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 September 30, 2023, or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to
Commission File Number 001-12928
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.)
32301 Woodward Avenue, Royal Oak, Michigan	**48073**
(Address of principal executive offices)	(Zip Code)

(248) 737-4190
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, $0.0001 par value	ADC	New York Stock Exchange
Depositary Shares, each representing one-thousandth of a share of 4.25% Series A Cumulative Redeemable Preferred Stock, $0.0001 par value	ADCPrA	New York Stock Exchange

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 ☒ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate 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 October 23, 2023, the Registrant had 100,519,717 shares of common stock issued and outstanding.

AGREE REALTY CORPORATION
Index to Form 10-Q

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AGREE REALTY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)
(Unaudited)

	September 30, 2023	December 31, 2022
ASSETS		
Real Estate Investments		
Land	$ 2,231,535	$ 1,941,599
Buildings	4,750,160	4,054,679
Less accumulated depreciation	(403,501)	(321,142)
	6,578,194	5,675,136
Property under development	36,114	65,932
Net Real Estate Investments	6,614,308	5,741,068
Real Estate Held for Sale, net	3,202	—
Cash and Cash Equivalents	6,384	27,763
Cash Held in Escrows	3	1,146
Accounts Receivable - Tenants, net	77,749	65,841
Lease Intangibles, net of accumulated amortization of $335,073 and $263,011 at September 30, 2023 and December 31, 2022, respectively	849,191	799,448
Other Assets, net	96,269	77,923
Total Assets	$ 7,647,106	$ 6,713,189

See accompanying notes to Condensed Consolidated Financial Statements.

AGREE REALTY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per-share data)
(Unaudited)

	September 30, 2023	December 31, 2022
LIABILITIES		
Mortgage Notes Payable, net	$ 42,952	$ 47,971
Unsecured Term Loan, net	346,639	—
Senior Unsecured Notes, net	1,793,777	1,792,047
Unsecured Revolving Credit Facility	49,000	100,000
Dividends and Distributions Payable	25,131	22,345
Accounts Payable, Accrued Expenses, and Other Liabilities	106,755	83,722
Lease Intangibles, net of accumulated amortization of $40,667 and $35,992 at September 30, 2023 and December 31, 2022, respectively	37,458	36,714
Total Liabilities	2,401,712	2,082,799
EQUITY		
Preferred stock, $.0001 par value per share, 4,000,000 shares authorized, 7,000 shares Series A outstanding, at stated liquidation value of $ 25,000 per share, at September 30, 2023 and December 31, 2022	175,000	175,000
Common stock, $.0001 par value, 180,000,000 shares authorized, 100,519,717 and 90,173,424 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	10	9
Additional paid-in-capital	5,352,063	4,658,570
Dividends in excess of net income	(316,083)	(228,132)
Accumulated other comprehensive income (loss)	33,291	23,551
Total Equity - Agree Realty Corporation	5,244,281	4,628,998
Non-controlling interest	1,113	1,392
Total Equity	5,245,394	4,630,390
Total Liabilities and Equity	$ 7,647,106	$ 6,713,189

See accompanying notes to Condensed Consolidated Financial Statements.

AGREE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(In thousands, except share and per-share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues				
Rental income	$ 136,774	$ 110,031	$ 393,259	$ 313,136
Other	38	34	71	147
Total Revenues	136,812	110,065	393,330	313,283
Operating Expenses				
Real estate taxes	10,124	8,526	29,429	24,117
Property operating expenses	5,518	4,557	18,120	13,575
Land lease expense	411	404	1,252	1,213
General and administrative	8,844	6,992	26,087	22,265
Depreciation and amortization	45,625	35,157	129,020	95,666
Provision for impairment	3,195	—	4,510	1,015
Total Operating Expenses	73,717	55,636	208,418	157,851
Gain (loss) on sale of assets, net	(20)	3,000	299	5,326
Gain (loss) on involuntary conversion, net	—	(115)	—	(165)
Income from Operations	63,075	57,314	185,211	160,593
Other (Expense) Income				
Interest expense, net	(20,803)	(17,149)	(58,748)	(46,592)
Income tax (expense) benefit	(709)	(720)	(2,201)	(2,137)
Other (expense) income	94	132	184	132
Net Income	41,657	39,577	124,446	111,996
Less net income attributable to non-controlling interest	135	152	442	485
Net income attributable to Agree Realty Corporation	41,522	39,425	124,004	111,511
Less Series A preferred stock dividends	1,859	1,859	5,578	5,578
Net Income Attributable to Common Stockholders	$ 39,663	$ 37,566	$ 118,426	$ 105,933
Net Income Per Share Attributable to Common Stockholders				
Basic	$ 0.41	$ 0.47	$ 1.26	$ 1.40
Diluted	$ 0.41	$ 0.46	$ 1.26	$ 1.39
Other Comprehensive Income				
Net income	$ 41,657	$ 39,577	$ 124,446	$ 111,996
Amortization of interest rate swaps	(631)	(273)	(1,889)	(109)
Change in fair value and settlement of interest rate swaps	8,324	(7,181)	11,664	29,881
Total comprehensive income (loss)	49,350	32,123	134,221	141,768
Less comprehensive income (loss) attributable to non-controlling interest	162	121	477	630
Comprehensive Income (Loss) Attributable to Agree Realty Corporation	$ 49,188	$ 32,002	$ 133,744	$ 141,138
Weighted Average Number of Common Shares Outstanding - Basic	97,255,143	79,701,136	93,474,182	75,361,583
Weighted Average Number of Common Shares Outstanding - Diluted	97,349,473	80,589,446	93,732,359	75,890,692

See accompanying notes to Condensed Consolidated Financial Statements.

AGREE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(In thousands, except share and per-share data)
(Unaudited)

	Preferred Stock		Common Stock				Accumulated		
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Dividends in excess of net income	Other Comprehensive Income (Loss)	Non-Controlling Interest	Total Equity
Balance, December 31, 2022	7,000	$175,000	90,173,424	$ 9	$ 4,658,570	$ (228,132)	$ 23,551	$ 1,392	$4,630,390
Issuance of common stock, net of issuance costs	—	—	2,945,000	—	195,133	—	—	—	195,133
Repurchase of common shares	—	—	(35,578)	—	(2,607)	—	—	—	(2,607)
Issuance of stock under the 2020 Omnibus Incentive Plan	—	—	128,993	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	(13,760)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,831	—	—	—	1,831
Series A preferred dividends declared for the period	—	(1,859)	—	—	—	—	—	—	(1,859)
Dividends and distributions declared for the period	—	—	—	—	—	(65,939)	—	(250)	(66,189)
Amortization, changes in fair value, and settlement of interest rate swaps	—	—	—	—	—	—	(627)	(2)	(629)
Net income	—	1,859	—	—	—	39,755	—	160	41,774
Balance, March 31, 2023	7,000	$175,000	93,198,079	$ 9	$ 4,852,927	$ (254,316)	$ 22,924	$ 1,300	$4,797,844
Issuance of common stock, net of issuance costs	—	—	3,070,997	1	205,104	—	—	—	205,105
Repurchase of common shares	—	—	(101)	—	(8)	—	—	—	(8)
Issuance of stock under the 2020 Omnibus Incentive Plan	—	—	373	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	(12)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	2,177	—	—	—	2,177
Series A preferred dividends declared for the period	—	(1,859)	—	—	—	—	—	—	(1,859)
Dividends and distributions declared for the period	—	—	—	—	—	(68,688)	—	(252)	(68,940)
Amortization, changes in fair value, and settlement of interest rate swaps	—	—	—	—	—	—	2,701	10	2,711
Net income	—	1,859	—	—	—	39,009	—	147	41,015
Balance, June 30, 2023	7,000	$175,000	96,269,336	$ 10	$ 5,060,200	$ (283,995)	$ 25,625	$ 1,205	$4,978,045
Issuance of common stock, net of issuance costs	—	—	4,251,771	—	289,748	—	—	—	289,748
Repurchase of common shares	—	—	(990)	—	(57)	—	—	—	(57)
Forfeiture of restricted stock	—	—	(400)	—	(3)	—	—	—	(3)
Stock-based compensation	—	—	—	—	2,175	—	—	—	2,175
Series A preferred dividends declared for the period	—	(1,859)	—	—	—	—	—	—	(1,859)
Dividends and distributions declared for the period	—	—	—	—	—	(71,751)	—	(254)	(72,005)
Amortization, changes in fair value, and settlement of interest rate swaps	—	—	—	—	—	—	7,666	27	7,693
Net income	—	1,859	—	—	—	39,663	—	135	41,657
Balance, September 30, 2023	7,000	$175,000	100,519,717	$ 10	$ 5,352,063	$ (316,083)	$ 33,291	$ 1,113	$5,245,394

Cash dividends declared per depositary share of Series A preferred stock:	
For the three months ended March 31, 2023	$ 0.266
For the three months ended June 30, 2023	$ 0.266
For the three months ended September 30, 2023	$ 0.266
Cash dividends declared per common share:	
For the three months ended March 31, 2023	$ 0.720
For the three months ended June 30, 2023	$ 0.729
For the three months ended September 30, 2023	$ 0.729

See accompanying notes to Condensed Consolidated Financial Statements.

AGREE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(In thousands, except share and per-share data)
(Unaudited)

	Preferred Stock		Common Stock		Additional	Dividends in excess of net	Accumulated Other Comprehensive	Non-Controlling	Total
	Shares	Amount	Shares	Amount	Paid-In Capital	income	Income (Loss)	Interest	Equity
Balance, December 31, 2021	7,000	$175,000	71,285,311	$ 7	$ 3,395,549	$ (147,366)	$ (5,503)	$ 1,629	$3,419,316
Issuance of common stock, net of issuance costs	—	—	3,791,964	1	250,683	—	—	—	250,684
Repurchase of common shares	—	—	(28,117)	—	(1,745)	—	—	—	(1,745)
Issuance of restricted stock under the 2020 Omnibus Incentive Plan	—	—	125,422	—	648	—	—	—	648
Stock-based compensation	—	—	—	—	1,635	—	—	—	1,635
Series A preferred dividends declared for the period	—	(1,859)	—	—	—	—	—	—	(1,859)
Dividends and distributions declared for the period	—	—	—	—	—	(49,653)	—	(237)	(49,890)
Amortization, changes in fair value, and settlement of interest rate swaps	—	—	—	—	—	—	20,563	100	20,663
Net income	—	1,859	—	—	—	34,254	—	176	36,289
Balance, March 31, 2022	7,000	$175,000	75,174,580	$ 8	$ 3,646,770	$ (162,765)	$ 15,060	$ 1,668	$3,675,741
Issuance of common stock, net of issuance costs	—	—	4,667,850	—	300,110	—	—	—	300,110
Repurchase of common shares	—	—	(1,052)	—	(76)	—	—	—	(76)
Issuance of stock under the 2020 Omnibus Incentive Plan	—	—	1,493	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	(128)	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,743	—	—	—	1,743
Series A preferred dividends declared for the period	—	(1,859)	—	—	—	—	—	—	(1,859)
Dividends and distributions declared for the period	—	—	—	—	—	(53,867)	—	(245)	(54,112)
Amortization, changes in fair value, and settlement of interest rate swaps	—	—	—	—	—	—	16,487	76	16,563
Net income	—	1,859	—	—	—	34,114	—	157	36,130
Balance, June 30, 2022	7,000	$175,000	79,842,743	$ 8	$ 3,948,547	$ (182,518)	$ 31,547	$ 1,656	$3,974,240
Issuance of common stock, net of issuance costs	—	—	8,739,752	1	601,086	—	—	—	601,087
Repurchase of common shares	—	—	(943)	—	(66)	—	—	—	(66)
Issuance of stock under the 2020 Omnibus Incentive Plan	—	—	1,754	—	—	—	—	—	—
Forfeiture of restricted stock	—	—	(10,058)	—	(61)	—	—	—	(61)
Stock-based compensation	—	—	—	—	1,575	—	—	—	1,575
Series A preferred dividends declared for the period	—	(1,859)	—	—	—	—	—	—	(1,859)
Dividends and distributions declared for the period	—	—	—	—	—	(58,088)	—	(244)	(58,332)
Amortization, changes in fair value, and settlement of interest rate swaps	—	—	—	—	—	—	(7,423)	(31)	(7,454)
Net income	—	1,859	—	—	—	37,566	—	152	39,577
Balance, September 30, 2022	7,000	$175,000	88,573,248	$ 9	$ 4,551,081	$ (203,040)	$ 24,124	$ 1,533	$4,548,707
Cash dividends declared per depositary share of Series A preferred stock:									
For the three months ended March 31, 2022		$ 0.266							
For the three months ended June 30, 2022		$ 0.266							
For the three months ended September 30, 2022		$ 0.266							
Cash dividends declared per common share:									
For the three months ended March 31, 2022				$ 0.681					
For the three months ended June 30, 2022				$ 0.702					
For the three months ended September 30, 2021				$ 0.702					

See accompanying notes to Condensed Consolidated Financial Statements .

AGREE REALTY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	September 30, 2023	**September 30, 2022**
Cash Flows from Operating Activities		
Net income	$ 124,446	$ 111,996
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	129,020	95,666
Amortization from above (below) market lease intangibles, net	25,615	24,863
Amortization from financing costs, credit facility costs and debt discount	3,468	2,938
Stock-based compensation	6,180	4,892
Straight-line accrued rent	(8,942)	(9,419)
Provision for impairment	4,510	1,015
Gain (loss) on settlement of interest rate swaps	—	28,414
(Gain) loss on sale of assets	(299)	(5,326)
(Increase) decrease in accounts receivable	(3,080)	(15,233)
(Increase) decrease in other assets	(7,929)	11,317
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	20,599	17,822
Net Cash Provided by Operating Activities	293,588	268,945
Cash Flows from Investing Activities		
Acquisition of real estate investments and other assets	(1,010,182)	(1,166,124)
Development of real estate investments and other assets, net of reimbursements		
(including capitalized interest of $1,669 in 2023 and $816 in 2022)	(76,618)	(60,968)
Payment of leasing costs	(167)	(372)
Net proceeds from sale of assets	3,267	43,923
Net Cash Used in Investing Activities	(1,083,700)	(1,183,541)
Cash Flows from Financing Activities		
Proceeds from common stock offerings, net	689,986	1,151,881
Repurchase of common shares	(2,672)	(1,887)
Unsecured revolving credit facility borrowings	1,005,000	925,000
Unsecured revolving credit facility repayments	(1,056,000)	(1,085,000)
Payments of mortgage notes payable	(5,296)	(633)
Proceeds from unsecured term loan	350,000	—
Proceeds from senior unsecured notes	—	297,513
Payment of Series A preferred dividends	(5,578)	(5,578)
Payment of common stock dividends	(203,593)	(157,063)
Distributions to non-controlling interest	(756)	(722)
Payments for financing costs	(3,501)	(2,651)
Net Cash Provided by Financing Activities	767,590	1,120,860
Net Increase (Decrease) in Cash and Cash Equivalents and Cash Held in Escrow	(22,522)	206,264
Cash and cash equivalents and cash held in escrow, beginning of period	28,909	45,250
Cash and cash equivalents and cash held in escrow, end of period	$ 6,387	$ 251,514
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest (net of amounts capitalized)	$ 47,829	$ 45,703
Cash paid for income tax	$ 3,044	$ 2,379
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Lease right of use assets added under new ground leases	$ —	$ 1,816
Mortgage note payable assumed, net of $2,548 mortgage debt discount	$ —	$ 39,702
Series A preferred dividends declared and unpaid	$ 620	$ 620
Common stock dividends and limited partners' distributions declared and unpaid	$ 24,511	$ 20,807
Change in accrual of development, construction and other real estate investment costs	$ 2,435	$ 2,342

See accompanying notes to Condensed Consolidated Financial Statements.

AGREE REALTY CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023
(Unaudited)

Note 1 – Organization

Agree Realty Corporation (the "Company"), a Maryland corporation, is a fully integrated real estate investment trust ("REIT") primarily focused on the ownership, acquisition, development and management of retail properties net leased to industry leading tenants. The Company was founded in 1971 by its current Executive Chairman, Richard Agree, and its common stock was listed on the New York Stock Exchange in 1994.

The Company's assets are held by, and all of its operations are conducted through, directly or indirectly, Agree Limited Partnership (the "Operating Partnership"), of which Agree Realty Corporation is the sole general partner and in which it held a 99.7% and 99.6% common equity interest as of September 30, 2023 and December 31, 2022, respectively. There is a one-for-one relationship between the limited partnership interests in the Operating Partnership ("Operating Partnership Common Units") owned by the Company and shares of Company common stock outstanding. The Company also owns 100% of the Series A preferred equity interest in the Operating Partnership. This preferred equity interest corresponds on a one-for-one basis to the Company's Series A Preferred Stock (Refer to Note 6 – *Common and Preferred Stock*), providing income and distributions to the Company equal to the dividends payable on that stock.

At September 30, 2023 and December 31, 2022, respectively the non-controlling interest in the Operating Partnership consisted of a 0.3% and 0.4% common ownership interest in the Operating Partnership held by the Company's founder and Executive Chairman. The Operating Partnership Common Units may, under certain circumstances, be exchanged for shares of common stock on a one-for-one basis. The Company, as sole general partner of the Operating Partnership, has the option to settle exchanged Operating Partnership Common Units held by others for cash based on the current trading price of its shares. Assuming the exchange of all non-controlling Operating Partnership Common Units, there would have been 100,867,336 shares of common stock outstanding at September 30, 2023.

As of September 30, 2023, the Company owned 2,084 properties, with a total gross leasable area ("GLA") of approximately 43.2 million square feet. As of September 30, 2023, the Company's portfolio was approximately 99.7% leased and had a weighted average remaining lease term (excluding extension options) of approximately 8.6 years. A significant majority of its properties are leased to national tenants and approximately 68.9% of its annualized base rent was 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.

The terms "Agree Realty," the "Company," "Management," "we," "our" or "us" refer to Agree Realty Corporation and all of its consolidated subsidiaries, including the Operating Partnership.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for audited financial statements. The unaudited Condensed Consolidated Financial Statements reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results for the interim period presented. Operating results for the three and nine months ended September 30, 2023 may not be indicative of the results that may be expected for the year ending December 31, 2023.

Amounts as of December 31, 2022 included in the Condensed Consolidated Financial Statements have been derived from the audited Consolidated Financial Statements as of that date. The unaudited Condensed Consolidated Financial

Statements, included herein, should be read in conjunction with the audited Consolidated Financial Statements and notes thereto, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Company's Form 10-K for the year ended December 31, 2022.

