

Agree Realty Announces 2023 Investment Activity & Provides Capital Markets Update

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Fourth Quarter Capital Markets Activity Further Fortifies Balance Sheet

ROYAL OAK, Mich., Jan. 3, 2024 /PRNewswire/ -- Agree Realty Corporation (NYSE: ADC) (the "Company") today announced a summary of its investment activity in 2023 and provided an update on its portfolio as well as its fourth quarter capital markets activity.

2023 Investment Activity

Total real estate investment activity for 2023, inclusive of acquisition, development, and Developer Funding Platform ("DFP") projects completed or currently under construction, amounted to a total of \$1.34 billion. The 319 properties are net leased to industry-leading tenants, span 27 retail sectors and are located in 41 states across the country.

During the twelve months ended December 31, 2023, the Company acquired 282 retail net lease properties for total acquisition volume of approximately \$1.19 billion. The acquisitions were completed at a weighted-average capitalization rate of 6.9% and had a weighted-average remaining lease term of 11.3 years. Approximately 73.7% of the annualized base rents acquired during the year were derived from investment grade retail tenants.

Approximately 8.9% of annualized base rents acquired during the year were derived from ground leased assets.

Acquisition volume for the fourth quarter totaled \$187.2 million at a weighted-average capitalization rate of 7.2%, which is 80 basis points higher than the fourth quarter of 2022. The acquisitions had a weighted-average remaining lease term of 10.1 years, and approximately 70.5% of annualized base rents were generated from investment grade retail tenants. Approximately 14.8% of annualized base rents acquired derived from ground leased assets.

As of December 31, 2023, the Company's portfolio generated approximately 69.1% of annualized base rents from investment grade retail tenants. Properties ground leased to tenants increased to approximately \$65.2 million of annualized base rents and represented approximately 11.7% of total annualized base rents.

CEO Comments

"I am once again very pleased with our performance throughout the past twelve months. The pre-equitization of our balance sheet in 2022 and the execution of the only 5.5-year term loan in the REIT space this past year enabled us to invest capital at superior risk-adjusted returns despite a turbulent rate environment. We maintained our discipline, refused to go up the risk curve and positioned our Company for continued earnings growth in 2024," said Joey Agree, President and Chief Executive Officer. "During the fourth quarter, we raised forward equity to further bolster our fortress balance sheet. We will remain disciplined capital allocators as the interest rate and cap rate environments hopefully stabilize."

Capital Markets Update

During the fourth quarter of 2023, the Company entered into forward sale agreements in connection with its at-the-market equity ("ATM") program to sell an aggregate of 3,833,871 shares of common stock for anticipated net proceeds of approximately \$235.6 million.

As of December 31, 2023, the Company had total liquidity of over \$1.0 billion, which includes \$773.0 million of availability under its revolving credit facility, \$235.6 million of outstanding forward equity, and cash on hand.

The following table presents the Company's outstanding forward equity offerings as of December 31, 2023:

| Forward Equity Offerings | Shares Sold | Shares Settled | Shares Remaining | Net Proceeds Received | Anticipated Net Proceeds Remaining |
|--------------------------------|-------------|----------------|------------------|-----------------------|------------------------------------|
| Q4 2023 ATM Forward Offerings | 3,833,871 | - | 3,833,871 | - | \$235,618,977 |
| Total Forward Equity Offerings | 3,833,871 | - | 3,833,871 | - | \$235,618,977 |

About Agree Realty Corporation

Agree Realty Corporation is a publicly traded real estate investment trust that is **RETHINKING RETAIL** through the acquisition and development of properties net leased to industry-leading, omni-channel retail tenants. As of December 31, 2023, the Company owned and operated a portfolio of 2,135 properties, located in 49 states and containing approximately 44.2 million square feet of gross leasable area. The Company's common stock is listed on the New York Stock Exchange under the symbol "ADC". For additional information on the Company and **RETHINKING RETAIL**, please visit www.agreerealty.com.

Forward-Looking Statements

This press release contains forward-looking statements, including statements about projected financial and operating results, within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and includes this statement for purposes of complying with these safe harbor provisions. 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," "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 or other forward-looking information. Although these forward-looking statements are based on good faith beliefs, reasonable assumptions and the Company's best judgment reflecting current information, you should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond the Company's control and which could materially affect the Company's results of operations, financial condition, cash flows, performance or future achievements or events. Currently, some of the most significant factors, include the potential adverse effect of ongoing worldwide economic uncertainties and increased inflation and interest rates on the financial condition, results of operations, cash flows and performance of the Company and its tenants, the real estate market and the global economy and financial markets. The extent to which these conditions will impact the Company and its tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Moreover, investors are cautioned to interpret many of the risks identified in the risk factors discussed in the Company's Annual Report on Form 10-K and subsequent quarterly reports filed with the Securities and Exchange Commission (the "SEC"), as well as the risks set forth below,

as being heightened as a result of the ongoing and numerous adverse impacts of the macroeconomic environment. Additional important factors, among others, that may cause the Company's actual results to vary include the general deterioration in national economic conditions, weakening of real estate markets, decreases in the availability of credit, increases in interest rates, adverse changes in the retail industry, the Company's continuing ability to qualify as a REIT and other factors discussed in the Company's reports filed with the SEC. The forward-looking statements included in this press release are made as of the date hereof. Unless legally required, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events, changes in the Company's expectations or assumptions 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 Investor Relations section of the Company's website at www.agreerealty.com.

The Company defines the "weighted-average capitalization rate" for acquisitions and dispositions as the sum of contractual fixed annual rents computed on a straight-line basis over the primary lease terms and anticipated annual net tenant recoveries, divided by the purchase and sale prices for occupied properties.

The Company defines "annualized base rent" as the annualized amount of contractual minimum rent required by tenant lease agreements as of December 31, 2023, computed on a straight-line basis. Annualized base rent is not, and is not intended to be, a presentation in accordance with generally accepted accounting principles ("GAAP"). The Company believes annualized contractual minimum rent is useful to management, investors, and other interested parties in analyzing concentrations and leasing activity.

SOURCE Agree Realty Corporation