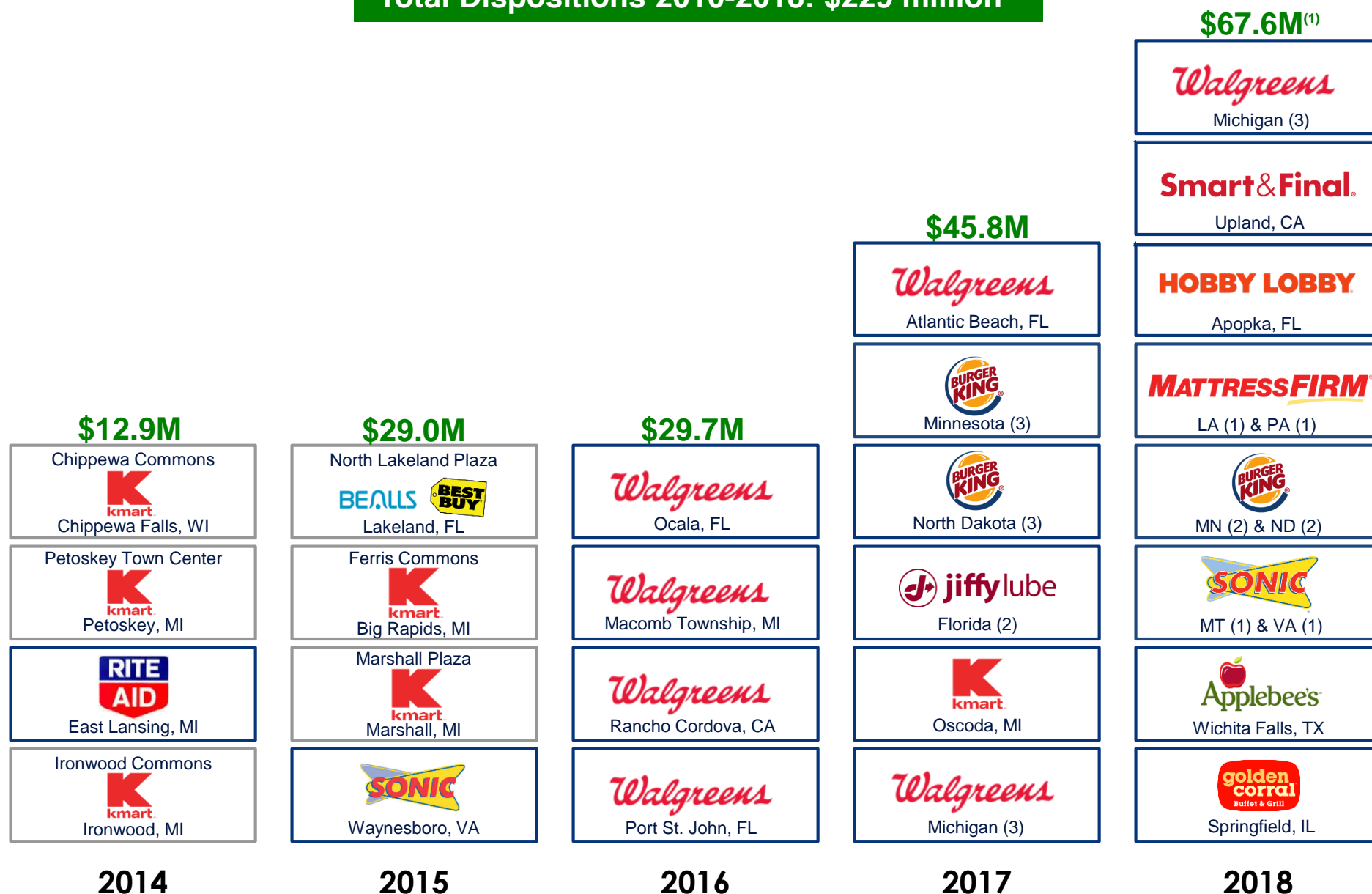
Annualized Base Rent ("ABR")



Active Portfolio Management

Our focus on real estate fundamentals guides
non-core asset sales and capital recycling

Total Dispositions 2010-2018: \$229 million⁽¹⁾



As of December 31, 2018. Graph is representative and does not include all dispositions. (1) Includes Meijer's exercise of a purchase option totaling \$3.9 million.