Consolidation

Under the agreement of limited partnership of the Operating Partnership, the Company, as the sole general partner, has exclusive responsibility and discretion in the management and control of the Operating Partnership. The Company consolidates the Operating Partnership under the guidance set forth in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, Consolidation, and as a result, the unaudited Condensed Consolidated Financial Statements include the accounts of the Company, the Operating Partnership and its wholly owned subsidiaries. All material intercompany accounts and transactions are eliminated, including the Company's Series A preferred equity interest in the Operating Partnership.

Real Estate Investments

The Company records the acquisition of real estate at cost, including acquisition and closing costs. For properties developed by the Company, all direct and indirect costs related to planning, development and construction, including interest, real estate taxes and other miscellaneous costs incurred during the construction period, are capitalized for financial reporting purposes and recorded as property under development until construction has been completed.

Assets Held for Sale

Assets are classified as real estate held for sale based on specific criteria as outlined in FASB ASC Topic 360, *Property, Plant & Equipment*. Properties classified as real estate held for sale are recorded at the lower of their carrying value or their fair value, less anticipated selling costs. Any properties classified as held for sale are not depreciated. Assets are generally classified as real estate held for sale once management has actively engaged in marketing the asset and has received a firm purchase commitment that is expected to close within one year.

Acquisitions of Real Estate

The acquisition of property for investment purposes is typically accounted for as an asset acquisition. The Company allocates the purchase price to land, building, assumed debt, if any, and identified intangible assets and liabilities, based in each case on their relative estimated fair values and without giving rise to goodwill. Intangible assets and liabilities represent the value of in-place leases and above- or below-market leases. In making estimates of fair values, the Company may use various sources, including data provided by independent third parties, as well as information obtained by the Company as a result of its due diligence, including expected future cash flows of the property and various characteristics of the markets where the property is located.

In allocating the fair value of the identified tangible and intangible assets and liabilities of an acquired property, land is valued based upon comparable market data or independent appraisals. Buildings are valued on an as-if vacant basis based on a cost approach utilizing estimates of cost and the economic age of the building or an income approach utilizing various market data. In-place lease intangibles are valued based on the Company's estimates of costs related to tenant acquisition and the carrying costs that would be incurred during the time it would take to locate a tenant if the property were vacant, considering current market conditions and costs to execute similar leases at the time of the acquisition. Above- and below-market lease intangibles are recorded based on the present value of the difference between the contractual amounts to be paid pursuant to the leases at the time of acquisition and the Company's estimate of current market lease rates for the property. In the case of sale-leaseback transactions, it is typically assumed that the lease is not in-place prior to the close of the transaction.

Depreciation and Amortization

Land, buildings and improvements are recorded and stated at cost. The Company's properties are depreciated using the straight-line method over the estimated remaining useful life of the assets, which are generally 40 years for buildings and

10 to 20 years for improvements. Properties classified as held for sale and properties under development or redevelopment are not depreciated. Major replacements and betterments, which improve or extend the life of the asset, are capitalized and depreciated over their estimated useful lives.

In-place lease intangible assets and the capitalized above- and below-market lease intangibles are amortized over the non-cancelable term of the lease as well as any option periods included in the estimated fair value. In-place lease intangible assets are amortized to amortization expense and above- and below-market lease intangibles are amortized as a net adjustment to rental income. In the event of early lease termination, the remaining net book value of any above- or below-market lease intangible is recognized as an adjustment to rental income.

The following schedule summarizes the Company's amortization of lease intangibles for the three and nine months ended September 30, 2023 and 2022 (*presented in thousands*):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Lease intangibles (in-place)	$ 15,117	$ 11,693	$ 42,924	$ 30,895
Lease intangibles (above-market)	10,015	10,010	30,290	29,493
Lease intangibles (below-market)	(1,722)	(1,636)	(4,675)	(4,630)
Total	**$ 23,410**	**$ 20,067**	**$ 68,539**	**$ 55,758**

The following schedule represents estimated future amortization of lease intangibles as of September 30, 2023 (*presented in thousands*):

Year Ending December 31,	2023 (remaining)	2024	2025	2026	2027	Thereafter	Total
Lease intangibles (in-place)	$ 15,338	$ 59,585	$ 56,542	$ 53,207	$ 47,630	$ 221,890	$ 454,192
Lease intangibles (above-market)	9,596	36,956	34,622	32,893	30,298	250,634	394,999
Lease intangibles (below-market)	(1,405)	(5,203)	(4,767)	(4,413)	(4,064)	(17,606)	(37,458)
Total	**$ 23,529**	**$ 91,338**	**$ 86,397**	**$ 81,687**	**$ 73,864**	**$ 454,918**	**$ 811,733**

Impairments

The Company reviews real estate investments and related lease intangibles for possible impairment when certain events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable through operations plus estimated disposition proceeds. Events or changes in circumstances that may occur include, but are not limited to, significant changes in real estate market conditions, estimated residual values, the Company's ability or expectation to re-lease properties that are vacant or become vacant or a change in the anticipated holding period for a property.

Management determines whether an impairment in value has occurred by comparing the estimated future cash flows (undiscounted and without interest charges), including the residual value of the real estate, to the carrying cost of the individual asset.

Impairments are measured to the extent the current book value exceeds the estimated fair value of the asset less disposition costs for any assets classified as held for sale.

The valuation of impaired assets is determined using valuation techniques including discounted cash flow analysis, analysis of recent comparable sales transactions and purchase offers received from third parties, which are Level 3 inputs. The Company may consider a single valuation technique or multiple valuation techniques, as appropriate, when estimating the fair value of its real estate. Estimating future cash flows is highly subjective and estimates can differ materially from actual results.

Cash and Cash Equivalents and Cash Held in Escrows

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of deposit, checking, and money market accounts. The account balances periodically exceed the Federal Deposit Insurance Corporation ("FDIC") insurance coverage, and as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. Cash held in escrows primarily relates to proposed like-kind exchange transactions pursued under Section 1031 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") and funds restricted through a mortgage agreement. The Company had $5.3 million and $27.1 million in cash and cash equivalents and cash held in escrow as of September 30, 2023 and December 31, 2022, respectively, in excess of the FDIC insured limit.

Per the requirements of Accounting Standards Update ("ASU") 2016-18 Topic 230, *Statement of Cash Flows*, the following table provides a reconciliation of cash and cash equivalents and cash held in escrow, both as reported within the Condensed Consolidated Balance Sheets, to the total of the cash and cash equivalents and cash held in escrow as reported within the Condensed Consolidated Statements of Cash Flows (*presented in thousands*):

	September 30, 2023	December 31, 2022
Cash and cash equivalents	$ 6,384	$ 27,763
Cash held in escrow	3	1,146
Total of cash and cash equivalents and cash held in escrow	$ 6,387	$ 28,909

Revenue Recognition and Accounts Receivable

The Company leases real estate to its tenants under long-term net leases which are accounted for as operating leases. Under this method, leases that have fixed and determinable rent increases are recognized on a straight-line basis over the lease term. Rental increases based upon changes in the consumer price indexes, or other variable factors, are recognized only after changes in such factors have occurred and are then applied according to the lease agreements. Certain leases also provide for additional rent based on tenants' sales volumes. These rents are recognized when determinable after the tenant exceeds a sales breakpoint.

Recognizing rent escalations on a straight-line method results in rental revenue in the early years of a lease being higher than actual cash received, creating a straight-line rent receivable asset which is included in the accounts receivable - tenants line item in the Condensed Consolidated Balance Sheets. The balance of straight-line rent receivables at September 30, 2023 and December 31, 2022 was $62.7 million and $53.9 million, respectively. To the extent any of the tenants under these leases become unable to pay their contractual cash rents, the Company may be required to write down the straight-line rent receivable from those tenants, which would reduce rental income.

The Company reviews the collectability of charges under its tenant operating leases on a regular basis, taking into consideration changes in factors such as the tenant's payment history, the financial condition of the tenant, business conditions in the industry in which the tenant operates and economic conditions in the area where the property is located. In the event that collectability with respect to any tenant changes, the Company recognizes an adjustment to rental revenue. The Company's review of collectability of charges under its operating leases also includes any accrued rental revenue related to the straight-line method of reporting rental revenue.

As of September 30, 2023, the Company has four leases across four tenants where collection is not considered probable. For these tenants, the Company is recording rental income on a cash basis and has written off any outstanding receivables, including straight-line rent receivables. Adjustments to rental revenue related to tenants accounted for on the cash basis resulted in an increase to rental income of $0.3 million and $0.2 million for the three and nine months ended September 30, 2023, respectively due to the receipt of amounts previously considered uncollectible.

In addition to the tenant-specific collectability assessment performed, the Company may also recognize a general allowance, as a reduction to rental revenue, for its operating lease receivables which are not expected to be fully collectible based on the potential for settlement of arrears. The Company had no general allowance at September 30, 2023 and December 31, 2022.

The Company's leases provide for reimbursement from tenants for common area maintenance, insurance, real estate taxes and other operating expenses. A portion of the Company's operating cost reimbursement revenue is estimated each period and is recognized as rental revenue in the period the recoverable costs are incurred and accrued, and the related revenue is earned. The balance of unbilled operating cost reimbursement receivable at September 30, 2023 and December 31, 2022 was $14.7 million and $11.1 million, respectively. Unbilled operating cost reimbursement receivable is reflected in accounts receivable – tenants, net in the Condensed Consolidated Balance Sheets.

The Company has adopted the practical expedient in FASB ASC Topic 842, *Leases* (*"ASC 842")* that allows lessors to combine non-lease components with the lease components when the timing and patterns of transfer for the lease and non-lease components are the same and the lease is classified as an operating lease. As a result, all rentals and reimbursements pursuant to tenant leases are reflected as one-line, rental income, in the Condensed Consolidated Statement of Operations and Comprehensive Income.

Earnings per Share

Earnings per share of common stock has been computed pursuant to the guidance in the FASB ASC Topic 260, *Earnings Per Share*. The guidance requires the classification of the Company's unvested restricted common shares ("restricted shares"), which contain rights to receive non-forfeitable dividends, as participating securities requiring the two-class method of computing net income per share of common stock. In accordance with the two-class method, earnings per share has been computed by dividing net income less net income attributable to unvested restricted shares by the weighted average number of shares of common stock outstanding less unvested restricted shares. Diluted earnings per share is computed by dividing net income less net income attributable to unvested restricted shares by the weighted average shares of common shares and potentially dilutive securities in accordance with the treasury stock method.

The following is a reconciliation of the numerator and denominator used in the computation of basic and diluted net earnings per share of common stock for each of the periods presented (*presented in thousands, except for share data*):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Net income attributable to Agree Realty Corporation	$ 41,522	$ 39,425	$ 124,004	$ 111,511
Less: Series A preferred stock dividends	(1,859)	(1,859)	(5,578)	(5,578)
Net income attributable to common stockholders	39,663	37,566	118,426	105,933
Less: Income attributable to unvested restricted shares	(96)	(97)	(300)	(283)
Net income used in basic and diluted earnings per share	$ 39,567	$ 37,469	$ 118,126	$ 105,650
Weighted average number of common shares outstanding	97,497,836	79,930,394	93,716,875	75,590,841
Less: Unvested restricted shares	(242,693)	(229,258)	(242,693)	(229,258)
Weighted average number of common shares outstanding used in basic earnings per share	97,255,143	79,701,136	93,474,182	75,361,583
Weighted average number of common shares outstanding used in basic earnings per share	97,255,143	79,701,136	93,474,182	75,361,583
Effect of dilutive securities:				
Share-based compensation	94,330	125,925	108,646	111,989
ATM Forward Equity Offerings	—	156,062	49,235	65,932
December 2021 Forward Equity Offering	—	—	—	119,950
May 2022 Forward Equity Offering	—	606,323	—	231,238
September 2022 Forward Equity Offering	—	—	100,296	—
Weighted average number of common shares outstanding used in diluted earnings per share	97,349,473	80,589,446	93,732,359	75,890,692
Operating Partnership Units ("OP Units")	347,619	347,619	347,619	347,619
Weighted average number of common shares and OP Units outstanding used in diluted earnings per share	97,697,092	80,937,065	94,079,978	76,238,311

For the three months ended September 30, 2023, 732 restricted shares granted in 2020, 2021 and 2022, and 1,660 performance units granted in 2023 were anti-dilutive and were not included in the computation of diluted earnings per share.

For the nine months ended September 30, 2023, 356 performance units granted in 2021 and 2022 were anti-dilutive and were not included in the computation of diluted earnings per share.

For the three months ended September 30, 2022, 19,010 shares of common stock related to at-the-market (“ATM”) forward equity offerings and 19 shares of restricted common stock (“restricted shares”) granted in 2022 were anti-dilutive and were not included in the computation of diluted earnings per share.

For the nine months ended September 30, 2022, 31,879 shares of common stock related to ATM forward equity offerings and 271 shares of restricted shares granted in 2022 were anti-dilutive and were not included in the computation of diluted earnings per share.

Forward Equity Sales

The Company occasionally sells shares of common stock through forward sale agreements to enable the Company to set the price of such shares upon pricing the offering (subject to certain adjustments) while delaying the issuance of such shares and the receipt of the net proceeds by the Company.

To account for the forward sale agreements, the Company considers the accounting guidance governing financial instruments and derivatives. To date, the Company has concluded that its forward sale agreements are not liabilities as they do not embody obligations to repurchase its shares nor do they embody obligations to issue a variable number of shares for which the monetary value are predominantly fixed, varying with something other than the fair value of the shares, or varying inversely in relation to its shares. The Company then evaluates whether the agreements meet the derivatives and hedging guidance scope exception to be accounted for as equity instruments. The Company has concluded that the agreements are classifiable as equity contracts based on the following assessments: (i) none of the agreements' exercise contingencies are based on observable markets or indices besides those related to the market for the Company's own stock price and operations; and (ii) none of the settlement provisions precluded the agreements from being indexed to its own stock.

The Company also considers the potential dilution resulting from the forward sale agreements on the earnings per share calculations. The Company uses the treasury stock method to determine the dilution resulting from forward sale agreements during the period of time prior to settlement.

Equity Offering Costs

Underwriting commissions and offering costs of equity offerings have been reflected as a reduction of additional paid-in-capital in the Company's Condensed Consolidated Balance Sheets.

Income Taxes

The Company has made an election to be taxed as a REIT under Sections 856 through 860 of the Internal Revenue Code and related regulations. The Company generally will not be subject to federal income taxes on amounts distributed to stockholders, providing it distributes 100% of its REIT taxable income and meets certain other requirements for qualifying as a REIT. For the periods covered in the Condensed Consolidated Financial Statements, the Company believes it has qualified as a REIT. Accordingly, no provision has been made for federal income taxes. Notwithstanding its qualification for taxation as a REIT, the Company is subject to certain state taxes on its income and real estate.

Earnings and profits that determine the taxability of distributions to stockholders differ from net income reported for financial reporting purposes due to differences in the estimated useful lives and methods used to compute depreciation and the carrying value (basis) of the investments in properties for tax purposes, among other things.

The Company and its taxable REIT subsidiaries ("TRS") have made a timely TRS election pursuant to the provisions of the REIT Modernization Act. A TRS is able to engage in activities resulting in income that previously would have been disqualified from being eligible REIT income under the federal income tax regulations. As a result, certain activities of the Company which occur within its TRS entities are subject to federal and state income taxes. All provisions for federal income taxes in the accompanying Condensed Consolidated Financial Statements are attributable to the Company's TRS.

The Company regularly analyzes its various federal and state filing positions and only recognizes the income tax effect in its financial statements when certain criteria regarding uncertain income tax positions have been met. The Company believes that its income tax positions would more likely than not be sustained upon examination by all relevant taxing authorities. Therefore, no provisions for uncertain income tax positions have been recorded in the Condensed Consolidated Financial Statements.

Management's Responsibility to Evaluate Its Ability to Continue as a Going Concern

When preparing financial statements for each annual and interim reporting period, management has the responsibility to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued. In making its evaluation, the Company considers, among other things, any risks and/or uncertainties to its results of operations, contractual obligations in the form of near-term debt maturities, dividend requirements, or other factors impacting the Company's liquidity and capital resources. No conditions or events that raised substantial doubt about the ability to continue as a going concern within one year were identified as of the issuance date of the Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q.

Reclassifications

Certain reclassifications of prior period amounts have been made in the consolidated financial statements and footnotes in order to conform to the current presentation.

Segment Reporting

The Company is primarily in the business of acquiring, developing and managing retail real estate. The Company's chief operating decision maker, which is its Chief Executive Officer, does not distinguish or group operations on a geographic or other basis when assessing the financial performance of the Company's portfolio of properties. Accordingly, the Company has a single reportable segment for disclosure purposes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, and (2) revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Values of Financial Instruments

The Company's estimates of fair value of financial and non-financial assets and liabilities are based on the framework established in the fair value accounting guidance, ASC Topic 820 *Fair Value Measurement* ("ASC 820"). The framework specifies a hierarchy of valuation inputs which was established to increase consistency, clarity and comparability in fair value measurements and related disclosures. The guidance describes a fair value hierarchy based on three levels of inputs that may be used to measure fair value, two of which are considered observable and one that is considered unobservable. The following describes the three levels:

Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities.

Level 2 – Valuation is based upon inputs other than Level 1 inputs that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include option pricing models, discounted cash flow models and similar techniques.

Recent Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-03, "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (Topic 820)" ("ASU 2022-03"). ASU 2022-03 clarifies that contractual sale restrictions on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, are not considered in measuring the fair value of equity securities. In addition, the amendment requires the disclosure of: (1) the fair value of equity securities subject to contractual sale restrictions reflected in the balance sheet, (2) the nature and remaining duration of the restrictions, and (3) any circumstances that could cause a lapse in the restrictions. The amendments in ASU 2022-03 are effective for the Company for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. The amendment is applied prospectively and early adoption is permitted. The Company continues to evaluate the potential impact of the guidance.

In August 2023, the FASB issued ASU 2023-05, Business Combinations – Joint Venture Formations (Subtopic 805-60) ("ASU 2023-05"). ASU 2023-05 addresses the accounting for contributions made to a joint venture, upon formation, in a joint venture's separate financial statements. Currently, GAAP does not provide specific authoritative guidance on how a joint venture, upon formation, should recognize and initially measure assets contributed and liabilities assumed. ASU 2023-05 will require that a joint venture apply a new basis of accounting upon formation. By applying a new basis of accounting, a joint venture, upon formation, will recognize and initially measure its assets and liabilities at fair value (with exceptions to fair value measurement that are consistent with the business combinations guidance). The amendments in ASC 2023-05 are effective prospectively for all joint ventures formed on or after January 1, 2025. Joint ventures formed prior to January 1, 2025 may elect to apply the amendments retrospectively and early adoption is permitted. The Company does not have joint ventures and as such does not anticipate any impact from the amendments.

