

AGREE REALTY CORP
Form DEF 14A
March 25, 2008

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

Agree Realty Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Edgar Filing: AGREE REALTY CORP - Form DEF 14A

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

SEC 1913 (02-02)

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Table of Contents

AGREE REALTY CORPORATION
31850 Northwestern Highway
Farmington Hills, MI 48334
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be Held on May 5, 2008

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of AGREE REALTY CORPORATION, a Maryland corporation, will be held at 11:00 a.m. local time on May 5, 2008, at the Courtyard by Marriott, 31525 West 12 Mile Road, Farmington Hills, Michigan for the following purposes:

1. To elect one director to serve until the annual meeting of stockholders in 2010 and to elect two directors to serve until the annual meeting of stockholders in 2011;
2. To ratify the appointment of Virchow Krause & Company, LLP as our independent registered public accounting firm for 2008; and
3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on March 11, 2008 will be entitled to notice of and to vote at the annual meeting or at any adjournment or postponement thereof. Stockholders are cordially invited to attend the meeting in person.

It is important that your shares be voted to ensure the presence of a quorum. WHETHER OR NOT YOU NOW PLAN TO ATTEND THE MEETING, YOU ARE ASKED TO COMPLETE, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD FOR WHICH A POSTAGE PAID RETURN ENVELOPE IS PROVIDED. If you attend the annual meeting, you may revoke your proxy in accordance with procedures set forth in the proxy statement and vote in person.

By Order of the Board of Directors

Kenneth R. Howe
Vice President, Finance and
Secretary

March 25, 2008
Farmington Hills, Michigan

TABLE OF CONTENTS

	Page
<u>General</u>	1
<u>Security Ownership of Certain Beneficial Owners and Management</u>	4
<u>Proposal 1 Election of Directors</u>	5
<u>Board Matters</u>	6
<u>The Board of Directors</u>	6
<u>Committees of the Board</u>	7
<u>Director Compensation</u>	9
<u>Corporate Governance</u>	9
<u>Communication with Directors</u>	10
<u>Executive Officers</u>	11
<u>Compensation Discussion and Analysis</u>	11
<u>Compensation Committee Report</u>	14
<u>Executive Compensation Tables</u>	15
<u>Summary Compensation Table</u>	15
<u>Grants of Plan-Based Awards in 2007</u>	15
<u>Outstanding Equity Awards At December 31, 2007</u>	16
<u>Option Exercises and Stock Vested in 2007</u>	17
<u>Potential Payments Upon Termination or Change-in-Control</u>	17
<u>Report of the Audit Committee</u>	20
<u>Audit Committee Matters</u>	21
<u>Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm for 2008</u>	22
<u>Related Person Transactions</u>	22
<u>Additional Information</u>	23
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	23
<u>Cost of Proxy Solicitation</u>	23
<u>Proposals for 2009 Annual Meeting</u>	23
<u>Annual Report</u>	23

Table of Contents

AGREE REALTY CORPORATION

31850 Northwestern Highway

Farmington Hills, MI 48334

**PROXY STATEMENT
ANNUAL MEETING OF STOCKHOLDERS**

May 5, 2008

GENERAL

This proxy statement is furnished by our board of directors (the Board) in connection with the Board's solicitation of proxies to be voted at the annual meeting of stockholders to be held at 11:00 a.m. local time on May 5, 2008, at the Courtyard by Marriott, 31525 West 12 Mile Road, Farmington Hills, Michigan, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying notice of such meeting. It is anticipated that this proxy statement and the enclosed proxy card first will be mailed to stockholders on or about March 25, 2008.

Who is entitled to vote?

All stockholders of record at the close of business on March 11, 2008 will be entitled to vote. Each share of common stock entitles the holder thereof to one vote on each of the matters to be voted upon at the annual meeting. As of the record date, 7,796,846 shares of our common stock, \$.0001 par value per share, were outstanding.

What constitutes a quorum?

The presence at the annual meeting, in person or by proxy, of the holders of a majority of the shares of our common stock entitled to vote at the annual meeting (3,898,424 shares) will constitute a quorum for all purposes. Broker non-votes (defined below), and proxies marked with abstentions or instructions to withhold votes, will be counted as present in determining whether or not there is a quorum.

However, if a quorum is not present at the annual meeting, the stockholders, present in person or represented by proxy, have the power to adjourn the annual meeting until a quorum is present or represented.

What is the difference between holding shares as a stockholder of record and a beneficial owner?

Stockholders of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares, and these proxy materials (including a proxy card) are being sent directly to you by us. As the stockholder of record, you have the right to grant your voting proxy directly to us through the enclosed proxy card or to vote in person at the annual meeting.

Beneficial Owners. Most of our stockholders hold their shares through a broker, bank or other nominee rather than directly in their own name. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares, and these proxy materials (including a voting instruction card) are being forwarded to you by your broker, bank or nominee who is

Table of Contents

considered the stockholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker, bank or nominee on how to vote and are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote these shares in person at the annual meeting unless you request and obtain a proxy from your broker, bank or nominee. Your broker, bank or nominee has enclosed a voting instruction card for you to use in directing the broker, bank or nominee on how to vote your shares.

How do I vote?

Stockholders of Record. If you properly complete and sign the accompanying proxy card and return it to us, it will be voted as you direct. If you attend the annual meeting, you may deliver your completed proxy card in person or vote by ballot. Even if you intend to be present at the annual meeting, we encourage you to vote your shares prior to the annual meeting.

Beneficial Owners. If you properly complete and sign the accompanying voting instruction card and return it to your broker, bank or other nominee, it will be voted as you direct. If you want to vote your shares at the annual meeting, you must request and obtain a proxy from such broker, bank or other nominee confirming that you beneficially own such shares and giving you the power to vote such shares.