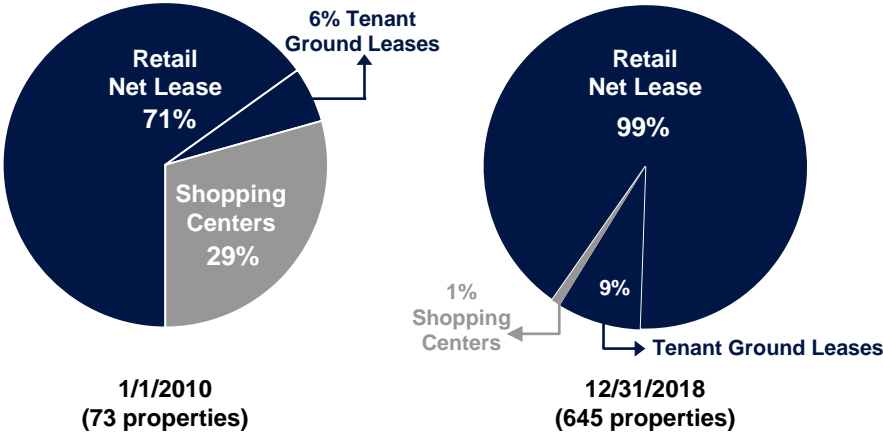
Portfolio Summary



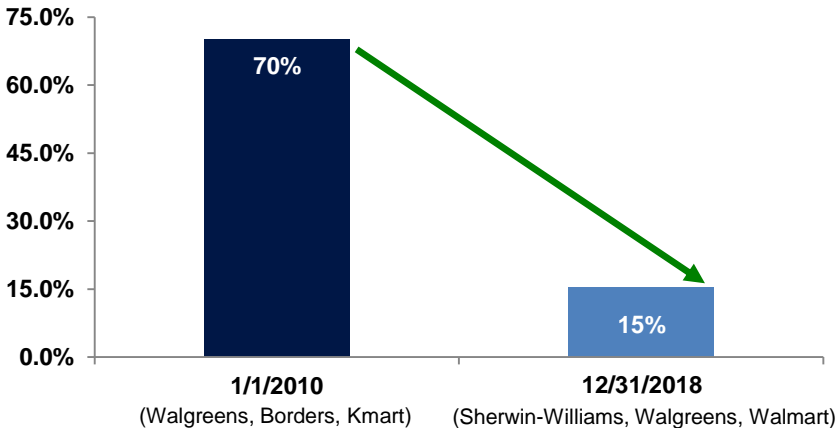
Portfolio Transformation

Execution has led to increased portfolio diversification and improved quality of rental income

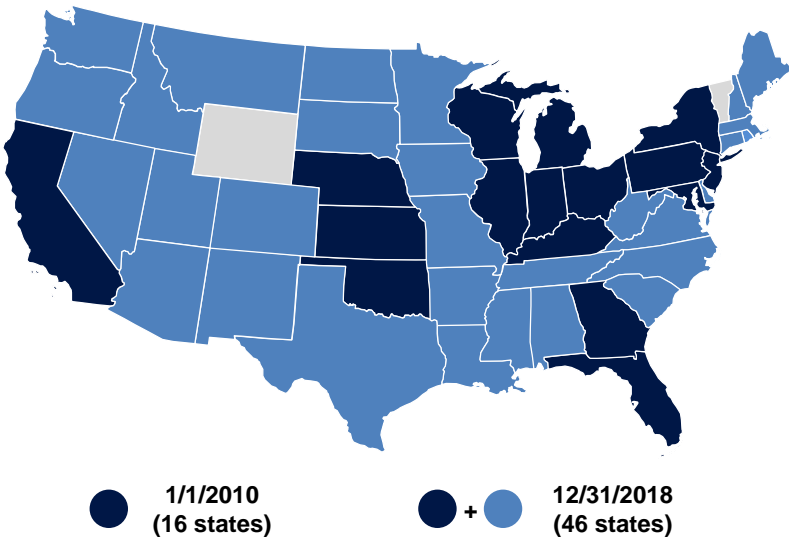
Property Type (% ABR)



Top 3 Tenant Concentration (% ABR)



Geographic Diversification



Retail Sector Exposure

1/1/2010	Current
✓ Pharmacy	✓ Pharmacy
✓ Bookstores	✓ QSRs
✓ General Merchandise	✓ Health & Fitness
✓ Casual Dining	✓ Grocery Stores
✓ Financial Services	✓ Off-Price Retail
✓ Auto Parts	✓ Warehouse Clubs
	✓ Apparel
	✓ Convenience Stores
	✓ Casual Dining
	✓ Specialty Retail
	✓ Home Improvement
	✓ Theaters
	✓ Auto Parts
	✓ Financial Services
	✓ Health Services
	✓ Tire & Auto Service
	✓ Entertainment Retail
	✓ Crafts & Novelties
	✓ Dollar Stores
	✓ Pet Supplies
	✓ General Merchandise
	✓ Discount Stores
	✓ Sporting Goods
	✓ Home Furnishings
	✓ Office Supplies
	✓ Consumer Electronics
	✓ Farm & Rural Supply
	✓ Shoes