Note 3 – Leases

Tenant Leases

The Company is primarily focused on the ownership, acquisition, development and management of retail properties leased to industry leading tenants.

Substantially all of the Company's tenants are subject to net lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and actual property operating expenses incurred, including property taxes, insurance and maintenance. In addition, the Company's tenants are typically subject to future rent increases based on fixed amounts or increases in the consumer price index and certain leases provide for additional rent calculated as a percentage of the tenants' gross sales above a specified level. Certain of the Company's properties are subject to leases under which it retains responsibility for specific costs and expenses of the property.

The Company's leases typically provide the tenant with one or more multi-year renewal options to extend their leases, subject to generally the same terms and conditions, including rent increases, consistent with the initial lease term.

The Company attempts to maximize the amount it expects to derive from the underlying real estate property following the end of the lease, to the extent it is not extended. The Company maintains a proactive leasing program that, combined with the quality and locations of its properties, has made its properties attractive to tenants. The Company intends to continue to hold its properties for long-term investment and, accordingly, places a strong emphasis on the quality of construction and an on-going program of regular and preventative maintenance.

The Company has elected the practical expedient in ASC 842 on not separating non-lease components from associated lease components. The lease and non-lease components combined as a result of this election largely include tenant rentals and maintenance charges, respectively. The Company applies the accounting requirements of ASC 842 to the combined component.

The following table includes information regarding contractual lease payments for the Company's operating leases for which it is the lessor, for the three and nine months ended September 30, 2023 and 2022 *(presented in thousands)*:

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Total lease payments	$ 141,960	$ 115,567	$ 409,802	$ 328,991
Less: Operating cost reimbursements and percentage rents	14,388	12,012	45,509	35,696
Total non-variable lease payments	$ 127,572	$ 103,555	$ 364,293	$ 293,295

At September 30, 2023, future non-variable lease payments to be received from the Company's operating leases for the remainder of 2023, the following four years, and thereafter are as follows (*presented in thousands*):

Year Ending December 31,	2023 (remaining)	2024	2025	2026	2027	Thereafter	Total
Future non-variable lease payments	$ 135,968	$ 545,296	$ 538,038	$ 518,637	$ 492,646	$ 2,746,339	$ 4,976,924

Deferred Revenue

As of September 30, 2023 and December 31, 2022, there was $ 19.0 million and $18.1 million, respectively, in deferred revenues resulting from rents paid in advance. Deferred revenues are recognized within accounts payable, accrued expenses, and other liabilities on the Condensed Consolidated Balance Sheets as of these dates.

Land Lease Obligations

The Company is the lessee under land lease agreements for certain of its properties. ASC 842 requires a lessee to recognize right of use assets and lease obligation liabilities that arise from leases, whether qualifying as operating or finance. As of September 30, 2023 and December 31, 2022, the Company had $60.4 million and $60.9 million, respectively, of right of use assets, net, recognized within other assets in the Condensed Consolidated Balance Sheets, while the corresponding lease obligations, net, of $23.1 million and $23.6 million, respectively, were recognized within accounts payable, accrued expenses, and other liabilities on the Condensed Consolidated Balance Sheets as of these dates.

The Company's land leases do not include any variable lease payments. These leases typically provide multi-year renewal options to extend their term as lessee at the Company's option. Option periods are included in the calculation of the lease obligation liability only when options are reasonably certain to be exercised. Certain of the Company's land leases qualify as finance leases as a result of purchase options that are reasonably certain of being exercised or automatic transfer of title to the Company at the end of the lease term.

Amortization of right of use assets for operating land leases is classified as land lease expense and was $ 0.4 million for the three months ended September 30, 2023 and 2022 and $1.3 million and $1.2 million for the nine months ended September 30, 2023 and 2022, respectively. There was no amortization of right of use assets for finance land leases, as the underlying leased asset (land) has an infinite life. Interest expense on finance land leases was less than $0.1 million during the three months ended September 30, 2023 and 2022, and $0.2 million for the nine months ended September 30, 2023 and 2022.

In calculating its lease obligations under ground leases, the Company uses discount rates estimated to be equal to what it would have to pay to borrow on a collateralized basis over a similar term, for an amount equal to the lease payments, in a similar economic environment.

The following tables include information on the Company's land leases for which it is the lessee, for the three and nine months ended September 30, 2023 and 2022. *(presented in thousands)*

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Operating leases:				
Operating cash outflows	$ 299	$ 299	$ 898	$ 898
Weighted-average remaining lease term - operating leases (years)	33.3	33.6	33.3	33.6
Finance leases:				
Operating cash outflows	$ 63	$ 64	$ 189	$ 192
Financing cash outflows	$ 21	$ 20	$ 63	$ 60
Weighted-average remaining lease term - finance leases (years)	1.0	2.0	1.0	2.0

The weighted-average discount rate used in computing operating and finance lease obligations approximated 4% at September 30, 2023 and 2022.

The following is a maturity analysis of lease liabilities for operating land leases as of September 30, 2023 for the remainder of 2023 and the following four years. (*presented in thousands*)

Year Ending December 31,	2023 (remaining)	2024	2025	2026	2027	Thereafter	Total
Lease payments	$ 299	$ 1,197	$ 1,197	$ 1,195	$ 1,042	$ 28,809	$ 33,739
Imputed interest	(176)	(690)	(669)	(647)	(627)	(13,864)	(16,673)
Total lease liabilities	$ 123	$ 507	$ 528	$ 548	$ 415	$ 14,945	$ 17,066

The following is a maturity analysis of lease liabilities for finance land leases as of September 30, 2023 for the remainder of 2023 and the following four years. (*presented in thousands*)

Year Ending December 31,	2023 (remaining)	2024	2025	2026	2027	Thereafter	Total
Lease payments	$ 84	$ 6,252	$ —	$ —	$ —	$ —	$ 6,336
Imputed interest	(63)	(207)	—	—	—	—	(270)
Total lease liabilities	$ 21	$ 6,045	$ —	$ —	$ —	$ —	$ 6,066

Note 4 – Real Estate Investments

Real Estate Portfolio

As of September 30, 2023, the Company owned 2,084 properties, with a total gross leasable area ("GLA") of approximately 43.2 million square feet. Net Real Estate Investments totaled $ 6.61 billion as of September 30, 2023. As of December 31, 2022, the Company owned 1,839 properties, with a total GLA of approximately 38.1 million square feet. Net Real Estate Investments totaled $5.74 billion as of December 31, 2022.

Acquisitions

During the three months ended September 30, 2023, the Company purchased 74 retail net lease assets for approximately $399.7 million, which includes acquisition and closing costs. These properties are located in 28 states and had a weighted average lease term of approximately 11.5 years.

During the nine months ended September 30, 2023, the Company purchased 232 retail net lease assets for approximately $1.01 billion, which includes acquisition and closing costs. These properties are located in 37 states and had a weighted average lease term of approximately 11.5 years.

The aggregate acquisitions for the nine months ended September 30, 2023 were allocated $ 273.9 million to land, $617.8 million to buildings and improvements and $118.7 million to lease intangibles, net.

During the three months ended September 30, 2022, the Company purchased 98 retail net lease assets for approximately $361.5 million. These properties are located in 29 states and are leased for a weighted average lease term of approximately 11.1 years.

During the nine months ended September 30, 2022, the Company purchased 303 retail net lease assets for approximately $1.20 billion, which includes acquisition costs, closing costs and the assumption of a $ 42.3 million mortgage note. These properties are located in 42 states and are leased for a weighted average lease term of approximately 10.1 years.

The aggregate acquisitions for the nine months ended September 30, 2022 were allocated $ 289.4 million to land, $755.8 million to buildings and improvements, $147.4 million to lease intangibles, net and $ 2.5 million to assumed mortgage debt discount.

The acquisitions during the nine months ended September 30, 2023 and 2022 were primarily funded as cash purchases and the assumption of a mortgage note payable with a principal balance of $42.3 million in 2022. There was no material contingent consideration associated with these acquisitions. None of the Company's acquisitions during the first nine months of 2023 or 2022 caused any new or existing tenant to comprise 10% or more of its total assets or generate 10% or more of its total annualized contractual base rent.

Developments

During the third quarter of 2023, the Company changed the name of its Partner Capital Solutions program to Developer Funding Platform.

During the three months ended September 30, 2023, the Company commenced two and completed eight development or Developer Funding Platform projects. During the nine months ended September 30, 2023, the Company commenced nine and completed 17 development or Developer Funding Platform projects. At September 30, 2023, the Company had 16 development or Developer Funding Platform projects under construction.

During the three months ended September 30, 2022, the Company commenced two development or Partner Capital Solutions projects. During the nine months ended September 30, 2022, the Company commenced 22 development or Partner Capital Solutions projects. At September 30, 2022, the Company had 20 development or Partner Capital Solutions projects under construction.

Dispositions

During the three months ended September 30, 2023, the Company sold one property for net proceeds of $0.2 million and recorded a net loss of less than $0.1 million.

During the nine months ended September 30, 2023, the Company sold two properties for net proceeds of $3.3 million and recorded a net gain of $0.3 million.

During the three months ended September 30, 2022, the Company sold one property for net proceeds of $20.0 million and recorded a net gain of $3.0 million.

During the nine months ended September 30, 2022, the Company sold six properties for net proceeds of $43.9 million and recorded a net gain of $5.3 million.

Assets Held for Sale

Real estate held for sale consisted of the following as of September 30, 2023 and December 31, 2022 (*presented in thousands*):

	September 30, 2023		December 31, 2022	
Land	$	1,342	$	—
Building		2,393		—
		3,735		—
Accumulated depreciation and amortization, net		(533)		—
Total Real Estate Held for Sale, net	$	3,202	$	—

Provisions for Impairment

As a result of the Company's review of real estate investments, it recognized $ 3.2 million and no provisions for impairment for the three months ended September 30, 2023 and 2022, respectively. During the nine months ended September 30, 2023 and 2022, the Company recognized a $4.5 million and $1.0 million provision for impairment, respectively. The estimated fair value of the impaired real estate assets at their time of impairment was $2.6 million in 2023 and $1.8 million in 2022.

Note 5 – Debt

As of September 30, 2023, the Company had total gross indebtedness of $ 2.25 billion, including (i) $45.1 million of mortgage notes payable; (ii) $350.0 million unsecured term loan; (iii) $1.81 billion of senior unsecured notes; and (iv) $49.0 million outstanding under the Revolving Credit Facility (defined below).

Mortgage Notes Payable

As of September 30, 2023, the Company had total gross mortgage indebtedness of $ 45.1 million, which was collateralized by related real estate and tenants' leases with an aggregate net book value of $80.0 million. The weighted average interest rate on the Company's mortgage notes payable was 3.80% as of September 30, 2023 and 3.94% as of December 31, 2022.

Mortgage notes payable consisted of the following (*presented in thousands*):

	September 30, 2023		December 31, 2022	
Note payable in monthly installments of interest only at 5.01% per annum, extinguished in September 2023	$	—	$	4,622
Note payable in monthly installments of $92 including interest at 6.27% per annum, with a final monthly payment due July 2026		2,849		3,523
Note payable in monthly installments of interest only at 3.63% per annum, with a balloon payment due December 2029		42,250		42,250
Total principal		45,099		50,395
Unamortized debt issuance costs and assumed debt discount, net		(2,147)		(2,424)
Total	$	42,952	$	47,971

During the three months ended September 30, 2023, the Company repaid the $ 4.6 million, 5.01% per annum, interest only mortgage note maturing in September 2023.

In connection with a four-property acquisition during the nine months ended September 30, 2022, the Company assumed an interest only, mortgage note payable with a principal balance of $42.3 million and stated interest rate of 3.63% maturing December 2029. In connection with the purchase price allocation, the mortgage debt was recorded at fair value as of the date of acquisition resulting in a $2.5 million debt discount that will be amortized over the term of the mortgage note payable into interest expense in the Condensed Consolidated Statements of Operations and Comprehensive Income.

The mortgage loans encumbering the Company's properties are generally non-recourse, subject to certain exceptions for which the Company would be liable for any resulting losses incurred by the lender. These exceptions vary from loan to loan, but generally include fraud or material misrepresentations, misstatements or omissions by the borrower, intentional or grossly negligent conduct by the borrower that harms the property or results in a loss to the lender, filing of a bankruptcy petition by the borrower, either directly or indirectly, and certain environmental liabilities. At September 30, 2023, there were no mortgage loans with partial recourse to the Company.

The Company has entered into mortgage loans that are secured by multiple properties and contain cross-default and cross-collateralization provisions. Cross-collateralization provisions allow a lender to foreclose on multiple properties in the event that the Company defaults under the loan. Cross-default provisions allow a lender to foreclose on the related property in the event a default is declared under another loan.

Unsecured Term Loan

The following table presents the unsecured term loan principal balances net of unamortized debt issuance costs as of September 30, 2023 and December 31, 2022 (presented in thousands):

	All-in Interest Rate (1)	Maturity	September 30, 2023	December 31, 2022
2029 Unsecured Term Loan	4.52 %	January 2029	$ 350,000	$ —
Total Principal			350,000	—
Unamortized debt issuance costs, net			(3,361)	—
Total			$ 346,639	$ —

(1) Interest rate at September 30, 2023 reflects the credit spread of 95 basis points plus the impact of interest rate swaps which converted $350 million of SOFR-based interest to a fixed interest rate of 3.57%.

On July 31, 2023, the Company closed on an unsecured $ 350 million 5.5-year term loan (the "2029 Unsecured Term Loan") which includes an accordion option that allows the Company to request additional lender commitments up to a total of $500 million and matures in January 2029. Borrowings under the 2029 Unsecured Term Loan are priced at SOFR plus a spread of 80 to 160 basis points over SOFR, depending on the Company's credit ratings. Based on the Company's credit ratings at the time of closing, pricing on the 2029 Unsecured Term Loan was 95 basis points over SOFR. The Company used the existing $350 million of forward starting interest rate swaps to hedge the variable SOFR priced interest to a weighted average fixed rate of 3.57% until January 2029.

Senior Unsecured Notes

The following table presents the senior unsecured notes principal balances net of unamortized debt issuance costs and original issue discounts for the Company's private placement and public offerings as of September 30, 2023 and December 31, 2022 (*presented in thousands*):

	All-in Interest Rate (1)	Coupon Rate	Maturity	September 30, 2023	December 31, 2022
2025 Senior Unsecured Notes	4.16 %	4.16 %	May 2025	$ 50,000	$ 50,000
2027 Senior Unsecured Notes	4.26 %	4.26 %	May 2027	50,000	50,000
2028 Senior Unsecured Public Notes	2.11 %	2.00 %	June 2028	350,000	350,000
2028 Senior Unsecured Notes	4.42 %	4.42 %	July 2028	60,000	60,000
2029 Senior Unsecured Notes	4.19 %	4.19 %	September 2029	100,000	100,000
2030 Senior Unsecured Notes	4.32 %	4.32 %	September 2030	125,000	125,000
2030 Senior Unsecured Public Notes	3.49 %	2.90 %	October 2030	350,000	350,000
2031 Senior Unsecured Notes	4.42 %	4.47 %	October 2031	125,000	125,000
2032 Senior Unsecured Public Notes	3.96 %	4.80 %	October 2032	300,000	300,000
2033 Senior Unsecured Public Notes	2.13 %	2.60 %	June 2033	300,000	300,000
Total Principal				1,810,000	1,810,000
Unamortized debt issuance costs and original issue discounts, net				(16,223)	(17,953)
Total				$ 1,793,777	$ 1,792,047

(1) The all-in interest rate reflects the straight-line amortization of the terminated swap agreements, as applicable.

The Company has entered into forward-starting interest rate swap agreements to hedge against changes in future cash flows on forecasted issuances of debt. Refer to Note 9 – *Derivative Instruments and Hedging Activity*. In connection with pricing certain Senior Unsecured Notes and Senior Unsecured Public Notes, the Company terminated forward-starting interest rate swap agreements to fix the interest rate on all or a portion of the respective notes.

Senior Unsecured Notes – Private Placements

The Senior Unsecured Notes (collectively the "Private Placements") were issued in private placements to individual investors. The Private Placements did not involve a public offering in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Senior Unsecured Notes – Public Offerings

The Senior Unsecured Public Notes (collectively the "Public Notes") are fully and unconditionally guaranteed by Agree Realty Corporation and certain wholly owned subsidiaries of the Operating Partnership. The Public Notes are governed by an indenture, dated August 17, 2020, among the Operating Partnership, the Company and trustee (as supplemented by an officer's certificate dated at the issuance of each of the Public Notes, the "Indenture"). The Indenture contains various restrictive covenants, including limitations on the ability of the guarantors and the issuer to incur additional indebtedness and requirements to maintain a pool of unencumbered assets.

Senior Unsecured Revolving Credit Facility

In December 2021, the Company entered into a Third Amended and Restated Revolving Credit Agreement which provided for a $1.0 billion senior unsecured revolving credit facility (the "Revolving Credit Facility") that bore interest based on a pricing grid with a range of 72.5 to 140 basis points over LIBOR, determined by the Company's credit ratings and leverage ratio. Based on the Company's credit ratings and leverage ratio at the time of closing, pricing on the Revolving Credit Facility was 77.5 basis points over LIBOR.

In November 2022, the Company entered into a First Amendment to the Third Amended and Restated Revolving Credit Agreement which converted the interest rate on its $1.0 billion Revolving Credit Facility from a spread over LIBOR to a spread over SOFR plus a SOFR adjustment of 10 basis points.

The margins for the Revolving Credit Facility are subject to improvement based on the Company's leverage ratio, provided its credit ratings meet a certain threshold. Based on the Company's credit ratings and leverage ratio at the time of closing plus the SOFR adjustment of 10 basis points, pricing on the Revolving Credit Facility was 87.5 basis points over SOFR. In connection with the Company's ongoing environmental, social and governance ("ESG") initiatives, pricing may be reduced if specific ESG ratings are achieved.

The Revolving Credit Facility includes an accordion option that allows the Company to request additional lender commitments up to a total of $1.75 billion. The Revolving Credit Facility will mature in January 2026 with Company options to extend the maturity date to January 2027.

