

AGREE REALTY CORP
Form 10-Q
May 03, 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 March 31, 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

(Address of Principal Executive Offices)

Edgar Filing: AGREE REALTY CORP - Form 10-Q

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 <input type="checkbox"/>	Accelerated Filer <input checked="" type="checkbox"/>	Non-accelerated Filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
(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 April 29, 2013, the Registrant had 13,241,844 shares of common stock, \$0.0001 par value, outstanding.

AGREE REALTY CORPORATION

Index to Form 10-Q

	Page	
PART I	Financial Information	
Item 1:	Interim Consolidated Financial Statements	
	Consolidated Balance Sheets as of March 31, 2013 (Unaudited) and December 31, 2012	1-2
	Consolidated Statements of Income (Unaudited) for the three months ended March 31, 2013 and 2012	3
	Consolidated Statement of Stockholders' Equity (Unaudited) for the three months ended March 31, 2013	4
	Consolidated Statements of Cash Flows (Unaudited) for the three months ended March 31, 2013 and 2012	5
	Notes to Consolidated Financial Statements (Unaudited)	6-12
Item 2:	Management's Discussion and Analysis of Financial Condition and Results of Operations	13-19
Item 3:	Quantitative and Qualitative Disclosures About Market Risk	19
Item 4:	Controls and Procedures	20
PART II		
Item 1:	Legal Proceedings	21
Item 1A:	Risk Factors	21
Item 2:	Unregistered Sales of Equity Securities and Use of Proceeds	21
Item 3:	Defaults Upon Senior Securities	21
Item 4:	Mine Safety Disclosures	21
Item 5:	Other Information	21
Item 6:	Exhibits	21-22
SIGNATURES		23

AGREE REALTY CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Real Estate Investments		
Land	\$ 135,504,709	\$ 134,740,784
Buildings	252,164,842	240,204,708
Less accumulated depreciation	(60,101,756)	(58,508,881)
	327,567,795	316,436,611
Property under development	21,183,557	18,980,779
Property held for sale	-	4,537,752
Net Real Estate Investments	348,751,352	339,955,142
Cash and Cash Equivalents	1,199,030	1,270,027
Accounts Receivable - Tenants , net of allowance of \$35,000 for possible losses at March 31, 2013 and December 31, 2012	1,718,266	2,160,055
Unamortized Deferred Expenses		
Financing costs, net of accumulated amortization of \$6,451,619 and \$6,273,113 at March 31, 2013 and December 31, 2012, respectively	2,713,119	2,864,314
Leasing costs, net of accumulated amortization of \$1,339,715 and \$1,312,085 at March 31, 2013 and December 31, 2012, respectively	660,198	687,828
Lease intangibles, net of accumulated amortization of \$1,909,384 and \$1,594,815 at March 31, 2013 and December 31, 2012, respectively	23,174,203	21,342,122
Other Assets	1,991,462	1,813,344
Total Assets	\$ 380,207,630	\$ 370,092,832

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION**CONSOLIDATED BALANCE SHEETS**

	March 31, 2013 (Unaudited)	December 31, 2012
LIABILITIES		
Mortgages Payable	\$ 116,526,115	\$ 117,376,142
Note Payable	9,000,000	43,530,005
Dividends and Distributions Payable	5,570,743	4,710,446
Deferred Revenue	1,814,938	1,930,783
Accrued Interest Payable	436,717	335,416
Accounts Payable and Accrued Expense		
Capital expenditures	85,874	122,080
Operating	1,601,842	2,015,367
Interest Rate Swap	1,087,329	1,337,998
Deferred Income Taxes	705,000	705,000
Tenant Deposits	61,961	64,461
Total Liabilities	136,890,519	172,127,698
STOCKHOLDERS' EQUITY		
Common stock, \$.0001 par value, 15,850,000 shares authorized, 13,241,844 and 11,436,044 shares issued and outstanding, respectively	1,324	1,144
Excess stock, \$.0001 par value, 4,000,000 shares authorized, 0 shares issued and outstanding	-	-
Series A junior participating preferred stock, \$.0001 par value, 150,000 shares authorized, 0 shares issued and outstanding	-	-
Additional paid-in-capital	263,049,468	217,768,918
Deficit	(21,344,886)	(21,166,509)
Accumulated other comprehensive income (loss)	(1,050,166)	(1,294,267)
Total Stockholders' Equity - Agree Realty Corporation	240,655,740	195,309,286
Non-controlling interest	2,661,371	2,655,848
Total Stockholders' Equity	\$243,317,111	\$ 197,965,134