Portfolio Transformation

January 2015

December 2018

Top Sectors



Pharmacy

29.7%



QSRs

7.5%



Apparel

6.1%



Home Improvement 11.1%



Pharmacy 8.5%



Tire & Auto Service 7.6%

Top Tenants

Walgreens

21.9%

Wawa

4.4%

♥ **CVS** pharmacy™

4.4%



SHERWIN-WILLIAMS®

6.0%

Walgreens

5.4%

Walmart 

3.9%

of Properties

209 properties

645 properties

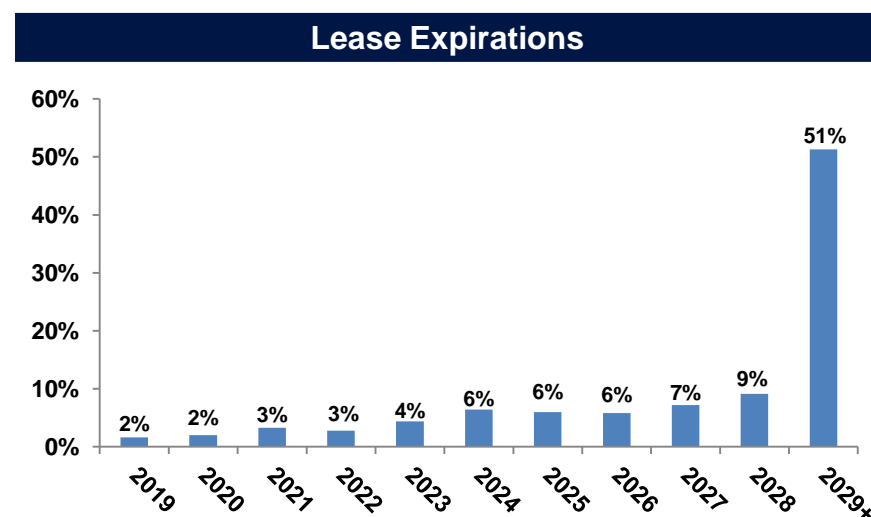
Enterprise Value

\$0.8 billion

\$3.2 billion⁽¹⁾

Portfolio Snapshot

Tenants		
\$ in millions		
Tenant / Concept	Annualized Base Rent ⁽¹⁾	% of Total
 SHERWIN-WILLIAMS.	\$9.5	6.0%
 Walgreens	8.4	5.4%
 Walmart	6.1	3.9%
 LA FITNESS	5.1	3.2%
 TJX	4.5	2.9%
 TRACTOR SUPPLY CO	4.3	2.7%
 Lowe's	4.2	2.7%
 CVS pharmacy	3.4	2.2%
 DOLLAR GENERAL	3.3	2.1%
 O'Reilly AUTO PARTS	3.2	2.0%
 Mister CAR WASH	3.1	2.0%
 DAVE & BUSTER'S	3.1	1.9%
 BEST BUY	3.0	1.9%
 AutoZone	2.8	1.8%
 Wawa	2.7	1.7%
 HOBBY LOBBY	2.6	1.7%
 Burlington	2.6	1.6%
 DOLLAR TREE	2.4	1.5%
 AMC THEATRES	2.4	1.5%
Other	80.9	51.3%
Total	\$157.6	100.0%



Retail Sectors		
\$ in millions		
Tenant Sector	Annualized Base Rent ⁽¹⁾	% of Total
Home Improvement	\$17.4	11.1%
Pharmacy	13.4	8.5%
Tire & Auto Service	11.9	7.6%
Grocery Stores	9.9	6.3%
Off-Price Retail	9.0	5.7%
Health & Fitness	8.1	5.1%
Auto Parts	7.2	4.6%
Convenience Stores	7.1	4.5%
Restaurants – Quick Service	6.5	4.1%
General Merchandise	6.0	3.8%
Farm and Rural Supply	5.4	3.4%
Craft and Novelties	5.0	3.2%
Dollar Stores	4.6	2.9%
Home Furnishings	4.4	2.8%
Consumer Electronics	4.3	2.7%
Specialty Retail	4.3	2.7%
Other	33.1	21.0%
Total	\$157.6	100.0%

As of December 31, 2018.

Tenants and Sectors highlighted in light blue reflect recent, significant concentration changes. (1) Based on GAAP annualized base rent.