The Company and Richard Agree, the Executive Chairman of the Company, were parties to a Reimbursement Agreement dated November 18, 2014 (the “Reimbursement Agreement”). Pursuant to the Reimbursement Agreement, Mr. Agree had agreed to reimburse the Company for any loss incurred under the Revolving Credit Facility in an amount not to exceed $14.0 million to the extent that the value of the Operating Partnership’s assets available to satisfy the Operating Partnership’s obligations under the Revolving Credit Facility is less than $14.0 million. The parties terminated the Reimbursement Agreement and entered into a new reimbursement agreement dated October 3, 2023 (the “New Reimbursement Agreement”). Pursuant to the New Reimbursement Agreement, Mr. Agree has agreed to reimburse the Company for his proportionate share of loss incurred under the Revolving Credit Facility in an amount to be determined by facts and circumstances at the time of loss.

Debt Maturities

The following table presents scheduled principal payments related to the Company’s debt as of September 30, 2023 (*presented in thousands*):

	Scheduled Principal	Balloon Payment	Total
Remainder of 2023	$ 231	$ —	$ 231
2024	963	—	963
2025	1,026	50,000	51,026
2026 (1)	629	49,000	49,629
2027	—	50,000	50,000
Thereafter	—	2,102,250	2,102,250
Total scheduled principal payments	$ 2,849	$2,251,250	$2,254,099

(1) The Revolving Credit Facility matures in January 2026, with options to extend the maturity to January 2027. The Revolving Credit Facility had a $49.0 million outstanding balance as of September 30, 2023.

Loan Covenants

Certain loan agreements contain various restrictive covenants, including the following financial covenants: maximum total leverage ratio, maximum secured leverage ratios, consolidated net worth requirements, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, a minimum unsecured interest expense ratio, a minimum interest coverage ratio, a minimum unsecured debt yield and a minimum unencumbered interest expense ratio. As of September 30, 2023, the most restrictive covenant was the minimum unencumbered interest expense ratio. The Company was in compliance with all of its loan covenants and obligations as of September 30, 2023.

Note 6 – Common and Preferred Stock

Shelf Registration

On May 5, 2023, the Company filed an automatic shelf registration statement on Form S-3 with the Securities and Exchange Commission registering an unspecified amount of common stock, preferred stock, depositary shares, warrants and guarantees of debt securities of the Operating Partnership, as well as an unspecified amount of debt securities of the Operating Partnership, at an indeterminate aggregate initial offering price. The Company may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

Common Stock Offerings

In December 2021, the Company completed a follow-on public offering of 5,750,000 shares of common stock, including the full exercise of the underwriters' option to purchase an additional 750,000 shares, in connection with forward sale agreements. During the nine months ended September 30, 2022, the Company settled all of the December 2021 forward sale agreements. The offering resulted in net proceeds to the Company of approximately $368.7 million after deducting fees and expenses and making certain other adjustments as provided in the equity distribution agreements.

In May 2022, the Company completed a follow-on public offering of 5,750,000 shares of common stock, including the full exercise of the underwriters' option to purchase an additional 750,000 shares, in connection with forward sale agreements. As of December 31, 2022, the Company settled all of these forward sale agreements. The offering resulted in net proceeds to the Company of approximately $386.7 million after deducting fees and expenses and making certain other adjustments as provided in the equity distribution agreements.

In October 2022, the Company completed a follow-on public offering of 5,750,000 shares of common stock, including the full exercise of the underwriters' option to purchase an additional 750,000 shares, in connection with forward sale agreements. As of December 31, 2022, the Company settled 1,600,000 shares of these October 2022 forward sale agreements, realizing net proceeds of $106.2 million. During the nine months ended September 30, 2023, the Company settled the remaining 4,150,000 shares of these October 2022 forward sale agreements, realizing net proceeds of $ 275.0 million. The offering resulted in total net proceeds to the Company of $381.2 million after deducting fees and expenses and making certain adjustments as provided in the equity distribution agreement.

Preferred Stock Offering

As of September 30, 2023, the Company had 7,000,000 depositary shares (the "Depositary Shares") outstanding, each representing 1/1,000th of a share of Series A Preferred Stock.

Dividends on the Series A Preferred Shares are payable monthly in arrears on the first day of each month (or, if not on a business day, on the next succeeding business day). The dividend rate is 4.25% per annum of the $ 25,000 (equivalent to $25.00 per Depositary Share) liquidation preference. Monthly dividends on the Series A Preferred Shares have been and will be in the amount of $0.08854 per Depositary Share, equivalent to $ 1.0625 per annum.

The Company may not redeem the Series A Preferred Shares before September 2026, except in limited circumstances to preserve its status as a real estate investment trust for federal income tax purposes and except in certain circumstances upon the occurrence of a change of control of the Company. Beginning in September 2026, the Company, at its option, may redeem the Series A Preferred Shares, in whole or from time to time in part, by paying $ 25.00 per Depositary Share, plus any accrued and unpaid dividends. Upon the occurrence of a change in control of the Company, if the Company does not otherwise redeem the Series A Preferred Shares, the holders have a right to convert their shares into common stock of the Company at the $25.00 per share liquidation value, plus any accrued and unpaid dividends. This conversion value is limited by a share cap if the Company's stock price falls below a certain threshold.

ATM Programs

The Company enters into ATM programs through which the Company, from time to time, sells shares of common stock and/or enters into forward sale agreements.

Under the current $750.0 million ATM Program, the Company has entered into forward sale agreements through September 30, 2023 to sell an aggregate of 6,363,359 shares of common stock, for net proceeds of $433.4 million. Through December 31, 2022, the Company settled 245,591 shares of these forward sale agreements for net proceeds of approximately $18.1 million, after deducting fees and expenses. During the nine months ended September 30, 2023, the Company settled the remaining 6,117,768 shares of these forward sales agreements for net proceeds of approximately $415.4 million, after deducting fees and expenses.

After considering the shares of common stock issued or sold subject to forward sale agreements under the current ATM Program, the Company had approximately $313.4 million of availability remaining under the current ATM program as of September 30, 2023.

During 2022, the Company settled 5,453,975 shares of common stock under predecessor ATM programs, generating net proceeds of $379.1 million.

Note 7 – Dividends and Distribution Payable

During the three months ended September 30, 2023 and 2022 the Company declared monthly dividends of $ 0.243 and $0.234, respectively, per common share. Holders of Operating Partnership Common Units are entitled to an equal distribution per Operating Partnership Common Unit held. The dividends and distributions payable for July and August were paid during the three months ended September 30, 2023 and 2022, while the September dividends and distributions were recorded as liabilities on the Condensed Consolidated Balance Sheets at September 30, 2023 and 2022. The September 2023 and 2022 dividends per common share and distributions per Operating Partnership Common Units were paid on October 13, 2023 and October 14, 2022, respectively.

During the three months ended September 30, 2023 and 2022 the Company declared monthly dividends on the Series A Preferred Shares in the amount of $0.08854, per Depositary Share. The dividends payable for July and August were paid during the three months ended September 30, 2023 and 2022, while the September dividends and distributions were recorded as a liability on the Condensed Consolidated Balance Sheet at September 30, 2023 and 2022. The September 2023 and 2022 dividends per Depository Share were paid on October 2, 2023 and October 3, 2022, respectively.

Note 8 – Income Taxes

Uncertain Tax Positions

The Company is subject to the provisions of FASB ASC Topic 740-10 ("ASC 740-10") and has analyzed its various federal and state filing positions. The Company believes that its income tax filing positions and deductions are documented and supported. Additionally, the Company believes that its accruals for tax liabilities are adequate. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740-10. The Company's federal income tax returns are open for examination by taxing authorities for all tax years after December 31, 2019. The Company has elected to record related interest and penalties, if any, as income tax expense on the Consolidated Statements of Operations and Comprehensive Income. The Company has no material interest or penalties relating to income taxes recognized for the three and nine months ended September 30, 2023 and 2022.

Income Tax Expense

The Company recognized total federal and state tax expense of approximately $0.7 million for each of the three months ended September 30, 2023 and 2022, and approximately $2.2 million and $2.1 million for the nine months ended September 30, 2023 and 2022, respectively.

Note 9 – Derivative Instruments and Hedging Activity

Background

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risk, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of its debt funding and, to a limited extent, the use of derivative instruments. For additional information regarding the leveling of the Company's derivatives, refer to Note 10 – *Fair Value Measurements*.

The Company's objective in using interest rate derivatives is to manage its exposure to interest rate movements and add stability to interest expense. To accomplish this objective, the Company uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable rate amounts from a counterparty in exchange for the Company making fixed rate payments over the life of the agreement without exchange of the underlying notional amount.

2023 Hedge Activity

In June 2023, the Company entered into $350 million of forward starting interest rate swap agreements to hedge against variability in future cash flows resulting from changes in SOFR. The swaps exchange variable rate SOFR interest on $350 million of SOFR indexed debt to a weighted average fixed interest rate of 3.57% and are effective August 1, 2023 through the maturity date of January 1, 2029. The swaps are designated to hedge the variable rate interest payments of the 2029 Unsecured Term Loan indexed to SOFR. As of September 30, 2023, these interest rate swaps were valued as an asset of approximately $11.7 million.

2022 Settlements - Hedging 2022 Debt Issuances

In May and July 2021, the Company entered into forward-starting interest rate swap agreements to hedge against changes in future cash flows resulting from changes in interest rates from the trade date through the forecasted issuance date of $300 million of long-term debt. The Company hedged its exposure to the variability in future cash flows for a forecasted issuance of long-term debt over a maximum period ending December 2022. In August 2022, the Company terminated the swap agreements upon the debt issuance, receiving $28.4 million upon termination. This settlement was included as a component of accumulated OCI, to be recognized as an adjustment to income over the term of the debt.

Recognition

The Company recognizes all derivative instruments as either assets or liabilities at fair value on the balance sheet. The Company recognizes its derivatives within other assets, net and accounts payable, accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets.

The Company recognizes all changes in fair value for hedging instruments designated and qualifying for cash flow hedge accounting treatment as a component of other comprehensive income (OCI).

Accumulated OCI relates to (i) the change in fair value of interest rate derivatives and (ii) realized gains or losses on settled derivative instruments. Amounts are reclassified out of accumulated OCI as an adjustment to interest expense for (i) realized gains or losses related to effective interest rate swaps and (ii) realized gains or losses on settled derivative instruments, amortized over the term of the hedged debt transaction. During the next twelve months, the Company estimates that an additional $8.5 million will be reclassified as a decrease to interest expense.

The Company had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk (*presented in thousands, except number of instruments*):

	Number of Instruments [1]		Notional Amount[1]	
Interest Rate Derivatives	**September 30, 2023**	**December 31, 2022**	**September 30, 2023**	**December 31, 2022**
Interest rate swap	3	—	$ 350,000	$ —

(1) Number of Instruments and total Notional Amount disclosed includes all interest rate swap agreements outstanding at the balance sheet date, including forward-starting swaps prior to their effective date.

The table below presents the estimated fair value of the Company's derivative financial instruments, as well as their classification in the Condensed Consolidated Balance Sheets (*presented in thousands*).

	Asset Derivatives	
	September 30, 2023	**December 31, 2022**
Derivatives designated as cash flow hedges:		
Other Assets, net	$ 11,664	$ —

	Liability Derivatives	
	September 30, 2023	**December 31, 2022**
Derivatives designated as cash flow hedges:		
Accounts Payable, Accrued Expenses, and Other Liabilities	$ —	$ —

The table below presents the effect of the Company's derivative financial instruments in the Condensed Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2023 and 2022 (*presented in thousands*).

	Amount of Income/(Loss) Recognized in OCI on Derivative		Location of Accumulated OCI Reclassified from Accumulated OCI into Income	Amount Reclassified from Accumulated OCI as a (Reduction)/Increase in Interest Expense	
Three Months Ended September 30,	**2023**	**2022**		**2023**	**2022**
Interest rate swaps	$ 9,348	$ (7,181)	Interest expense	$ (1,653)	$ (273)

	Amount of Income/(Loss) Recognized in OCI on Derivative		Location of Accumulated OCI Reclassified from Accumulated OCI into Income	Amount Reclassified from Accumulated OCI as a (Reduction)/Increase in Interest Expense	
Nine Months Ended September 30,	**2023**	**2022**		**2023**	**2022**
Interest rate swaps	$ 12,688	$ 29,881	Interest expense	$ (2,913)	$ (109)

The Company does not use derivative instruments for trading or other speculative purposes and did not have any other derivative instruments or hedging activities as of September 30, 2023.

Credit-Risk-Related Contingent Features

The Company has agreements with its derivative counterparties that contain a provision where the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness.

Although the derivative contracts are subject to master netting arrangements, which serve as credit mitigants to both the Company and its counterparties under certain situations, the Company does not net its derivative fair values or any existing rights or obligations to cash collateral on the Condensed Consolidated Balance Sheets.

As of September 30, 2023, the fair value of derivatives in a net asset position related to these agreements, which includes interest but excludes any adjustment for nonperformance risk was $12.3 million. The Company had no derivatives outstanding as of December 31, 2022. There was no offsetting of derivative assets or liabilities as of September 30, 2023 and December 31, 2022.

Note 10 – Fair Value Measurements

Assets and Liabilities Measured at Fair Value

The Company accounts for fair values in accordance with ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls, is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Derivative Financial Instruments

The Company uses interest rate swap agreements to manage its interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves.

To comply with the provisions of ASC 820, the Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of

September 30, 2023, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

The table below presents the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022 (*presented in thousands*):

	Total Fair Value	Level 2
September 30, 2023		
Derivative assets - interest rate swaps	$ 11,664	$ 11,664
Derivative liabilities - interest rate swaps	$ —	$ —
December 31, 2022		
Derivative assets - interest rate swaps	$ —	$ —
Derivative liabilities - interest rate swaps	$ —	$ —

Other Financial Instruments

The carrying values of cash and cash equivalents, cash held in escrow, accounts receivable and accounts payable and accrued liabilities are reasonable estimates of their fair values because of the short maturity of these financial instruments.

The Company estimated the fair value of its debt based on its incremental borrowing rates for similar types of borrowing arrangements with the same remaining maturity and on the discounted estimated future cash payments to be made for other debt. The discount rate used to calculate the fair value of debt approximates current lending rates for loans and assumes the debt is outstanding through maturity. Since such amounts are estimates that are based on limited available market information for similar transactions, there can be no assurance that the disclosed value of any financial instrument could be realized by immediate settlement of the instrument.

The Company determined that the valuation of its Unsecured Term Loan, Senior Unsecured Notes and Revolving Credit Facility are classified as Level 2 of the fair value hierarchy and its fixed rate mortgages are classified as Level 3 of the fair value hierarchy. The Senior Unsecured Notes had carrying values of $1.79 billion as of September 30, 2023 and December 31, 2022 and had fair values of $1.52 billion and $1.54 billion, respectively. The Mortgage Notes Payable had carrying values of $43.0 million and $48.0 million as of September 30, 2023 and December 31, 2022, respectively, and had fair values of $39.3 million and $45.4 million as of those dates. The fair value of the Revolving Credit Facility and Unsecured Term Loan are estimated to be equal to the carrying value as they are variable rate debt.

Note 11 – Equity Incentive Plan

In May 2020, the Company's stockholders approved the Agree Realty Corporation 2020 Omnibus Incentive Plan (the "2020 Plan"). The 2020 Plan provides for the award to employees, directors and consultants of the Company of options, restricted stock, restricted stock units, stock appreciation rights, performance awards (which may take the form of performance units or performance shares) and other awards to acquire up to an aggregate of 700,000 shares of the Company's common stock. As of September 30, 2023, 317,970 shares of common stock were available for issuance under the 2020 Plan.

Restricted Stock - Employees

Restricted shares have been granted to certain employees which vest based on continued service to the Company.

The holder of a restricted share award is generally entitled at all times on and after the date of issuance of the restricted shares to exercise the rights of a stockholder of the Company, including the right to vote the shares and the right to receive dividends on the shares. Restricted share awards granted prior to 2023 vest over a five-year period while awards granted in 2023 vest over a three-year period.

The Company estimates the fair value of restricted share grants at the date of grant and amortizes those amounts into expense on a straight-line basis over the appropriate vesting period. The Company used 0% for the forfeiture rate for determining the fair value of restricted stock. The Company recognized expense relating to restricted share grants of $1.2 million and $0.9 million during the three months ended September 30, 2023 and 2022, respectively and $ 3.4 million and $3.0 million for the nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023, there was $ 10.8 million of total unrecognized compensation costs related to the outstanding restricted shares, which is expected to be recognized over a weighted average period of 2.6 years. The intrinsic value of restricted shares redeemed during the nine months ended September 30, 2023 and 2022, was $2.7 million and $1.9 million, respectively.

Restricted share activity is summarized as follows:

	Shares Outstanding (*in thousands*)	Weighted Average Grant Date Fair Value
Unvested restricted stock at December 31, 2022	183	$ 65.46
Restricted stock granted	82	$ 73.21
Restricted stock vested	(54)	$ 64.07
Restricted stock forfeited	(14)	$ 69.13
Unvested restricted stock at September 30, 2023	197	$ 68.78

Performance Units and Shares

Performance shares were granted to certain executive officers prior to 2019, while performance units were granted beginning in 2019. Performance units or shares are subject to a three-year performance period, following the conclusion of which shares awarded are to be determined by the Company's total shareholder return ("TSR") compared to the constituents of the MSCI US REIT Index and a defined peer group. Fifty percent of the award is based upon the TSR percentile rank versus the constituents in the MSCI US REIT Index for the three-year performance period; and fifty percent of the award is based upon TSR percentile rank versus a specified net lease peer group for the three-year performance period. For performance units and shares granted prior to 2023, vesting of the performance units and shares following their issuance will occur ratably over a three-year period, with the initial vesting occurring immediately following the conclusion of the performance period such that all units and shares vest within five years of the original award date. Performance units granted in 2023 vest following the conclusion of the performance period such that all units will vest three years from the original award date.

The grant date fair value of these awards is determined using a Monte Carlo simulation pricing model. For the performance units and shares granted prior to 2023, compensation expense is amortized on an attribution method over a five-year period. For performance units granted in 2023, compensation expense is amortized on a straight-line basis over a three-year period. Compensation expense related to performance units or shares is determined at the grant date and is not adjusted throughout the measurement or vesting periods.

The Monte Carlo simulation pricing model for issued grants utilizes the following assumptions: (i) expected term (equal to the remaining performance measurement period at the grant date); (ii) volatility (based on historical volatility); and (iii) risk-free rate (interpolated based on 2- and 3-year rates). The Company used 0% for the forfeiture rate for determining the fair value of performance units and shares.

The following assumptions were used when determining the grant date fair value:

	2023	2022	2021
Expected term (years)	2.9	2.9	2.9
Volatility	23.6 %	33.5 %	33.9 %
Risk-free rate	4.4 %	1.8 %	0.2 %

The Company recognized expense related to performance units and shares for which the three-year performance period has not yet been completed of $0.6 million and $0.4 million for the three months ended September 30, 2023 and 2022, respectively, and $1.6 million and $1.1 million for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, there was $5.0 million of total unrecognized compensation costs related to performance units and shares for which the three-year performance period has not yet been completed, which is expected to be recognized over a weighted average period of 2.5 years.