Total Liabilities and Stockholders' Equity	\$380,207,630	\$370,092,832
--	---------------	---------------

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION**CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	Three Months Ended	
	March 31, 2013	March 31, 2012
Revenues		
Minimum rents	\$9,635,863	\$ 7,817,059
Percentage rents	20,061	15,107
Operating cost reimbursement	591,773	536,763
Other income	-	17,227
Total Revenues	10,247,697	8,386,156
Operating Expenses		
Real estate taxes	466,510	476,075
Property operating expenses	357,391	334,801
Land lease payments	106,975	181,075
General and administrative	1,486,367	1,407,595
Depreciation and amortization	1,951,364	1,475,848
Total Operating Expenses	4,368,607	3,875,394
Income from Operations	5,879,090	4,510,762
Other Income (Expense)		
Interest expense, net	(1,440,193)	(1,136,046)
Income From Continuing Operations	4,438,897	3,374,716
Discontinued Operations		
Gain on sale of assets from discontinued operations	946,347	908,160
Income from discontinued operations	7,014	458,959
Net Income	5,392,258	4,741,835
Less Net Income Attributable to Non-Controlling Interest	141,479	145,556
Net Income Attributable to Agree Realty Corporation	\$5,250,779	\$ 4,596,279
Basic Earnings (Loss) Per Share		
Continuing operations	\$0.35	\$ 0.31
Discontinued operations	0.07	0.12

Edgar Filing: AGREE REALTY CORP - Form 10-Q

	\$0.42	\$ 0.43
Diluted Earnings (Loss) Per Share		
Continuing operations	\$0.34	\$ 0.31
Discontinued operations	0.07	0.12
	\$0.41	\$ 0.43
Other Comprehensive Income		
Net income	\$5,392,258	\$ 4,741,835
Other Comprehensive Income (Loss)	250,669	52,791
Total Comprehensive Income	5,642,927	4,794,626
Comprehensive Income Attributable to Non-Controlling Interest	(148,047)	(147,177)
Comprehensive Income Attributable to Agree Realty Corporation	\$5,494,880	\$ 4,647,449
Weighted Average Number of Common Shares Outstanding - Basic	12,641,730	10,722,457
Weighted Average Number of Common Shares Outstanding - Dilutive	12,693,361	10,754,822

See accompanying notes to consolidated financial statements.

AGREE REALTY CORPORATION

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock		Additional Paid-In Capital	Non-Controlling Interest	Deficit	Accumulated Other Comprehensive Income (Loss)
	Shares	Amount				
Balance, December 31, 2012	11,436,044	\$ 1,144	\$ 217,768,918	\$ 2,655,848	\$(21,166,509)	\$(1,294,267)
Issuance of common stock, net of issuance costs	1,725,000	172	44,810,440	-	-	-
Issuance of restricted stock under the Equity Incentive Plan	82,050	8	-	-	-	-
Forfeiture of restricted stock	(1,250)	-	-	-	-	-
Vesting of restricted stock	-	-	470,110	-	-	-
Dividends and distributions declared for the period January 1, 2013 to March 31, 2013	-	-	-	(142,524)	(5,429,156)	-
Other comprehensive income - change in fair value of interest rate swap	-	-	-	6,568	-	244,101
Net income for the period January 1, 2013 to March 31, 2013	-	-	-	141,479	5,250,779	-