Sherwin-Williams Sale-Leaseback Transaction


Deal Overview	<ul style="list-style-type: none"> ✓ Purchase price of more than \$142 million ✓ 98-property portfolio ✓ Long-term NNN leases ✓ Closed December 28, 2018
Tenant Overview	<ul style="list-style-type: none"> ✓ Global leader in the manufacturing, development & distribution of paint & coatings ✓ Investment-grade credit ratings of BBB (S&P), Baa3 (Moody's) and BBB (Fitch)
Strong Demographics	<ul style="list-style-type: none"> ✓ Average 5-mile population: 180,000 ✓ Average 5-mile HH income: \$72,000 ✓ Average traffics counts: 28,000 VPD
Fungible Boxes	<ul style="list-style-type: none"> ✓ Free-standing boxes averaging 5,800 square feet
Geographic Diversity	<ul style="list-style-type: none"> ✓ More than 25 states across the country



Walmart Portfolio Breakdown

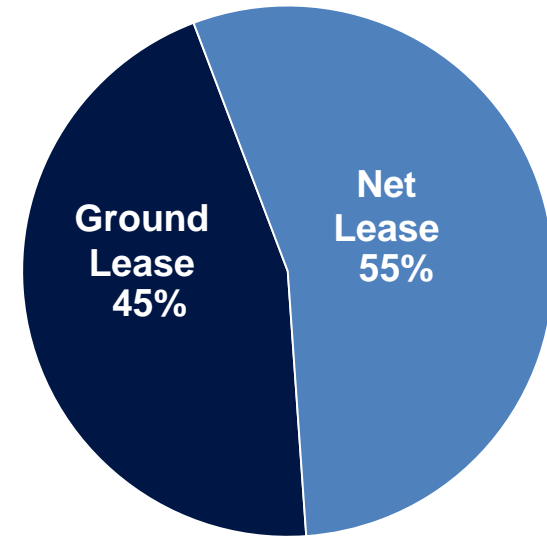
Top Tenants

\$ in millions

Rank	Tenant / Concept	# of Assets	ABR ⁽¹⁾	% of Total
1	 SHERWIN-WILLIAMS.	105	\$9.5	6.0%
2	 Walgreens	23	\$8.4	5.4%
3	 Walmart 	6	\$6.1	3.9%
4	 LA FITNESS	6	\$5.1	3.2%
5	 TJX	12	\$4.5	2.9%
6	 TSC TRACTOR SUPPLY CO	20	\$4.3	2.7%
7	 LOWE'S Home Improvement Stores	5	\$4.2	2.7%

- Diversified portfolio comprised of Walmart Supercenter, Neighborhood Market and Sam's Club
- Two turnkey and four ground leases
- High-performing Sam's Club paying % rent in Brooklyn, Ohio recently exercised five-year extension
- Supercenter in Hazard, Kentucky built into side of mountain with limited competition

Walmart Lease Type (% ABR)








As of December 31, 2018.

(1) Based on GAAP annualized base rent.

TJX Portfolio Breakdown

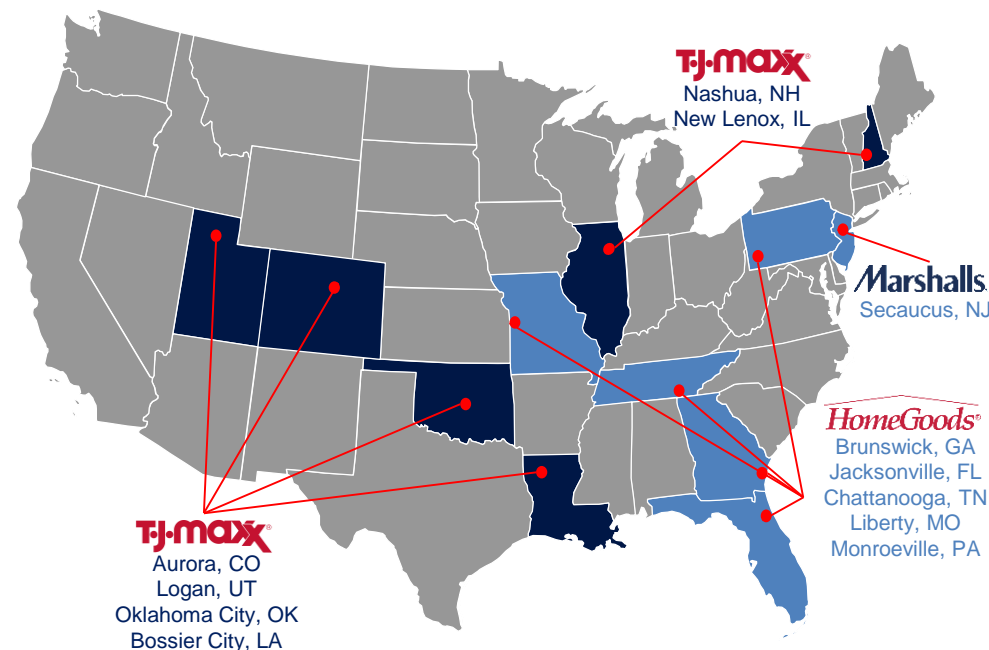
Top Tenants

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7	 LOWE'S Home Improvement Warehouse	5	\$4.2	2.7%



- Diversified portfolio comprised of six TJ Maxx, five HomeGoods and one Marshalls/HomeGoods combo store
- Credit Rating: S&P: A+ / Moody's: A2
- Invested more than \$60 million since 2016
- Top-performing Marshalls/HomeGoods in New Jersey; four miles from Manhattan
- Average Rent: \$10 PSF⁽²⁾
- Average GLA: 26,000 SF⁽²⁾



As of December 31, 2018.