The Company recognized expense related to performance units and shares for which the three-year performance period was completed, however the shares have not yet vested, of $0.1 million for each of the three months ended September 30, 2023 and 2022, and $0.4 million and $0.3 million for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, there was $0.3 million of total unrecognized compensation costs related to performance units and shares for which the three-year performance period has been completed, however the shares have not yet vested, which is expected to be recognized over a weighted average period of 1.0 years.

Performance units and shares activity is summarized as follows:

	Target Number of Awards *(in thousands)*	Weighted Average Grant Date Fair Value
Performance units at December 31, 2022 - three-year performance period to be completed	85	$ 72.27
Performance units granted	47	$ 80.34
Performance units at September 30, 2023 - three-year performance period completed	(21)	$ 90.17
Performance units at September 30, 2023 - three-year performance period to be completed	111	$ 72.14

	Shares Outstanding (in thousands)	Weighted Average Grant Date Fair Value
Performance units and shares - three-year performance period completed but not yet vested at December 31, 2022	32	$ 61.91
Shares earned at completion of three-year performance period [(1)]	33	$ 90.17
Shares vested	(34)	$ 69.73
Performance units and shares - three-year performance period completed but not yet vested at September 30, 2023	31	$ 83.40

(1) Performance units granted in 2020 for which the three-year performance period was completed December 31, 2022 paid out at the 150% performance level

Restricted Stock - Directors

During the nine months ended September 30, 2023, 14,535 restricted shares were granted to independent members of the Company's board of directors at a weighted average grant date fair value of $73.27 per share.

The holder of a restricted share award is generally entitled at all times on and after the date of issuance of the restricted shares to exercise the rights of a stockholder of the Company, including the right to vote the shares and the right to receive dividends on the shares. The restricted shares granted to non-employee directors vest over the 2023 calendar year commensurate with the board members' annual services to the Company.

The Company estimates the fair value of board members' restricted share grants at the date of grant and amortizes those amounts into expense on a straight-line basis over the one-year vesting period. The Company recognized expense relating to restricted share grants to the board members of $0.3 million and $0.2 million for the three months ended September 30, 2023 and 2022, respectively, and $0.8 million and $0.5 million for the nine months ended September 30, 2023 and 2022, respectively.

As of September 30, 2023, there was $0.3 million of total unrecognized compensation costs related to the board members' outstanding restricted shares, which is expected to be recognized over the remainder of 2023. The Company used 0% for the forfeiture rate for determining the fair value of this restricted stock.

Note 12 – Commitments and Contingencies

In the ordinary course of business, the Company is party to various legal actions which the Company considers to be routine in nature and incidental to the operation of its business. The Company believes that the outcome of the proceedings will not have a material adverse effect upon the Company's consolidated financial position or results of operations.

Note 13 – Subsequent Events

In connection with the preparation of its financial statements, the Company has evaluated events that occurred subsequent to September 30, 2023 through the date on which these financial statements were issued to determine whether any of these events required disclosure in the financial statements.

There were no reportable subsequent events or transactions.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with the Interim Condensed Consolidated Financial Statements of Agree Realty Corporation (the "Company"), a Maryland corporation, including the respective notes thereto, which are included in this Quarterly Report on Form 10-Q. The terms the "Company," "Management," "we," "our" and "us" refer to Agree Realty Corporation and all of its consolidated subsidiaries, including Agree Limited Partnership (the "Operating Partnership"), a Delaware limited partnership.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements 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, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, are generally identifiable by use of the words "anticipate," "estimate," "should," "expect," "believe," "intend," "may," "will," "seek," "could," "project" or similar expressions. 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, one of the most significant factors, however, is the adverse effect of macroeconomic conditions, including inflation and the potential impacts of pandemics, epidemics or other public health emergencies or fear of such events, such as the outbreak of the novel coronavirus, or COVID-19, 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 macroeconomic trends and future impacts of COVID-19 or other pandemics may impact the Company and its tenants will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Moreover, you should interpret many of the risks identified in this report, as well as the risks set forth below, as being heightened as a result of the ongoing and numerous adverse impacts of macroeconomic conditions. Additional factors which may cause actual results to differ materially from current expectations include, but are not limited to: the factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 , including those set forth under the headings "Business," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations"; global and national economic conditions and changes in general economic, financial and real estate market conditions; the financial failure of, or other default in payment by, tenants under their leases and the potential resulting vacancies; the Company's concentration with certain tenants and in certain markets, which may make the Company more susceptible to adverse events; changes in the Company's business strategy; risks that the Company's acquisition and development projects will fail to perform as expected; adverse changes and disruption in the retail sector and the financing stability of the Company's tenants, which could impact tenants' ability to pay rent and expense reimbursement; the Company's ability to pay dividends; risks relating to information technology and cybersecurity attacks, loss of confidential information and other related business disruptions; loss of key management personnel; the potential need to fund improvements or other capital expenditures out of operating cash flow; financing risks, such as the inability to obtain debt or equity financing on favorable terms or at all; the level and volatility of interest rates; the Company's ability to renew or re-lease space as leases expire; limitations in the Company's tenants' leases on real estate tax, insurance and operating cost reimbursement obligations; loss or bankruptcy of one or more of the Company's major tenants, and bankruptcy laws that may limit the Company's remedies if a tenant becomes bankrupt and rejects its leases; potential liability for environmental contamination, which could result in substantial costs; the Company's level of indebtedness, which could reduce funds available for other business purposes and reduce the Company's operational flexibility; covenants in the Company's credit agreements and unsecured notes, which could limit the Company's flexibility and adversely affect its financial condition; credit market developments that may reduce availability under the Company's revolving credit facility; an increase in market interest rates which could raise the Company's interest costs on existing and future debt; a decrease in interest rates, which may lead to additional competition for the acquisition of real estate or adversely affect the Company's results of operations; the Company's hedging strategies, which may not be successful in mitigating the Company's risks associated with interest rates; legislative or regulatory changes, including changes to laws governing real estate investment trusts ("REITs"); the Company's ability to maintain its qualification as a REIT for federal income tax purposes and the limitations imposed on its business by its status as a REIT; and the Company's failure to qualify as a REIT for federal income tax purposes, which could adversely affect the Company's operations and ability to make distributions.

Overview

The Company is a fully integrated REIT primarily focused on the ownership, acquisition, development and management of retail properties net leased to industry leading tenants. The Company was founded in 1971 by its current Executive Chairman, Richard Agree, and its common stock was listed on the New York Stock Exchange ("NYSE") in 1994. The Company's assets are held by, and all of its operations are conducted through, directly or indirectly, the Operating Partnership, of which the Company is the sole general partner and in which it held a 99.7% common interest as of September 30, 2023. Refer to Note 1- *Organization* in the Notes to the Condensed Consolidated Financial Statements in this Form 10-Q for further information on the ownership structure. Under the agreement of limited partnership of the Operating Partnership, the Company, as the sole general partner, has exclusive responsibility and discretion in the management and control of the Operating Partnership.

As of September 30, 2023, the Company's portfolio consisted of 2,084 properties located in 49 states and totaling approximately 43.2 million square feet of GLA. The portfolio was approximately 99.7% leased and had a weighted average remaining lease term of approximately 8.6 years. A significant majority of the Company's properties are leased to national tenants and approximately 68.9% of our annualized base rent was 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. Substantially all of our tenants are subject to net lease agreements. A net lease typically requires the tenant to be responsible for minimum monthly rent and property operating expenses including property taxes, insurance and maintenance.

The Company elected to be taxed as a REIT for federal income tax purposes commencing with the taxable year ended December 31, 1994. We believe that we have been organized and have operated in a manner that has allowed us to qualify as a REIT for federal income tax purposes and we intend to continue operating in such a manner.

Results of Operations

Overall

The Company's real estate investment portfolio grew from approximately $5.74 billion in net investment amount representing 1,707 properties with 35.8 million square feet of GLA as of September 30, 2022 to approximately $6.61 billion in net investment amount representing 2,084 properties with 43.2 million square feet of GLA at September 30, 2023. The Company's real estate investments were made throughout and between the periods presented and were not all outstanding for the entire period; accordingly, a portion of the increase in rental income between periods is related to recognizing revenue in 2023 on acquisitions that were made during 2022. Similarly, the full rental income impact of acquisitions made during 2023 to-date will not be seen until the remainder of 2023.

Acquisitions

During the three months ended September 30, 2023, the Company acquired 74 retail net lease assets for approximately $399.7 million, which includes acquisition and closing costs. These properties are located in 28 states and are leased to tenants operating in 23 diverse retail sectors for a weighted average lease term of approximately 11.5 years. The underwritten weighted-average capitalization rate on the Company's acquisitions during the three months ended September 30, 2023 was 6.9%.[1]

During the nine months ended September 30, 2023, the Company acquired 232 retail net lease assets for approximately $1.01 billion, which includes acquisition and closing costs. These properties are located in 37 states and are leased to

[1] When used within this discussion, "weighted-average capitalization rate" for acquisitions and dispositions is defined by the Company 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 sales prices for occupied properties.

tenants operating in 25 diverse retail sectors for a weighted average lease term of approximately 11.5 years. The underwritten weighted-average capitalization rate on the Company's acquisitions during the nine months ended September 30, 2023 was 6.8%.[1]

Dispositions

During the three months ended September 30, 2023, the Company disposed of one property for gross proceeds of $0.2 million and recognized a net loss of less than $0.1 million.

During the nine months ended September 30, 2023, the Company disposed of two properties for gross proceeds of $3.3 million and recognized a net gain of $0.3 million.

Development and Developer Funding Platform

During the three months ended September 30, 2023, the Company commenced two and completed eight development or Developer Funding Platform projects. During the nine months ended September 30, 2023, the Company commenced nine and completed 17 development or Developer Funding Platform projects. At September 30, 2023, the Company had 16 development or Developer Funding Platform projects under construction.

Comparison of Three Months Ended September 30, 2023 to Three Months Ended September 30, 2022

	Three Months Ended		Variance	
	September 30, 2023	September 30, 2022	(in dollars)	(percentage)
Rental Income	$ 136,774	$ 110,031	$ 26,743	24 %
Real Estate Tax Expense	$ 10,124	$ 8,526	$ 1,598	19 %
Property Operating Expense	$ 5,518	$ 4,557	$ 961	21 %
Depreciation and Amortization Expense	$ 45,625	$ 35,157	$ 10,468	30 %

The variances in rental income, real estate tax expense, property operating expense and depreciation and amortization expense shown above were due to the acquisitions and the ownership of an increased number of properties during the three months ended September 30, 2023 compared to the three months ended September 30, 2022, as further described under *Results of Operations - Overall* above.

General and administrative expenses increased $1.8 million, or 26%, to $8.8 million for the three months ended September 30, 2023, compared to $7.0 million for the three months ended September 30, 2022. The increase was primarily the result of the growth in compensation costs due to inflationary increases and higher stock-based compensation expense as a result of changing the vesting period for awards granted in 2023. General and administrative expenses as a percentage of total revenue increased to 6.5% in the third quarter of 2023 up from 6.4% in the third quarter of 2022.

Interest expense increased $3.7 million, or 21%, to $20.8 million for the three months ended September 30, 2023, compared to $17.1 million for the three months ended September 30, 2022. The increase in interest expense was primarily a result of higher levels of borrowings in the third quarter of 2023 compared to the third quarter of 2022 in order to finance the acquisition and development of additional properties. Borrowings increased primarily from the $350 million 2029 Unsecured Term Loan that closed in July 2023 and the issuance of the $300 million 2032 Senior Unsecured Public Notes in August 2022. These borrowings and related amortization of deferred financing costs resulted in a combined increase of $4.4 million in interest expense during the three months ended September 30, 2023 as compared to the same period in 2022. While interest rates on the Revolving Credit Facility were higher during the third quarter of 2023, interest expense on the Revolving Credit Facility was $0.6 million lower in the third quarter of 2023 due to a lower average level of borrowings under the Revolving Credit Facility as compared to the third quarter of 2022.

[1] When used within this discussion, "weighted-average capitalization rate" for acquisitions and dispositions is defined by the Company 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 sales prices for occupied properties.

The Company recognized a $3.2 million provision for impairment during the three months ended September 30, 2023. No such impairment was recognized during the three months ended September 30, 2022. Provisions for impairment are recorded when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable through operations plus estimated disposition proceeds and are not necessarily comparable period-to-period.

A loss on sale of assets, net of less than $0.1 million was recognized during the three months ended September 30, 2023, compared to a $3.0 million gain on sale of assets, net that was recognized during the three months ended September 30, 2022. Gains and loss on sales of assets are dependent on levels of disposition activity and the assets' bases relative to their sales prices. As a result, such gains and losses on sales are not necessarily comparable period-to-period.

Net income increased $2.1 million, or 5%, to $41.7 million for the three months ended September 30, 2023, compared to $39.6 million for the three months ended September 30, 2022. The change was the result of the growth in the portfolio offset by the items discussed above. After allocation of income to non-controlling interest and preferred stockholders, net income attributable to common stockholders increased $2.1 million, or 6%, to $39.7 million for the three months ended September 30, 2023, compared to $37.6 million for the three months ended September 30, 2022.

Comparison of Nine Months Ended September 30, 2023 to Nine Months Ended September 30, 2022

	Nine Months Ended		Variance	
	September 30, 2023	September 30, 2022	(in dollars)	(percentage)
Rental Income	$ 393,259	$ 313,136	$ 80,123	26 %
Real Estate Tax Expense	$ 29,429	$ 24,117	$ 5,312	22 %
Property Operating Expense	$ 18,120	$ 13,575	$ 4,545	33 %
Depreciation and Amortization Expense	$ 129,020	$ 95,666	$ 33,354	35 %

The variances in rental income, real estate tax expense, property operating expense and depreciation and amortization expense shown above were due to the acquisitions and the ownership of an increased number of properties during the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, as further described under *Results of Operations - Overall* above.

General and administrative expenses increased $3.8 million, or 17%, to $26.1 million for the nine months ended September 30, 2023, compared to $22.3 million for the nine months ended September 30, 2022. The increase was primarily the result of the increase in compensation costs due to the growth in employee headcount, inflationary increases, and higher stock based compensation expense as a result of changing the vesting period for awards granted in 2023. General and administrative expenses as a percentage of total revenue decreased to 6.6% during the nine months ended September 30, 2023 from 7.1% during the nine months ended September 30, 2022.

Interest expense increased $12.1 million, or 26%, to $58.7 million for the nine months ended September 30, 2023, compared to $46.6 million for the nine months ended September 30, 2022. The increase in interest expense was primarily a result of higher levels of borrowings in 2023 in comparison to 2022 in order to finance the acquisition and development of additional properties, as well as higher interest rates under the Revolving Credit Facility. Borrowings increased from the $350 million 2029 Unsecured Term Loan that closed in July 2023 and the issuance of the $300 million 2032 Senior Unsecured Public Notes in August 2022. These borrowings resulted in increases in interest expense during the nine months ended September 30, 2023 of $2.7 million related to the 2029 Unsecured Term Loan, $7.1 million related to the 2032 Senior Unsecured Public Notes, and $0.5 million related to the amortization of deferred financing fees. In addition, overall interest rates on the Revolving Credit Facility during the nine months ended September 30, 2023 were higher than the comparative period in 2022 resulting in an increase in interest expense of $2.8 million. These increases in interest expense during 2023 were partially offset by an increase of $0.9 million of capitalized interest during the nine months ended September 30, 2023 as compared to the same period in 2022 due to the increased level of activity in development and Development Funding Platform projects during 2023.

Gain on sale of assets decreased $5.0 million, or 94%, to $0.3 million for the nine months ended September 30, 2023, compared to $5.3 million for the nine months ended September 30, 2022. Two properties were sold during the nine months ended September 30, 2023 while six properties were sold during the nine months ended September 30, 2022. Gains on sales of assets are dependent on levels of disposition activity and the assets' bases relative to their sales prices. As a result, such gains are not necessarily comparable period-to-period.

Provision for impairment increased $3.5 million, or 344%, to $4.5 million for the nine months ended September 30, 2023, compared to $1.0 million for the nine months ended September 30, 2022. Provisions for impairment are recorded when events or changes in circumstances indicate that the carrying amount may not be recoverable through operations plus estimated disposition proceeds and are not necessarily comparable period-to-period.

Net income increased $12.4 million, or 11%, to $124.4 million for the nine months ended September 30, 2023, compared to $112.0 million for the nine months ended September 30, 2022. The change was the result of the growth in the portfolio partially offset by the items discussed above. After allocation of income to non-controlling interest and preferred stockholders, net income attributable to common stockholders increased $12.5 million to $118.4 million, or 12% for the nine months ended September 30, 2023, compared to $105.9 million for the nine months ended September 30, 2022.

Liquidity and Capital Resources

The Company's principal demands for funds include payment of operating expenses, payment of principal and interest on its outstanding indebtedness, dividends and distributions to its stockholders and holders of the units of the Operating Partnership (the "Operating Partnership Common Units"), and future property acquisitions and development.

During the three months ended September 30, 2023, the Company repaid a $4.6 million, 5.01% per annum, interest only mortgage note at maturity in September 2023.

On July 31, 2023, the Company closed on an unsecured $350 million 5.5-year term loan (the "2029 Unsecured Term Loan") which includes an accordion option that allows the Company to request additional lender commitments up to a total of $500 million and matures in January 2029. Borrowings under the Term Loan are priced at SOFR plus a spread of 80 to 160 basis points over SOFR, depending on the Company's credit ratings. Based on the Company's credit ratings at the time of closing, pricing on the 2029 Unsecured Term Loan was 95 basis points over SOFR. The Company used the existing $350 million of forward starting interest rate swaps to hedge the variable SOFR priced interest to a weighted average fixed rate of 3.57% until January 2029.

The Company expects to meet its short-term liquidity requirements through cash and cash equivalents held as of September 30, 2023, cash provided from operations, and borrowings under its revolving credit facility. As of September 30, 2023, available cash and cash equivalents, including cash held in escrow, was $6.4 million.

As of September 30, 2023, the Company had $49.0 million outstanding on its revolving credit facility and $951.0 million available for future borrowings, subject to its compliance with covenants. The Company anticipates funding its long-term capital needs through cash provided from operations, borrowings under its revolving credit facility, and the issuance of debt and common or preferred equity or other instruments convertible into or exchangeable for common or preferred equity.