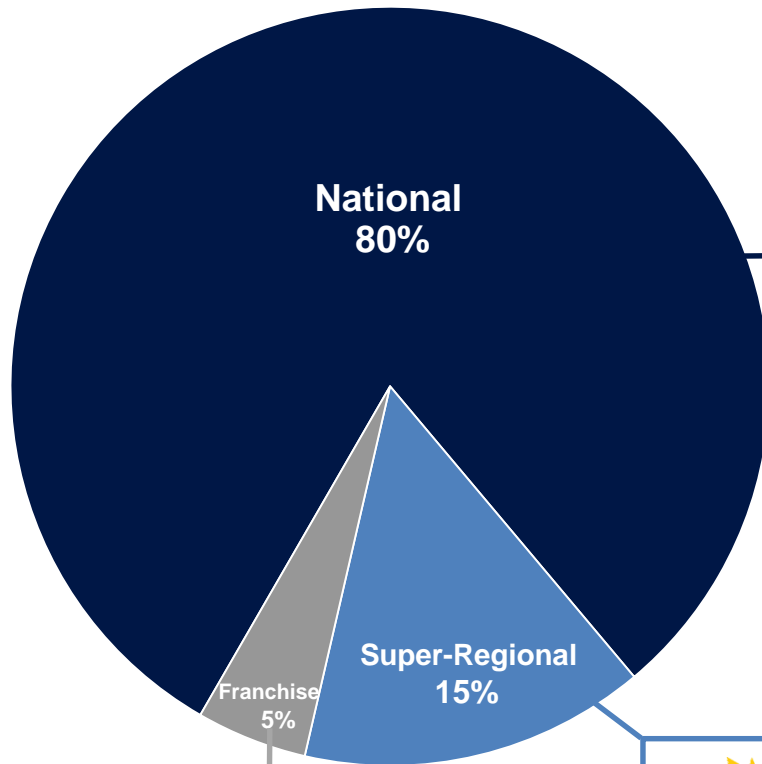
(1) Based on GAAP annualized base rent.

(2) Excludes the Company's Marshalls/HomeGoods combo store in Secaucus, New Jersey.

National and Super-Regional Retailers

Industry-leaders operating in e-commerce resistant sectors

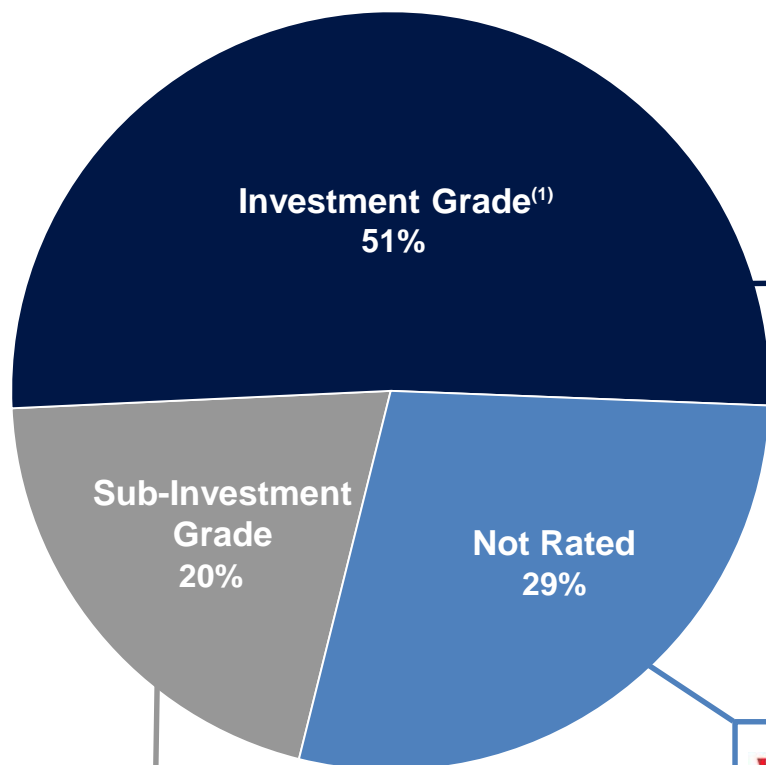
Retail Tenant Type (% ABR)



Strong Investment Grade Portfolio

Best-in-class retailers with conservative balance sheets

Retail Credit Type (% ABR)



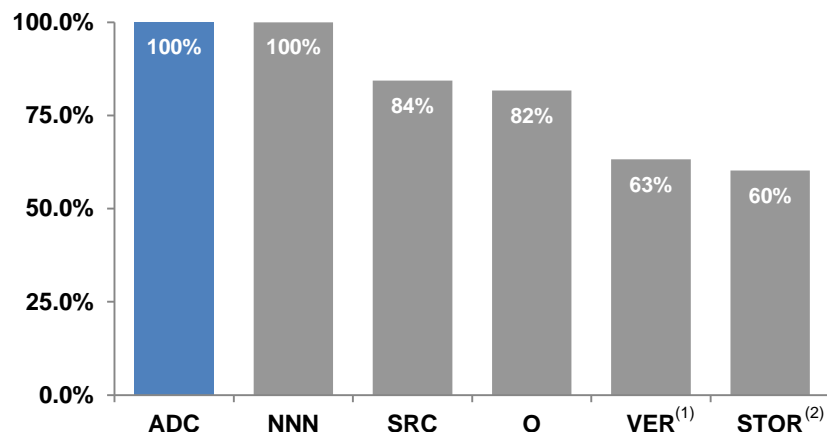
As of December 31, 2018.

(1) Based on annualized base rent derived from tenants, or parent entities thereof, with an investment grade credit rating from S&P Global Ratings, Moody's Investors Service, Fitch Ratings or the National Association of Insurance Commissioners.

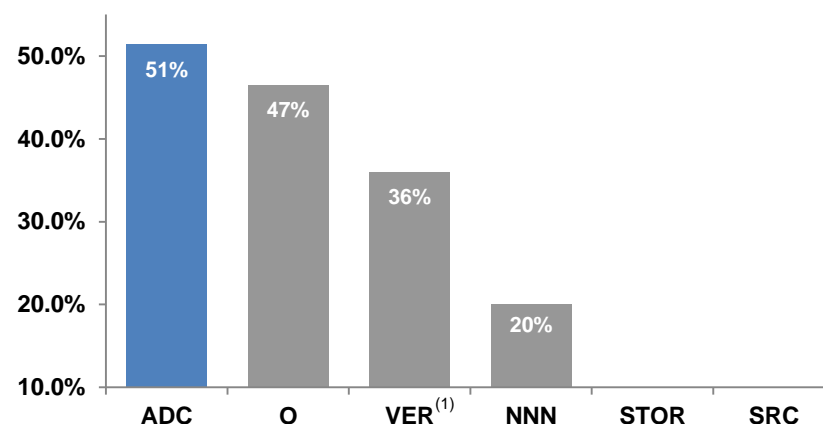
Leading, Pure-Play Retail Net Lease REIT

Diversified portfolio of high-quality retail properties occupied by superior credit tenants under long-term leases