We continually evaluate alternative financing and believe that we can obtain financing on reasonable terms. However, there can be no assurance that additional financing or capital will be available, or that the terms will be acceptable or advantageous to us. Our ability to access capital on favorable terms as well as to use cash from operations to continue to meet our liquidity needs is uncertain and cannot be predicted and could be affected by various risks and uncertainties, including, but not limited to the risks detailed in Part I, Item 1A titled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 and in the other reports the Company has filed with the Securities and Exchange Commission ("SEC").

Capitalization

As of September 30, 2023, the Company's total enterprise value was approximately $7.99 billion. Total enterprise value consisted of $5.57 billion of common equity (based on the September 30, 2023 closing price Company common stock on the NYSE of $55.24 per common share and assuming the conversion of Operating Partnership Common Units), $175.0

million of preferred equity (stated at liquidation value) and $2.25 billion of total debt including (i) $49.0 million of borrowing under its revolving credit facility; (ii) $1.81 billion of senior unsecured notes; (iii) $350.0 million of unsecured term loan; (iv) $45.1 million of mortgage notes payable; less $6.4 million cash, cash equivalents and cash held in escrow. The Company's total debt to total enterprise value was 28.2% at September 30, 2023.

At September 30, 2023, the non-controlling interest in the Operating Partnership consisted of a 0.3% common ownership interest in the Operating Partnership. The Operating Partnership Common Units may, under certain circumstances, be exchanged for shares of Company common stock on a one-for-one basis. The Company, as sole general partner of the Operating Partnership, has the option to settle exchanged Operating Partnership Common Units held by others for cash based on the current trading price of our shares. Assuming the exchange of all Operating Partnership Common Units, there would have been 100,867,336 shares of common stock outstanding at September 30, 2023.

Equity

Shelf Registration

The Company has filed with the SEC an automatic shelf registration statement on Form S-3, registering an unspecified amount of common stock, preferred stock, depositary shares, warrants and guarantees of debt securities of the Operating Partnership, as well as an unspecified amount of debt securities of the Operating Partnership, at an indeterminate aggregate initial offering price. The Company may periodically offer one or more of these securities in amounts, prices and on terms to be announced when and if these securities are offered. The specifics of any future offerings, along with the use of proceeds of any securities offered, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

Common Stock Offerings

In October 2022, the Company completed a follow-on public offering of 5,750,000 shares of common stock, including the full exercise of the underwriters' option to purchase an additional 750,000 shares, in connection with forward sale agreements. As of December 31, 2022, the Company settled 1,600,000 shares of these October 2022 forward sale agreements, realizing net proceeds of $106.2 million. During the nine months ended September 30, 2023, the Company settled the remaining 4,150,000 shares of these October 2022 forward sale agreements, realizing net proceeds of $275.0 million. The offering resulted in total net proceeds to the Company of $381.2 million after deducting fees and expenses and making certain adjustments as provided in the equity distribution agreement.

Preferred Stock Offering

As of September 30, 2023, the Company had 7,000,000 depositary shares (the "Depositary Shares") outstanding, each representing 1/1,000th of a share of Series A Preferred Stock.

Dividends on the Series A Preferred Shares are payable monthly in arrears on the first day of each month (or, if not on a business day, on the next succeeding business day). The dividend rate is 4.25% per annum of the $25,000 (equivalent to $25.00 per Depositary Share) liquidation preference. Dividends on the Series A Preferred Shares are in the amount of $0.08854 per Depositary Share, equivalent to $1.0625 per annum.

The Company may not redeem the Series A Preferred Shares before September 2026 except in limited circumstances to preserve its status as a real estate investment trust for federal income tax purposes and except in certain circumstances upon the occurrence of a change of control of the Company. Beginning in September 2026, the Company, at its option, may redeem the Series A Preferred Shares, in whole or from time to time in part, by paying $25.00 per Depositary Share, plus any accrued and unpaid dividends. Upon the occurrence of a change in control of the Company, if the Company does not otherwise redeem the Series A Preferred Shares, the holders have a right to convert their shares into common stock of the Company at the $25.00 per share liquidation value, plus any accrued and unpaid dividends. This conversion value is limited by a share cap if the Company's stock price falls below a certain threshold.

ATM Programs

The Company enters into ATM programs through which the Company, from time to time, sells shares of common stock and/or enters into forward sale agreements.

Under the current $750.0 million ATM Program, the Company has entered into forward sale agreements to sell an aggregate of 6,363,359 shares of common stock, for net proceeds of $433.4 million. Through December 31, 2022, the Company settled 245,591 shares of these forward sale agreements for net proceeds of approximately $18.1 million, after deducting fees and expenses. During the nine months ended September 30, 2023, the Company settled the remaining 6,117,768 shares of these forward sales agreements for net proceeds of approximately $415.4 million, after deducting fees and expenses.

After considering the shares of common stock issued or sold subject to forward sale agreements under the current ATM program, the Company had approximately $313.4 million of availability remaining under the program as of September 30, 2023.

Debt

The below table summarizes the Company's outstanding debt as of September 30, 2023 and December 31, 2022 (*presented in thousands*):

	All-in Interest Rate	Coupon Rate	Maturity	Principal Amount Outstanding	
				September 30, 2023	December 31, 2022
Senior Unsecured Revolving Credit Facility					
Revolving Credit Facility [1]	6.20 %		January 2026	$ 49,000	$ 100,000
Total Credit Facility				**$ 49,000**	**$ 100,000**
Unsecured Term Loan					
2029 Unsecured Term Loan [2]	4.52 %		January 2029	$ 350,000	$ —
Total Unsecured Term Loan				**$ 350,000**	**$ —**
Senior Unsecured Notes [3]					
2025 Senior Unsecured Notes	4.16 %	4.16 %	May 2025	$ 50,000	$ 50,000
2027 Senior Unsecured Notes	4.26 %	4.26 %	May 2027	50,000	50,000
2028 Senior Unsecured Public Notes [4]	2.11 %	2.00 %	June 2028	350,000	350,000
2028 Senior Unsecured Notes	4.42 %	4.42 %	July 2028	60,000	60,000
2029 Senior Unsecured Notes	4.19 %	4.19 %	September 2029	100,000	100,000
2030 Senior Unsecured Notes	4.32 %	4.32 %	September 2030	125,000	125,000
2030 Senior Unsecured Public Notes [4]	3.49 %	2.90 %	October 2030	350,000	350,000
2031 Senior Unsecured Notes	4.42 %	4.47 %	October 2031	125,000	125,000
2032 Senior Unsecured Public Notes [4]	3.96 %	4.80 %	October 2032	300,000	300,000
2033 Senior Unsecured Public Notes [4]	2.13 %	2.60 %	June 2033	300,000	300,000
Total Senior Unsecured Notes				**$ 1,810,000**	**$ 1,810,000**
Mortgage Notes Payable					
Single Asset Mortgage Loan	5.01 %		September 2023	—	4,622
Portfolio Credit Tenant Lease	6.27 %		July 2026	2,849	3,523
Four Asset Mortgage Loan	3.63 %		December 2029	42,250	42,250
Total Mortgage Notes Payable				**$ 45,099**	**$ 50,395**
Total Principal Amount Outstanding				**$ 2,254,099**	**$ 1,960,395**

(1) The interest rate of the Revolving Credit Facility assumes SOFR as of September 30, 2023 of 5.32%.
(2) The interest rate of the Unsecured Term Loan reflects the credit spread of 95 basis points plus the impact of the interest rate swaps which convert $350 million of SOFR based interest to a fixed interest rate of 3.57%.
(3) All-in interest rate for Senior Unsecured Notes reflects the straight-line amortization of the terminated swap agreements, as applicable.

(4) The principal amounts outstanding are presented excluding their original issue discounts.

Senior Unsecured Revolving Credit Facility

The Company's Third Amended and Restated Revolving Credit Agreement provides for a $1.0 billion Revolving Credit Facility. The Revolving Credit Facility includes an accordion option that allows the Company to request additional lender commitments up to a total of $1.75 billion. The Revolving Credit Facility will mature in January 2026 with Company options to extend the maturity date to January 2027.

The Revolving Credit Facility's interest rate is based on a pricing grid with a range of 72.5 to 140 basis points over SOFR, determined by the Company's credit ratings and leverage ratio, plus a SOFR adjustment of 10 basis points. The margins for the Revolving Credit Facility are subject to improvement based on the Company's leverage ratio, provided its credit ratings meet a certain threshold. Based on the Company's credit ratings and leverage ratio at the time of closing, pricing on the Revolving Credit Facility was 87.5 basis points over SOFR. In connection with the Company's ongoing environmental, social and governance ("ESG") initiatives, pricing may be reduced if specific ESG ratings are achieved.

The Company and Richard Agree, the Executive Chairman of the Company, were parties to a Reimbursement Agreement dated November 18, 2014 (the "Reimbursement Agreement"). Pursuant to the Reimbursement Agreement, Mr. Agree had agreed to reimburse the Company for any loss incurred under the Revolving Credit Facility in an amount not to exceed $14.0 million to the extent that the value of the Operating Partnership's assets available to satisfy the Operating Partnership's obligations under the Revolving Credit Facility is less than $14.0 million. The parties terminated the Reimbursement Agreement and entered into a new reimbursement agreement dated October 3, 2023 (the "New Reimbursement Agreement"). Pursuant to the New Reimbursement Agreement, Mr. Agree has agreed to reimburse the Company for his proportionate share of loss incurred under the Revolving Credit Facility in an amount to be determined by facts and circumstances at the time of loss.

Unsecured Term Loan

The 2029 Unsecured Term Loan includes an accordion option that allows the Company to request additional lender commitments up to a total of $500 million and matures in January 2029. Borrowings under the Term Loan are priced at SOFR plus a spread of 80 to 160 basis points over SOFR, depending on the Company's credit ratings. The Company used the existing $350 million of forward starting interest rate swaps to hedge the variable SOFR priced interest to a weighted average fixed rate of 3.57% until January 2029.

Senior Unsecured Notes – Private Placement

The Senior Unsecured Notes (collectively the "Private Placements") were issued in private placements to individual investors. The Private Placements did not involve a public offering in reliance on the exemption from registration pursuant to Section 4(a)(2) of the Securities Act.

Senior Unsecured Notes – Public Offerings

The Senior Unsecured Public Notes (collectively the "Public Notes") are fully and unconditionally guaranteed by Agree Realty Corporation and certain wholly owned subsidiaries of the Operating Partnership. The Public Notes are governed by an Indenture, dated August 17, 2020, among the Operating Partnership, the Company and respective trustee (as amended and supplemented by an officer's certificate dated at the issuance of each of the Public Notes, the "Indenture"). The Indenture, as amended, contains various restrictive covenants, including limitations on the ability of the guarantors and the issuer to incur additional indebtedness and requirements to maintain a pool of unencumbered assets.

Mortgage Notes Payable

As of September 30, 2023, the Company had total gross mortgage indebtedness of $45.1 million which was collateralized by related real estate and tenants' leases with an aggregate net book value of $80.0 million. The weighted average interest rate on the Company's mortgage notes payable was 3.80% as of September 30, 2023 and 3.94% as of December 31, 2022.

The Company has entered into mortgage loans which are secured by multiple properties and contain cross-default and cross-collateralization provisions. Cross-collateralization provisions allow a lender to foreclose on multiple properties in the event that the Company defaults under the loan. Cross-default provisions allow a lender to foreclose on the related property in the event a default is declared under another loan.

Loan Covenants

Certain loan agreements contain various restrictive covenants, including the following financial covenants: maximum leverage ratio, maximum secured leverage ratios, consolidated net worth requirements, a minimum fixed charge coverage ratio, a maximum unencumbered leverage ratio, a minimum unsecured interest expense ratio, a minimum interest coverage ratio, a minimum unsecured debt yield and a minimum unencumbered interest expense ratio. As of September 30, 2023, the most restrictive covenant was the minimum unencumbered interest expense ratio. The Company was in compliance with all of its loan covenants and obligations as of September 30, 2023.

Cash Flows

Operating - Most of the Company's cash from operations is generated by rental income from its investment portfolio. Net cash provided by operating activities for the nine months ended September 30, 2023 increased by $24.7 million over the same period in 2022, primarily due to the increase in the size of the Company's real estate investment portfolio.

Investing - Net cash used in investing activities was $99.8 million lower during the nine months ended September 30, 2023, compared to the same period in 2022 primarily due to:

- Cash used for property acquisitions decreased $155.9 million due to the overall decrease in the level of acquisition activity;

- Proceeds from asset sales decreased by $40.6 million. Proceeds from asset sales are dependent on levels of disposition activity and the specific assets sold and are not necessarily comparable period-to-period; and

- A $15.6 million increase in cash used for development investment due to changes in timing of development spend and more projects in progress during the nine months ended September 30, 2023 as compared to the number of projects in progress during the nine months ended September 30, 2022.

Financing - Net cash provided by financing activities decreased by $353.3 million during the nine months ended September 30, 2023, compared to the same period in 2022 primarily due to:

- Net proceeds from the issuance of common stock decreased by $461.9 million;

- Net repayments on the Revolving Credit Facility decreased $109.0 million. Net repayments on the Revolving Credit Facility were $51.0 million during the nine months ended September 30, 2023 while $160.0 million of net repayments were completed over the same period in 2022;

- Net proceeds from unsecured borrowings increased by $52.5 million. During the nine months ended September 30, 2023, $350 million of proceeds were received as a result of the issuance of the $350 million 2029 Unsecured Term Loan while $297.5 million of proceeds were received during the nine months ended September 30, 2022 from the issuance of the 2032 Senior Unsecured Public Notes;

- Total dividends and distributions paid to its common and preferred stockholders and non-controlling interest increased by $46.5 million due to the increase in the annualized common dividend rate and an increased number of common shares outstanding. The Company's annualized common stock dividend declared during the third quarter of 2023 of $2.916 per common share, represents a 3.8% increase over the annualized dividend amount of $2.808 per common share declared in the same period in 2022; and

- Payments of mortgage notes payable increased $4.7 million due to the repayment of a $4.6 million, 5.01% per annum, interest only mortgage note during the third quarter of 2023.

Material Cash Requirements

In conducting our business, the Company enters into contractual obligations, including those for debt and operating leases for land.

Detail on these obligations as of September 30, 2023, including expected settlement periods, is contained below (*presented in thousands*):

	2023 (remaining)	2024	2025	2026	2027	Thereafter	Total
Mortgage Notes Payable	$ 231	$ 963	$ 1,026	$ 629	$ —	$ 42,250	$ 45,099
Revolving Credit Facility (1)	—	—	—	49,000	—	—	49,000
Unsecured Term Loan	—	—	—	—	—	350,000	350,000
Senior Unsecured Notes	—	—	50,000	—	50,000	1,710,000	1,810,000
Land Lease Obligations	383	7,449	1,197	1,195	1,042	28,809	40,075
Estimated Interest Payments on Outstanding Debt (2)	24,287	87,996	86,716	82,877	81,497	211,780	575,153
Total	**$ 24,901**	**$ 96,408**	**$ 138,939**	**$ 133,701**	**$ 132,539**	**$ 2,342,839**	**$ 2,869,327**

(1) The Revolving Credit Facility matures in January 2026, with options to extend the maturity date by six months up to two times, for a maximum maturity of January 2027.

(2) Estimated interest payments calculated for (i) variable rate debt based on the rate in effect at period-end and (ii) fixed rate debt based on the coupon interest rate.

In addition to items reflected in the table above, the Company has issued preferred stock with cumulative cash dividends, as described under *Equity – Preferred Stock Offering* above.

During the nine months ended September 30, 2023 the Company had 33 development or Developer Funding Platform projects completed or under construction, for which 16 remain under construction as of September 30, 2023. Anticipated total costs for the 16 projects are approximately $67.0 million. These construction commitments will be funded using cash provided from operations, current capital resources on hand, and/or other sources of funding available to the Company.

The Company's recurring obligations under its tenant leases for maintenance, taxes, and/or insurance will also be funded through the cash sources available to the Company described earlier.

Dividends

During the quarter ended September 30, 2023, the Company declared monthly dividends of $0.243 per common share for July, August and September 2023. The holder of the Operating Partnership Common Units is entitled to an equal distribution per Operating Partnership Common Unit held. The dividends and distributions payable for July and August were paid during the three months ended September 30, 2023 and 2022, while September dividends and distributions were recorded as liabilities on the Condensed Consolidated Balance Sheet at September 30, 2023 and were paid on October 13, 2023.

During the quarter ended September 30, 2023, the Company declared monthly dividends on the Series A Preferred Shares for July, August and September 2023. The September dividend was recorded as a liability on the Condensed Consolidated Balance Sheet at September 30, 2023 and was paid on October 2, 2023.

Recent Accounting Pronouncements

Refer to Note 2 – *Summary of Significant Accounting Policies* in the condensed consolidated financial statements for a summary and anticipated impact of each applicable accounting pronouncement on the Company's financial statements.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires the Company's management to use judgment in the application of accounting policies, including making estimates and assumptions. Management bases estimates on the best information available at the time, its experience, and on various other assumptions believed to be reasonable under the circumstances. These estimates affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. If management's judgment or interpretation of the facts and circumstances relating to various transactions or other matters had been different, it is possible that different accounting principles would have been applied, resulting in a different presentation of the interim Condensed Consolidated Financial Statements. From time to time, the Company may re-evaluate its estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current estimates and assumptions about matters that are inherently uncertain. A summary of the Company's critical accounting policies is included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022. The Company has not made any material changes to these policies during the periods covered by this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measures

Funds from Operations ("FFO" or "Nareit FFO")

FFO is defined by the National Association of Real Estate Investment Trusts, Inc. ("Nareit") to mean net income computed in accordance with GAAP, excluding gains (or losses) from sales of real estate assets and/or changes in control, plus real estate related depreciation and amortization and any impairment charges on depreciable real estate assets, and after adjustments for unconsolidated partnerships and joint ventures. Historical cost accounting for real estate assets in accordance with GAAP implicitly assumes that the value of real estate assets diminishes predictably over time. Since real estate values instead have historically risen or fallen with market conditions, most real estate industry investors consider FFO to be helpful in evaluating a real estate company's operations.

FFO should not be considered an alternative to net income as the primary indicator of the Company's operating performance, or as an alternative to cash flow as a measure of liquidity. Further, while the Company adheres to the Nareit definition of FFO, its presentation of FFO is not necessarily comparable to similarly titled measures of other REITs due to the fact that all REITs may not use the same definition.