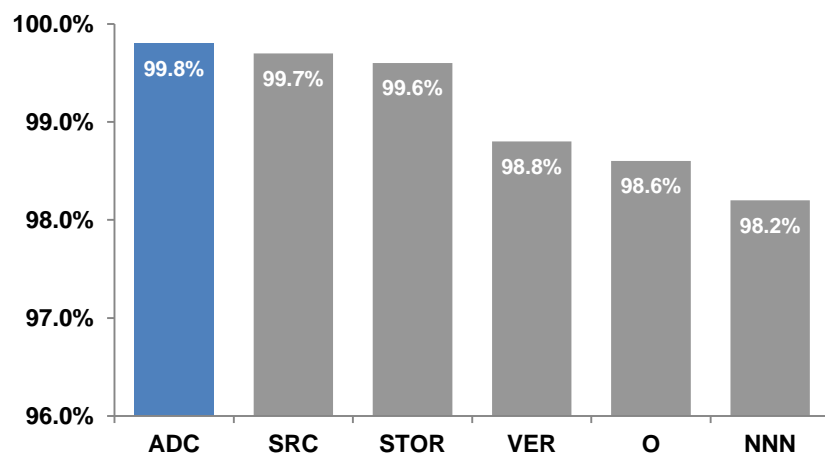
Retail % of Total Portfolio



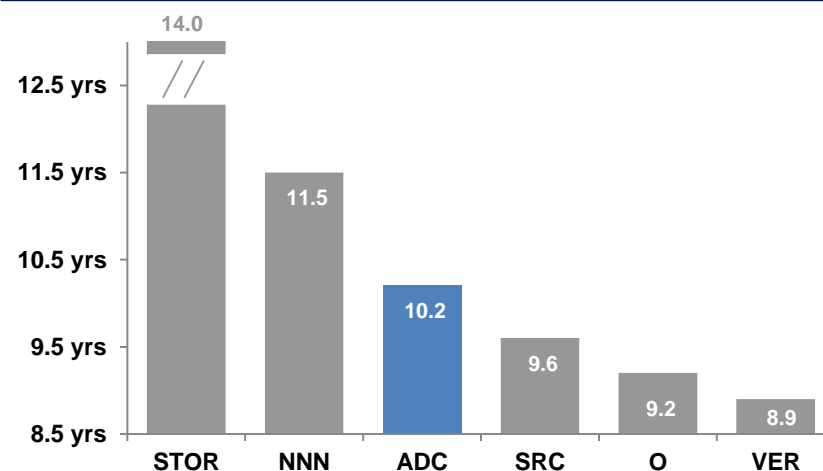
Investment Grade Retail Tenants



Occupancy



Weighted-Average Lease Term



ADC data as of December 31, 2018. Peer data from the fourth quarter 2018 supplemental or company SEC filings.

(1) Excludes Office, Industrial and Distribution, as disclosed.

(2) Excludes Early Childhood Education, Career Education, Behavioral Health, Elementary and Secondary Schools, Lumber Wholesalers, Wholesale Automobile Auction and All Other Service Industries, as disclosed.

Embedded Redevelopment Opportunities

Mount Pleasant, Michigan

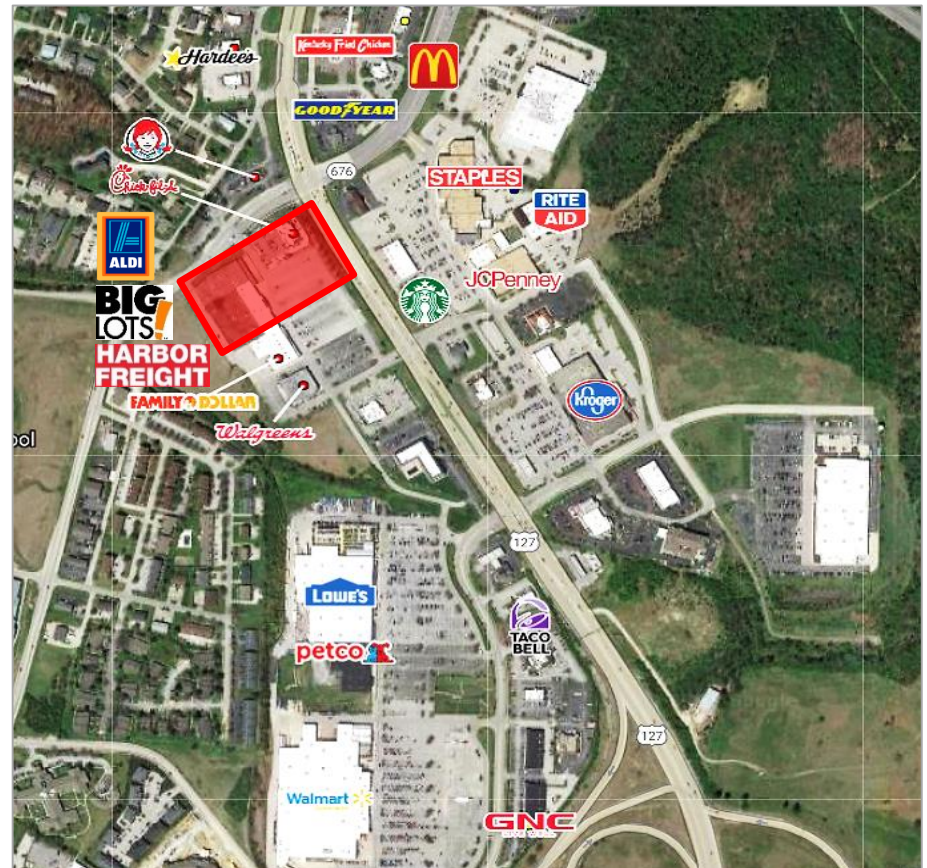
- Legacy shopping center located on main retail corridor across from Central Michigan University's campus
- Former Kmart ABR: \$175K gross
- Lease expired on August 31st, 2018
- **Redevelopment commenced in Q3 2018**; executed new 15-year net lease with Hobby Lobby



As of December 31, 2018.