Core Funds from Operations ("Core FFO")

The Company defines Core FFO as Nareit FFO with the addback of (i) noncash amortization of acquisition purchase price related to above- and below- market lease intangibles and discount on assumed mortgage debt and (ii) certain infrequently occurring items that reduce or increase net income in accordance with GAAP. Management believes that its measure of Core FFO facilitates useful comparison of performance to its peers who predominantly transact in sale-leaseback transactions and are thereby not required by GAAP to allocate purchase price to lease intangibles. Unlike many of its peers, the Company has acquired the substantial majority of its net-leased properties through acquisitions of properties from third parties or in connection with the acquisitions of ground leases from third parties.

Core FFO should not be considered an alternative to net income as the primary indicator of the Company's operating performance, or as an alternative to cash flow as a measure of liquidity. Further, the Company's presentation of Core FFO is not necessarily comparable to similarly titled measures of other REITs due to the fact that all REITs may not use the same definition.

Adjusted Funds from Operations ("AFFO")

AFFO is a non-GAAP financial measure of operating performance used by many companies in the REIT industry. AFFO further adjusts FFO and Core FFO for certain non-cash items that reduce or increase net income computed in accordance with GAAP. Management considers AFFO a useful supplemental measure of the Company's performance; however, AFFO should not be considered an alternative to net income as an indication of its performance, or to cash flow as a measure of liquidity or ability to make distributions. The Company's computation of AFFO may differ from the methodology for calculating AFFO used by other equity REITs, and therefore may not be comparable to such other REITs.

Reconciliations

The following table provides a reconciliation of net income to FFO, Core FFO and AFFO for the three and nine months ended September 30, 2023 and 2022 (*presented in thousands*):

	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Reconciliation from Net Income to Funds from Operations				
Net income	$ 41,657	$ 39,577	$ 124,446	$ 111,996
Less Series A preferred stock dividends	1,859	1,859	5,578	5,578
Net income attributable to Operating Partnership common unitholders	39,798	37,718	118,868	106,418
Depreciation of rental real estate assets	29,769	23,073	84,498	63,842
Amortization of lease intangibles - in-place leases and leasing costs	15,258	11,836	43,356	31,307
Provision for impairment	3,195	—	4,510	1,015
(Gain) loss on sale or involuntary conversion of assets, net	20	(2,885)	(299)	(5,161)
Funds from Operations - Operating Partnership common unitholders	$ 88,040	$ 69,742	$ 250,933	$ 197,421
Amortization of above (below) market lease intangibles, net and assumed mortgage debt discount, net	8,377	8,458	25,866	25,007
Core Funds from Operations - Operating Partnership common unitholders	$ 96,417	$ 78,200	$ 276,799	$ 222,428
Straight-line accrued rent	(2,795)	(3,189)	(8,942)	(9,419)
Stock-based compensation expense	2,172	1,514	6,180	4,892
Amortization of financing costs and original issue discounts	1,160	791	3,217	2,070
Non-real estate depreciation	598	248	1,166	517
Adjusted Funds from Operations - Operating Partnership common unitholders	$ 97,552	$ 77,564	$ 278,420	$ 220,488
Funds from Operations per common share and partnership unit - diluted	$ 0.90	$ 0.86	$ 2.67	$ 2.59
Core Funds from Operations per common share and partnership unit - diluted	$ 0.99	$ 0.97	$ 2.94	$ 2.92
Adjusted Funds from Operations per common share and partnership unit - diluted	$ 1.00	$ 0.96	$ 2.96	$ 2.89
Weighted average shares and Operating Partnership common units outstanding				
Basic	97,602,762	80,048,755	93,821,801	75,709,202
Diluted	97,697,092	80,937,065	94,079,978	76,238,311
Additional supplemental disclosure				
Scheduled principal repayments	$ 228	$ 214	$ 673	$ 633
Capitalized interest	$ 466	$ 554	$ 1,669	$ 816
Capitalized building improvements	$ 3,602	$ 3,135	$ 6,697	$ 6,977

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to interest rate risk primarily through borrowing activities. There is inherent roll-over risk for borrowings as they mature and are renewed at current market rates. The extent of this risk is not quantifiable or predictable because of the variability of future interest rates and our future financing requirements.

The Company's interest rate risk is monitored using a variety of techniques. The table below presents the principal payments (*presented in thousands)* and the weighted average interest rates on outstanding debt, by year of expected maturity, to evaluate the expected cash flows and sensitivity to interest rate changes. Average interest rates shown reflect the impact of any swap agreements employed to fix interest rates.

	2023 (remaining)	2024	2025	2026	2027	Thereafter	Total
Mortgage Notes Payable	$ 231	$ 963	$ 1,026	$ 629	$ —	$ 42,250	$ 45,099
Average Interest Rate	6.27 %	6.27 %	6.27 %	6.27 %		3.63 %	
Revolving Credit Facility (1)	$ —	$ —	$ —	$ 49,000	$ —	$ —	$ 49,000
Average Interest Rate				5.96 %			
Unsecured Term Loan	$ —	$ —	$ —	$ —	$ —	$ 350,000	$ 350,000
Average Interest Rate (2)						4.52 %	
Senior Unsecured Notes	$ —	$ —	$ 50,000	$ —	$ 50,000	$ 1,710,000	$ 1,810,000
Average Interest Rate			4.16 %		4.26 %	3.25 %	

(1) The Revolving Credit Facility matures in January 2026, with options to extend the maturity date by six months up to two times, for a maximum maturity of January 2027.

(2) The interest rate of the Unsecured Term Loan reflects the credit spread of 95 basis points plus the impact of the interest rate swaps which convert $350 million of SOFR based interest to a fixed interest rate of 3.57%.

The table above incorporates those exposures that exist as of September 30, 2023; it does not consider those exposures or positions which could arise after that date. As a result, the Company's ultimate realized gain or loss with respect to interest rate fluctuations will depend on the exposures that arise during the period and interest rates.

The Company seeks to limit the impact of interest rate changes on earnings and cash flows and to lower the overall borrowing costs by closely monitoring our variable rate debt and converting such debt to fixed rates when the Company deems such conversion advantageous. From time to time, the Company may enter into interest rate swap agreements or other interest rate hedging contracts. While these agreements are intended to lessen the impact of rising interest rates, they also expose the Company to the risks that the other parties to the agreements will not perform. The Company could incur significant costs associated with the settlement of the agreements, the agreements may be unenforceable or the underlying transactions fail to qualify as highly effective cash flow hedges under GAAP guidance.

In June 2023, the Company entered into $350 million of forward starting interest rate swap agreements to hedge against variability in future cash flows resulting from changes in SOFR. The swaps exchange variable rate interest on $350 million of SOFR indexed debt to a weighted average fixed interest rate of 3.57% and are effective August 1, 2023 through January 1, 2029. The swaps are designated to hedge the variable rate interest payments indexed to SOFR in the Senior Unsecured Term Loan which matures January 2029. As of September 30, 2023, these interest rate swaps were valued as an asset of approximately $11.7 million.

The Company does not use derivative instruments for trading or other speculative purposes and the Company did not have any other derivative instruments or hedging activities as of September 30, 2023.

The fair value of the mortgage notes payable and senior unsecured notes is estimated to be $39.3 million and $1.52 billion, respectively, as of September 30, 2023. The fair value of the Revolving Credit Facility and Unsecured Term Loan approximate their carrying values as they are variable rate debt.

ITEM 4. Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this report, the Company conducted an evaluation, under the supervision and with the participation of its principal executive officer and principal financial officer, of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that its disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in reports that the Company files or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting during its most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is not presently involved in any material litigation nor, to its knowledge, is any other material litigation threatened against us, except for routine litigation arising in the ordinary course of business which is expected to be covered by its liability insurance.

ITEM 1A. Risk Factors

For a discussion of the Company's potential risks and uncertainties, see the information under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 .

ITEM 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity

During the three months ended September 30, 2023 the Company withheld shares from employees to satisfy estimated statutory income tax obligations related to vesting of restricted stock awards. The value of the common stock withheld was based on the closing price of our common stock on the applicable vesting date.

Common stock repurchases during the three months ended September 30, 2023 were:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2023 - July 31, 2023	45	$ 65.68	—	—
August 1, 2023 - August 31, 2023	817	61.80	—	—
September 1, 2023 - September 30, 2023	128	56.45	—	—
Total	990	$ 61.28	—	—

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the quarter ended September 30, 2023, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement.

ITEM 6. Exhibits

3.1 Articles of Incorporation of the Company, including all amendments and articles supplementary thereto (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013).

3.2 Amendment to the Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 6, 2015).

3.3 Amendment to Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 3, 2016).

3.4 Articles Supplementary of the Company, dated February 26, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 28, 2019).

3.5 Articles of Amendment of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 25, 2019).

3.6 Amendment to Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 10, 2021).

3.7 Articles Supplementary of the Company, dated September 13, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 13, 2021).

3.8 Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on May 9, 2013).

3.9 First Amendment to Amended and Restated Bylaws of Agree Realty Corporation, effective February 26, 2019 (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on February 28, 2019).

10.1 Term Loan Agreement, dated as of July 31, by and among Agree Realty Corporation, Agree Limited Partnership, PNC Bank, National Association, as Administrative Agent, and a syndicate of lenders named therein (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 1, 2023).

*10.2+ Employment Agreement, dated October 1, 2023, by and between Agree Realty Corporation and Joel Agree .

*22 Subsidiary Guarantors of Agree Realty Corporation

*31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Joel N. Agree, Chief Executive Officer

*31.2 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, Peter Coughenour, Chief Financial Officer

**32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Joel N. Agree, Chief Executive Officer

**32.2 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Peter Coughenour, Chief Financial Officer

*101 The following materials from Agree Realty Corporation's Quarterly Report on Form 10-Q for the three months ended September 30, 2023 formatted in Inline iXBRL (eXtensible Business Reporting Language): (i) the

Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Income and Comprehensive Income, (iii) the Condensed Consolidated Statement of Stockholders' Equity, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) related notes to these consolidated financial statements.

*104 Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101)

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* Filed herewith.
** Documents are furnished not filed.
+ Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Agree Realty Corporation

/s/ Joel N. Agree
Joel N. Agree
President and Chief Executive Officer

/s/ Peter Coughenour
Peter Coughenour
Chief Financial Officer and Secretary
(Principal Financial Officer)

Date: October 24, 2023

Exhibit 10.2

AGREEMENT REGARDING EMPLOYMENT TERMS

This **AGREEMENT REGARDING EMPLOYMENT TERMS** (this "**Agreement**") is made effective as of the 1st day of October, 2023, by and between **AGREE REALTY CORPORATION**, a Maryland corporation (the "**Company**")**,** and **JOEL AGREE** (the "Executive").

WITNESSETH:

WHEREAS, the Company and the Executive entered into an Amended Employment Agreement dated October 1, 2020 (the "**Amended Agreement**"), pursuant to which the Executive agreed to serve as the Company's President and Chief Executive Officer. Such Amended Agreement expired on September 30, 2023;

WHEREAS, the Company desires to continue to employ the Executive as its President and Chief Executive Officer on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, the parties hereto hereby agree as follows:

1. **Employment; Term**. The Company hereby employs the Executive and the Executive agrees to serve the Company as the Company's President and Chief Executive Officer. The "**Employment Period**" under this Agreement shall be the period commencing on October 1, 2023 (the **Effective Date**") and ending in accordance with the terms of this Agreement. The Executive shall also serve as a director on the Board of Directors of the Company (the "**Board**") if elected or appointed as a director and as Chairman of the Board to the extent requested by the Board.

2. **Termination for Convenience**. Subject to the terms and conditions set forth herein, the Executive's employment may be terminated by either party hereto upon thirty (30) days' written notice to the other party hereto.

3. **Duties**. The Executive shall serve as the Company's President and Chief Executive Officer and, consistent with the Company's bylaws and the duties and responsibilities customarily associated with such positions in a public corporation of similar size and business and subject to the direction of the Board and the Executive Chairman, shall have general responsibility and ultimate authority for implementation of the policies of the Company and for the management of the business and affairs of the Company. The Executive also shall have any additional duties and any additional responsibilities which may from time to time be reasonably designated by the Board or the Executive Chairman; provided that the scope of his duties and the extent of his responsibilities shall not be substantially different from the duties and responsibilities customarily associated with the position of Chief Executive Officer and President in a public corporation of a similar size and business. At all times, the Executive shall be subject to the direction of the Board. During the Employment Period, the Executive shall devote his full business time and best efforts to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the Executive may: (i) engage in any civic or charitable activities for which the Executive receives de minimis compensation or other pecuniary advantage; (ii) invest his personal assets in any business that is not competitive with the Company or any of its subsidiaries, provided that such investment will not require any services on the part of the Executive which would unreasonably interfere with his obligations hereunder; (iii) purchase securities that are listed on a national securities exchange of any entity that is competitive with the Company or any of its subsidiaries, provided that the Executive may not beneficially own five percent (5%) or more of any class of such securities; (iv) serve as a director of up to three publicly traded entities that are not competitive with the Company or any of its subsidiaries; and (v) participate in any other activity approved in advance in writing by the Board. For purposes of this Section 3, a business or entity is "competitive with the Company or any of its subsidiaries" if such business or entity consists of or includes any type or line of business engaged in retail real estate and such business is conducted, in whole or in part, within a one-hundred (100) mile radius of the Company's principal executive headquarters.

4. **Compensation and Benefits**. The Compensation Committee shall review the Executive's salary at least annually to determine whether the Executive's salary and benefits shall be adjusted based on such criteria as the Compensation Committee shall from time to time establish.

5. **Termination Consequences**. The amounts described in Sections 5 and 6 hereof will be in lieu of any termination or severance payments required by the Company's policies or applicable law (other than as required under applicable law), and will constitute Executive's sole and exclusive rights and remedies with respect to the termination of Executive's employment with the Company. The Company may withhold from any payments hereunder all federal, state, city or other taxes to the extent required by applicable law.

(a) Death; Disability. In the event of the death or Disability of the Executive, the Executive's employment hereunder shall terminate, and the Company shall pay to the Executive or the Executive's personal representative or estate, as the case may be, in cash (i) salary and other benefits earned and accrued under this Agreement prior to the termination date, including reimbursement for expenses, (ii) provided the Company has not yet paid out any amount in satisfaction of the annual cash bonus for the fiscal year preceding the year of termination, an amount equal to the prorated portion of the annual bonus payable to Executive (the "**Annual Bonus**") at "target" level for the year in which the termination occurs, payable within 70 days after such termination date, (iii) elimination of any exclusively time vesting conditions on any restricted stock, stock option or other equity awards held by Executive to the extent unvested (any performance-based vesting conditions will continue in effect in accordance with their terms, except as may be provided in such underlying award agreement), and (iv) in the event of Executive's death, (a) a cash payment equal to 2 months of salary payable no later than 10 days after termination and (b) continuation to Executive's spouse and dependents of fully paid health insurance under the Company's health plans and programs applicable to senior executives during the 1 year period following the date of termination. Subject to Section 18(d) hereof, to the extent not specified above, the payments under this Section 5(a) shall be paid within ten (10) days of such termination.

For purposes of this Agreement, "**Disability**" shall mean the inability of the Executive to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

For purposes of this Agreement, "**Bonus**" shall mean (i) the annual cash bonus from the Company plus (ii) the grant date fair value, in accordance with generally accepted accounting principles, of share-based compensation issued by the Company to the Executive.

(b) Good Reason or Other Than for Cause, Death or Disability. Except with respect to a Change in Control (which is covered by Section 6 hereof), in the event that Executive's employment is terminated by the Company for any reason other than death, Disability or Cause, or the Executive's employment is terminated by Executive for Good Reason, the Company shall pay to the Executive in cash (i) any accrued but unpaid salary and accrued but unused vacation due to Executive's termination, (ii) reimbursement of expenses incurred but unpaid prior to Executive's termination, (iii) a cash payment equal to 200% of salary, payable in equal installments over a 12 month period in accordance with the Company's usual and customary payroll practices, (iv) a cash payment equal to 200% of Executive's average Annual Bonus for the three years immediately preceding the year of the termination payable in equal installments over a 12 month period in accordance with the Company's usual and customary payroll practices, (v) vesting of any restricted stock, stock option or other equity awards Executive then continues to hold, to the extent unvested, including any performance awards at target and (vi) for a period of one year after termination, such health benefits under the Company's health plans and programs applicable to senior executives of the Company generally as Executive would have received and at such costs to Executive as would have applied in the absence of such termination, provided that the Company shall in no event be required to provide any benefits otherwise required herein after such time as Executive becomes entitled to receive benefits from another employer or recipient of Executive's services. Subject to Section 18(d) hereof, the payments under clauses (iii) and (iv) hereof shall be paid or commence on the 60th day following the date of termination of employment subject to the execution, delivery and nonrevocation of a release.

For purposes of this Agreement, "**Cause**" shall mean: (i) the Executive's willful failure or refusal to perform specific reasonable written directives of the Board, which directives are consistent with the scope and nature of the Executive's duties and responsibilities under this Agreement, and which are not remedied by the Executive within sixty (60) days after written notice of his failure by the Board; (ii) a felony conviction of the Executive; or (iii) a material breach by the Executive of his obligations under Section 7 hereof. No act or failure to act on the part of the Executive shall be deemed "willful" if it was due primarily to an error in judgment or negligence, but shall be deemed "willful" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that his action or omission was in the best interests of the Company.

For purposes of this Agreement, "**Good Reason**" shall mean: (i) a material breach of this Agreement by the Company; (ii) other than for Cause, a material reduction in the nature or scope of the Executive's title, authority, powers, functions, duties, or responsibilities; (iii) a material reduction in the salary and Bonus paid to Executive or benefits provided to Executive; or (iv) without Executive's written consent, a transfer of the place of employment of more than thirty (30) miles from the Company's principal executive headquarters. A termination by the Executive shall not be for Good Reason unless the Executive gives the Company written notice specifying the event or condition that the Executive asserts constitutes Good Reason, the notice is given no more than ninety (90) days after the occurrence of the event or initial existence of the condition that the Executive asserts constitutes Good Reason, during the thirty (30) days following such notice the Company either fails to remedy or cure the event or condition or notifies the Executive in writing that it will not remedy or cure the event or condition and the Executive resigns within thirty (30) days after the end of the cure period or, if earlier, the date the Company notifies the Executive in writing that the Company will not remedy or cure the event or condition that the Executive asserts constitutes Good Reason.

(c) Cause or Without Good Reason. In the event Executive's employment is terminated by the Company for Cause, or is terminated by Executive without Good Reason, the Company shall pay the Executive in cash the salary and other benefits (but excluding any Annual Bonus not yet paid) earned and accrued prior to the date of termination including reimbursement for expenses. Subject to Section 18(d) hereof, the foregoing payments shall be made within ten (10) days of such termination. Except as set forth in this Section 5(c) or as required by law, (i) any and all other benefits which the Executive would otherwise have been entitled to receive pursuant to the terms of this Agreement or applicable law shall be forfeited and (ii) any unvested securities of the Company issued to the Executive under the Company's 2020 Omnibus Incentive Plan, or any successor incentive plan thereto (the " **2020 Plan**") or any similar plan shall be forfeited.