Frankfort, Kentucky

- Legacy shopping center located in Frankfort's dominant retail trade area
- Former Kmart ABR: \$165K net
- Lease expired on September 31st, 2018
- **Redevelopment commenced in Q4 2018**; executed new leases with ALDI, Big Lots & Harbor Freight Tools



Development and PCS Projects

16 projects completed or under construction totaling \$74.4 million

Under Construction



Hobby Lobby
Mt. Pleasant, MI



Mister Car Wash (2)
Orlando, FL & Tavares, FL



Sunbelt Rentals (3)
KY & OH (2)



Gerber Collision
Round Lake, IL



Capital Plaza (ALDI, Big Lots, Harbor Freight Tools)
Frankfort, KY

Recently Completed



Art Van Furniture
Canton, MI



Burlington Coat Factory
Nampa, ID



Camping World
Grand Rapids, MI



ALDI
Chickasha, OK

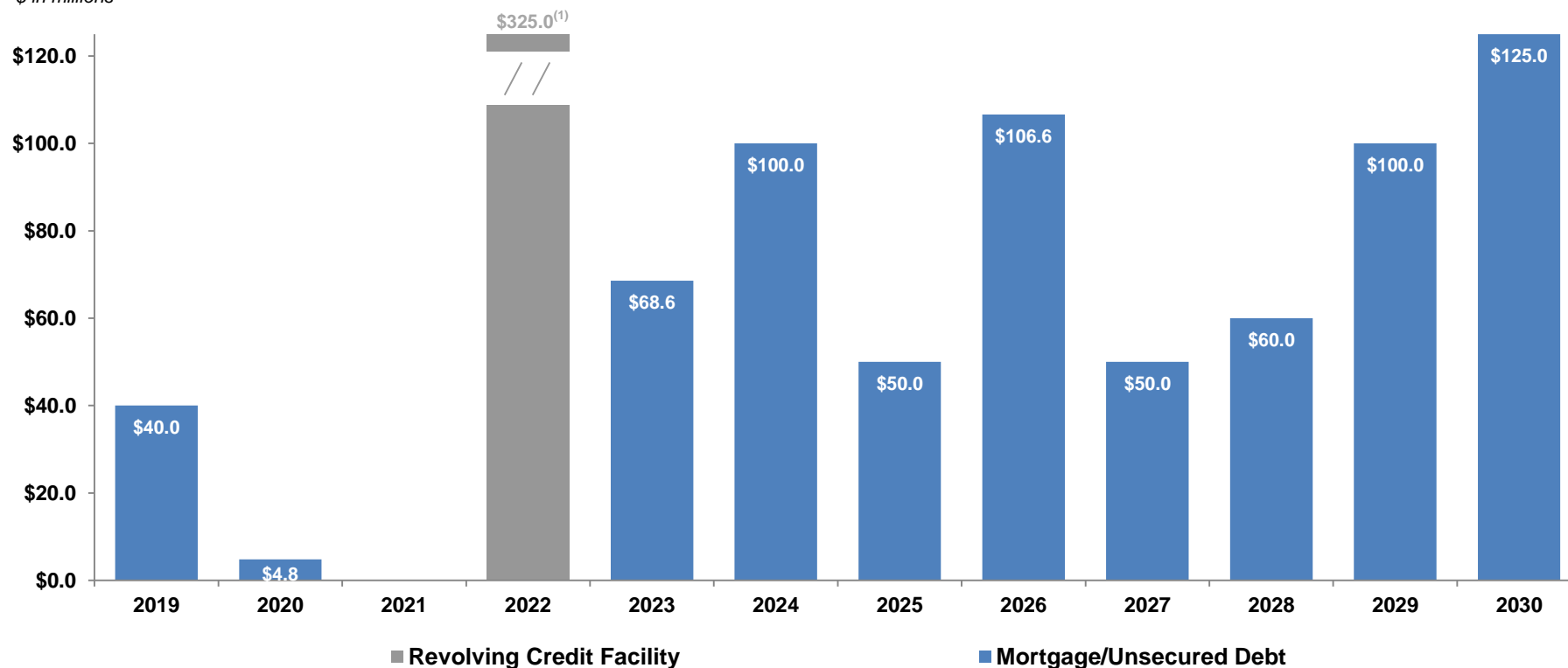
Financial Overview



Capital Structure, Credit Metrics

Debt Maturities

\$ in millions



Capitalization Statistics

Equity Market Capitalization	\$2.5B ⁽²⁾
Enterprise Value	\$3.2B ⁽²⁾
Total Debt to Enterprise Value	25%

Credit Metrics

Fixed Charge Coverage Ratio	4.0x
Net Debt / Recurring EBITDA	4.7x
Moody's Credit Rating	Baa2

As of December 31, 2018.

(1) Reflects the total commitments under the Company's \$325 million Revolving Credit Facility; assuming two 6-month extension options are exercised.

(2) As of February 25, 2019.

Investment Summary Highlights

- **Investment grade credit rating**
- **Highest-quality retail real estate**
- **Most secure cash flows**
- **Strongest balance sheet**
- **Proven track record of execution**
- **Consistent dividend growth**
- **Robust growth trajectory**



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