The Executive shall not be deemed to have been terminated for Cause hereunder unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Board then in office (excluding Executive or any immediate family member of Executive) at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting Cause as herein defined and specifying the particulars thereof in detail.

(d) Timing. To the extent not set forth in Section 5(a)-(c) hereof or otherwise provided in Section 18(d) hereof, any amounts under Section 5(a)-(c) will be paid, and the book-entry shares, if any, for the vested securities will be delivered, as soon as reasonably possible, but in no event later than 30 days after the termination occurs.

6. **Change in Control of the Company.**

(a) If a Change in Control of the Company occurs prior to the end of the Employment Period and (a) Executive's employment is terminated by the Company for reasons other than death, Disability or Cause or (b) the Executive terminates employment with the Company for Good Reason, then, the Company, or any successor thereto, will pay to the Executive in cash, (i) any accrued but unpaid salary and accrued but unused vacation due to Executive's termination, (ii) reimbursement of expenses incurred but unpaid prior to Executive's termination, (iii) a cash payment equal to 300% of salary, payable in equal installments over a 12 month period in accordance with the Company's usual and customary payroll practices, (iv) a cash payment equal to 300% of Executive's average Annual Bonus for the three years immediately preceding the year of the termination payable in equal installments over a 12 month period in accordance with the Company's usual and customary payroll practices, (v) vesting of any restricted stock, stock option or other equity awards Executive then continues to hold, to the extent unvested, including any performance awards at target, (vi) for a period of one year after termination, such health benefits under the Company's health plans and programs applicable to senior executives of the Company generally as Executive would have received and at such costs to Executive as would have applied in the absence of such termination, provided that the Company shall in no event be required to provide any benefits otherwise required herein after such time as Executive becomes entitled to receive benefits from another employer or recipient of Executive's services and (vii) a prorated Annual Bonus at "target" level for the year in which Executive's employment is terminated payable in a single lump sum. Subject to Section 18(d) hereof, the payments under clauses (iii), (iv) and (vii) hereof shall be paid or commence on the 60th day following the date of termination of employment subject to the execution, delivery and nonrevocation of a release.

(b) Notwithstanding any other provision of this Agreement, in the event that the Company or Executive determines, based upon the advice of its tax advisors, (i) that part or all of the consideration, compensation or benefits to be paid to Executive under Section 6(a) or any other provision hereof constitute payments "contingent on a change in ownership or control" of the Company within the meaning of the Treasury Regulations under Section 280G(b)(2) (or a successor provision) of the Internal Revenue Code of 1986, as amended ("parachute payments"), and (ii) that the aggregate present value of such parachute payments, singularly or together with the aggregate present value of any consideration, compensation or benefits to be paid to Executive under any other plan, arrangement or agreement which constitute parachute payments (collectively, the "**Parachute Amount**"), exceeds 2.99 times the Executive's "base amount" as defined in Section 280G(b)(3) of the Code (the "**Executive Base Amount**"), then the amounts constituting parachute payments which would otherwise be payable to or for the benefit of Executive shall be reduced to the extent necessary so that the Parachute Amount is equal to 2.99 times the Executive Base Amount (the "**Reduced Amount**"); provided, however, that the Company shall pay to Executive the Parachute Amount without reduction if it is determined that payment of the Parachute Amount would generate more after−tax income to Executive than the Reduced Amount. In the event of a reduction of the payments that would otherwise be paid to Executive, then the Company may elect which and how much of any particular entitlement shall be eliminated or reduced and shall notify Executive promptly of such election; provided, however that the aggregate reduction shall be no more than as set forth in the preceding sentence of this Section 6(b).

(c) For purposes of this Agreement, a "**Change in Control**" shall mean the occurrence of any of the following events at any time during the Employment Period:

(i) The Company is merged, consolidated or reorganized into or with another corporation or other legal person and as a result of such merger, consolidation or reorganization less than a majority of the combined voting power of the then-outstanding securities of the entity resulting from such merger, consolidation or reorganization immediately after such transaction are held in the aggregate by holders of the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors of the Company ("**Voting Stock**") immediately prior to such transaction;

(ii) The Company sells all or substantially all of its assets to any other corporation or other legal person, and less than a majority of the combined voting power of the then-outstanding voting securities of the purchaser immediately after such transaction are held in the aggregate by the holders of Voting Stock of the Company immediately prior to such sale;

(iii) If a report is filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), disclosing that any person (as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), other than Richard Agree, and his immediate family and affiliates, in aggregate, is the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of securities representing 25% or more of the Voting Stock;

(iv) Any time at which individuals who, as of the date hereof, constitute the directors of the Company cease for any reason to constitute at least a majority thereof, provided that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the incumbent Board will be considered as though such individual were a member of the incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

Notwithstanding the foregoing provision of Section 6(c)(iii) hereof, a Change in Control shall not be deemed to have occurred for purposes of this Agreement solely because the Company, an entity in which the Company directly or indirectly beneficially owns 50% or more of the voting securities of such entity, any Company-sponsored employee stock ownership plan or any other employee benefit plan of the Company either files or becomes obligated to file a report with the Securities and Exchange Commission under the Exchange Act disclosing beneficial ownership by such entity of Voting Stock in excess of 25% or otherwise or that a change in control of the Company has or may have occurred or will or may occur in the future by reason of such beneficial ownership. Notwithstanding the foregoing provisions of this Section 6(c), a transaction or occurrence identified in Section 6(c) (i), (ii), (iii) or (iv) shall not be deemed to be a Change in Control unless it constitutes a "change in control event" within the meaning of Treasury Regulations Section 1.409A-3(i)(5)(i).

7. **Non-Competition; Non-Solicitation**. The Executive agrees that if the Executive's employment is terminated by the Company for Cause or Executive terminates such employment without Good Reason, that for a one (1) year period following the termination date:

(a) The Executive shall not engage in any business which is competitive with the business of the Company or any of its subsidiaries as of the termination date. For the purposes of this Section 7, a business shall be deemed "competitive" if it consists of or includes any type or line of business engaged in by the Company or any of its subsidiaries as of the date of such termination and which is conducted, in whole or in part, within a one-hundred (100) mile radius of the Company's principal executive headquarters as of the date of such termination. For purposes of this Agreement, the executive shall be deemed to "**engage in a business**" if he: (i) participates, directly or indirectly, in such business as a director, officer, stockholder, employee, salesman, partner or individual proprietor; (ii) acts as a paid consultant, representative or advisor to such business; (iii) participates in such business as an investor (whether through loans, contributions to capital or otherwise) or has a controlling influence over such business; or (iv) permits his name to be used by or in connection with such business, provided that nothing herein contained shall be deemed to preclude the purchase of securities that are listed on a national securities exchange of any entity that is competitive with the Company or any of its subsidiaries, provided that the Executive may not beneficially own five percent (5%) or more of any class of such securities.

(b) The Executive will not directly, or indirectly through another person or entity, (i) solicit any employee of the Company or its subsidiaries to leave the employ of the Company or its subsidiaries, or in any way interfere with the relationship between the Company or its subsidiaries, on the one hand, and any employee thereof, on the other hand, (ii) hire any person who was an employee of the Company or its subsidiaries until one year after such individual's employment relationship with the Company or its subsidiaries has been terminated or (iii) induce or attempt to induce any customer, supplier or other business relation of the Company or its subsidiaries to cease doing business with the Company or its subsidiaries, or in any way interfere with the relationship between any such customer, supplier or business relation, on the one hand, and the Company or its subsidiaries, on the other hand.

8. **Confidentiality**. The Executive shall not at any time use or divulge, furnish or make accessible to anyone (other than in the regular course of the business of the Company or any of its subsidiaries) any information regarding trade secrets, proprietary information or other confidential information (including, but not limited to, any information concerning customers or accounts) with respect to the business affairs of the Company or any of its subsidiaries. This Section 8 shall not apply to information that is or becomes generally available (i) to the public other than as result of a disclosure by Executive or any of its representatives, or (ii) to Executive or its representatives on a non-confidential basis from a source (other than the Company or its representatives) which Executive reasonably believes is not prohibited from disclosing such information to Executive by a contractual, legal or fiduciary obligation to the Company or any of its representatives.

9. **Notices**. All notices relating to this Agreement shall be in writing and shall be deemed to have been given (i) when delivered personally, (ii) upon receipt when sent via electronic transmission, (iii) three days after the date of mailing, if sent in the United States by registered or certified first-class mail, or (iv) one day after the date of mailing, if sent by nationally recognized overnight courier, and shall be sent return receipt requested in a postpaid envelope, addressed to the other party at the address set forth below, or

to such changed address as the other party may have fixed by written notice; provided, however, that any notice of change of address shall be effective only upon receipt:

To the Company

Agree Realty Corporation
32301 Woodward Avenue
Royal Oak, MI 48073
Email: dspehar@agreerealty.com
Attention: Board of Directors

To the Executive

Agree Realty Corporation
32301 Woodward Avenue
Royal Oak, MI 48073
Email: jagree@agreerealty.com
Attention: Joey Agree

10. **Assignability, Binding Effect**. This Agreement shall inure to the benefit of and be binding upon the Company, its successors and assigns, including without limitation any corporation which may acquire all or substantially all of the Company's assets and business or with or into which the Company may be consolidated or merged, and shall inure to the benefit of and be binding upon the Executive, his heirs, executors, administrators and legal representatives, provided that the obligations of the Executive hereunder may not be assigned or delegated.

11. **Survival**. Notwithstanding the expiration or termination of this Agreement, Sections 5-18 hereof shall survive and continue in full force and effect in accordance with their respective terms.

12. **Complete Understanding; Amendment; Waiver**. This Agreement constitutes the complete understanding and supersedes all prior understandings, both oral and written and including the Amended Agreement, between the parties with respect to the subject hereof, and no statement, representation, warranty or covenant has been made by either party with respect thereto except as expressly set forth herein. This Agreement shall not be altered, modified, amended or terminated except by written instrument signed by each of the parties hereto. Waiver by either party hereto of any breach hereunder by the other party shall not operate as a waiver of any other breach, whether similar to or different from the breach waived. No delay on the part of the Company or the Executive in the exercise of any of their respective rights or remedies shall operate as a waiver thereof, and no single or partial exercise by the Company or the Executive of any such right or remedy shall preclude other or further exercise thereof.

To the extent permitted by applicable law or the Company's benefit plans, this Agreement shall supersede any other plan, agreement or arrangement with the Company regarding the Executive's employment and termination of employment.

13. **Severability**. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid and unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law.

14. **Governing Law**. This Agreement shall be governed and construed in accordance with the internal laws of the State of Michigan, without giving effect to any choice of law or conflict or law provisions or rules that would cause the application of the laws of any jurisdiction other than the State of Michigan.

15. **Indemnification**. The Company shall indemnify and hold harmless the Executive against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees actually and necessarily incurred, in any action or proceeding to which the Executive is made a party by reason of the fact that he is or was an officer or director of the Company, to the fullest extent permitted by law, the Bylaws of the Company and the Articles of Incorporation of the Company.

16. **Counterparts**. This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all parties hereto.

17. **Titles and Captions**. All paragraph, article or section titles or captions in this Agreement are for convenience only and in no way define, limit, extend or describe the scope or intent of any provisions hereof.

18. **Code Section 409A Compliance**.

(a) The intent of the parties is that payments and benefits under this Agreement shall be exempt from, or comply with, Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively, ***"Code Section 409A"***) and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted consistent with that intent. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Executive by Code Section 409A or damages for failing to be exempt from, or to comply with, Code Section 409A.

(b) In the event that any provision of this Agreement is determined by the Company or the Executive to not be exempt from, or to not comply with, Code Section 409A, the Company shall fully cooperate with the Executive to reform this Agreement to effect an exemption from Code Section 409A or to correct any noncompliance with Code Section 409A to the extent permitted under any guidance, procedure, or method promulgated by the Internal Revenue Service now or in the future that provides for such correction as a means to avoid or mitigate any taxes, interest or penalties that would otherwise be incurred by the Executive on account of noncompliance with Code Section 409A.

(c) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits that are considered deferred compensation under Code Section 409A that are payable upon or following a termination of employment unless such termination is also a "separation from service" with the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," or like terms shall mean "separation from service."

(d) Notwithstanding any other payment date or schedule provided herein to the contrary, if the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then each of the following shall apply:

(i) With regard to any payment that is considered deferred compensation under Code Section 409A payable on account of a "separation from service," to the extent required under Code Section 409A such payment shall be made on the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Executive, and (B) the date of Executive's death (the "***Delay Period***"). All payments delayed pursuant to the preceding sentence shall be paid to the Executive in a lump sum on the first business day of the seventh month following the Executive's "separation from service", with interest on any such payments calculated using an interest rate not less than the average prime interest rate published in the Wall Street Journal on such payment date; and

(ii) To the extent that any benefits to be provided during the Delay Period are considered deferred compensation under Code Section 409A provided on account of a "separation from service," and such benefits are not otherwise exempt from Code Section 409A, the Executive shall pay the cost of such benefits during the Delay Period, and the Company shall reimburse the Executive (to the extent that such costs would otherwise have been paid by the Company or to the extent that such benefits would otherwise have been provided by the Company at no cost to the Executive) the Company's share of the cost of such benefits on the first day of the seventh month following the Executive's "separation from service" and any remaining benefit shall be provided by the Company following expiration of the Delay Period in accordance with the procedures specified herein. The payments described in this paragraph shall be made with interest, calculated using an interest rate not less than the average prime interest rate published in the Wall Street Journal on such payment date.

(e) With respect to any amount of expenses eligible for reimbursement or the provision of any in-kind benefits under this Agreement, to the extent such payment or benefit would be considered deferred compensation under Section 409A or is required to be included in Executive's gross income for federal income tax purposes, such expenses (including, without limitation, expenses associated with in-kind benefits) will be reimbursed by the Company no later than December 31st of the year following the year in which Executive incurs the related expenses. In no event will the reimbursements or in-kind benefits to be provided by the Company in one taxable year affect the amount of reimbursements or in-kind benefits to be provided in any other taxable year, nor will Executive's right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.

(f) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "deferred compensation" for purposes of Code Section 409A be subject to offset, counterclaim or recoupment by any other amount payable to Executive unless otherwise permitted by Code Section 409A.

(g) Whenever a provision of this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within ten (10) days of such termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date set forth below.

AGREE REALTY CORPORATION

By: /s/ GREG LEHMKUHL
Name: Greg Lehmkuhl
Title: Chair, Compensation Committee

Date: September 28, 2023

EXECUTIVE

By: /s/ JOEY AGREE
Name: Joey Agree

Date: September 28, 2023

Exhibit 22

AGREE REALTY CORPORATION

List of Guarantor Subsidiaries

The 2028, 2030 and 2033 Senior Unsecured Public Notes are fully and unconditionally guaranteed by Agree Realty Corporation and the following wholly owned subsidiaries of the Operating Partnership as of October 24, 2023:

Guarantor	Jurisdiction of Organization
Agree 117 Mission, LLC	Michigan
Agree 2016, LLC	Delaware
Agree Absecon Urban Renewal, LLC	New Jersey
Agree Central, LLC	Delaware
Agree Chapel Hill NC, LLC	Delaware
Agree Columbia SC, LLC	Delaware
Agree Construction Management, LLC	Delaware
Agree Convenience No. 1, LLC	Delaware
Agree CW, LLC	Delaware
Agree Dallas Forest Drive, LLC	Texas
Agree DT Jacksonville NC, LLC	Delaware
Agree Farmington NM, LLC	Delaware
Agree Fort Walton Beach, LLC	Florida
Agree Grandview Heights OH, LLC	Delaware
Agree Greenwich CT, LLC	Delaware
Agree Lebanon NH, LLC	Delaware
Agree Littleton CO, LLC	Delaware
Agree Madison AL, LLC	Michigan
Agree Marietta, LLC	Georgia
Agree M-59, LLC	Michigan
Agree MCW, LLC	Delaware
Agree Mena AR, LLC	Delaware
Agree NJ, LLC	Delaware
Agree Onaway MI, LLC	Delaware
Agree Orange CT, LLC	Delaware
Agree Oxford Commons AL, LLC	Delaware
Agree Paterson NJ, LLC	Delaware
Agree Roseville CA, LLC	California
Agree SB, LLC	Delaware
Agree Secaucus NJ, LLC	Delaware
Agree Shelf ES PA, LLC	Delaware
Agree Shelf PA, LLC	Delaware
Agree Southfield, LLC	Michigan
Agree Spring Grove, LLC	Illinois
Agree St Petersburg, LLC	Florida
Agree Stores, LLC	Delaware
Agree Tallahassee, LLC	Florida
Agree TK, LLC	Delaware
Agree Wawa Baltimore, LLC	Maryland
Agree Walker, LLC	Michigan
Agree Wilmington, LLC	North Carolina
DD 71, LLC	Delaware
DD Brownsville LLC	North Carolina
DD Hempstead LLC	North Carolina

Lunacorp, LLC	Delaware
Mt. Pleasant Shopping Center, L.L.C.	Michigan
Pachyderm Chattanooga TN, LLC	Delaware
Pachyderm Marietta GA, LLC	Delaware
Pachyderm Myrtle Beach SC, LLC	Delaware
Pachyderm Philadelphia PA, LLC	Delaware
Pachyderm Properties, LLC	Delaware
Pachyderm Riverdale GA, LLC	Delaware
Pachyderm Waite Park MN, LLC	Delaware
Paint PA, LLC	Delaware
Safari Properties II, LLC	Delaware

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Joel N. Agree, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Agree Realty Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2023	/s/ Joel N. Agree
	Name: Joel N. Agree
	Title: President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Coughenour, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Agree Realty Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 24, 2023

/s/ Peter Coughenour

Name: Peter Coughenour
Title: Chief Financial Officer and Secretary

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Based on a review of the Quarterly Report on Form 10-Q for the period ended September 30, 2023 of Agree Realty Corporation (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joel N. Agree, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report, containing the financial statements, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joel N. Agree
Joel N. Agree
President and Chief Executive Officer

October 24, 2023

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Based on a review of the Quarterly Report on Form 10-Q for the period ending September 30, 2023 of Agree Realty Corporation (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Peter Coughenour, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report, containing the financial statements, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter Coughenour
Peter Coughenour
Chief Financial Officer and Secretary

October 24, 2023