Can I change my vote after I return my proxy card or voting instruction card?

Stockholders of Record. You may change your vote at any time before the proxy is exercised by filing with the our Secretary either a notice revoking the proxy or a new proxy that is dated later than the proxy card. If you attend the annual meeting, the individuals named as proxy holders in the enclosed proxy card will nevertheless have authority to vote your shares in accordance with your instructions on the proxy card unless you properly file such notice or new proxy.

Beneficial Owners. If you hold your shares through a bank, broker or other nominee, you should contact such person prior to the time such voting instructions are exercised.

What does it mean if I receive more than one proxy card or voting instruction card?

If you receive more than one proxy card or voting instruction card, it means that you have multiple accounts with banks, trustees, brokers, other nominees and/or our transfer agent. Please sign and deliver each proxy card and voting instruction card that you receive. We recommend that you contact your nominee and/or our transfer agent, as appropriate, to consolidate as many accounts as possible under the same name and address.

What if I do not vote for some of the items listed on my proxy card or voting instruction card?

Stockholders of Record. Proxy cards that are signed and returned without voting instructions on certain matters will be voted in accordance with the recommendations of the Board on such matters. With respect to any matter not set forth on the proxy card that properly comes before the annual meeting, the proxy holders named in the proxy card will vote as the Board recommends or, if the Board gives no recommendation, in their own discretion.

Beneficial Owners. If you hold your shares in street name through a broker, bank or other nominee and do not return the voting instruction card or do not provide voting instructions for each matter, such nominee will determine if it has the discretionary authority to vote your shares. Under applicable law and NYSE rules and regulations, brokers have the discretion to vote on routine matters, such as the uncontested election of directors and the ratification of the appointment of our independent registered public accounting firm, but do not have discretion to vote on non-routine matters. If the broker does not have discretionary authority to vote, the absence of votes on such proposal with respect

to such shares will be considered broker non-votes, which are considered present at the meeting for purposes of determining whether there is a quorum, but are not considered voted with respect to such proposal.

Table of Contents

What vote is required to approve each item?

As of the record date, our executive officers and directors had the power to vote approximately 4.1% of the outstanding shares of common stock. Our executive officers and directors have advised us that they intend to vote their shares of common stock in favor of the proposals set forth in this proxy statement.

Proposal 1 Election of Directors. Nominees who receive the most votes cast at the annual meeting will be elected as directors. The slate of nominees discussed in this proxy statement consists of (i) one director, William S. Rubenfaer, appointed in December 2007 and intended to fill the existing vacancy in the class of directors whose term will expire in 2010, and (ii) two directors, Farris G. Kalil and Gene Silverman, whose three-year terms are expiring.. Withheld votes will have no effect on the outcome of this proposal.

The Board recommends that you vote **FOR** the election of the nominated slate of directors.

Proposal 2 Ratification of Appointment of Independent Registered Public Accounting Firm. The affirmative vote of a majority of votes cast at the annual meeting is necessary to ratify the Audit Committee's appointment of Virchow Krause & Company, LLP (Virchow Krause) as our independent registered public accounting firm for 2008. Abstentions are not treated as votes cast under Maryland law and, therefore, they have no effect on the outcome of this proposal. Although stockholder ratification of the appointment is not required by law and is not binding on us, the Audit Committee will take your vote into consideration when appointing our independent registered public accounting firm in future years. Even if the stockholders ratify the appointment of Virchow Krause, the Audit Committee in its sole discretion may terminate the engagement of Virchow Krause and engage another independent auditor at any time during the year, although it has no current intention to do so.

The Board recommends that you vote **FOR** the ratification of the appointment of Virchow Krause as our independent registered public accounting firm for 2008.

Other Matters. If any other matter is properly submitted to the stockholders at the annual meeting, its adoption will require the affirmative vote of a majority of votes cast at the annual meeting. The Board does not propose to conduct any business at the annual meeting other than as stated above.

How do I find out the voting results?

Voting results will be announced at the annual meeting and will be published in our Quarterly Report on Form 10-Q for the quarter ending June 30, 2008.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding beneficial ownership of our common stock (our only outstanding class of equity securities), as of March 11, 2008, with respect to (i) each director and named executive officer, (ii) all of our directors and executive officers as a group, and (iii) to our knowledge, each beneficial owner of more than five percent or more of the outstanding shares of our common stock. Unless otherwise indicated, each person has sole voting and investment power with respect to the shares listed below.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Richard Agree	546,406(1)	6.7
David J. Prueter	76,620(2)	*
Kenneth R. Howe	64,950(3)	*
Gene Silverman	23,200	*
Joey Agree	20,500(4)	*
Farris G. Kalil	8,000(5)	*
Vicky Whalen-Umphryes	8,000(6)	*
Leon M. Schurgin	4,150	*
William S. Rubenfaer	2,300	*
Michael Rotchford	1,000	*
All directors and executive officers as a group (10 persons)	755,126(7)	9.3
Barclays Global Investors, NA, et al.	702,704(8)	8.6
Inland American Real Estate Trust, Inc., et al.	575,080(9)	7.1
Wells Fargo and Company, et al.	531,606(10)	6.5
JPMorgan Chase & Co.	526,061(11)	6.5

* Less than 1%

- (1) Consists of (i) 141,118 shares owned directly (including 44,100 shares of restricted stock), (ii) 12,284 shares held in his IRA, (iii) 5,785 shares owned in his wife's IRA, (iv) 39,600 shares owned by irrevocable trusts for his children, and (v) 347,619 shares of common stock issuable upon conversion of limited partnership units in Agree Limited Partnership, our operating partnership.
- (2) Consists of (i) 75,935 shares owned directly (including 17,150 shares of restricted stock) and (ii) 685 shares owned by his wife.
- (3) Consists of shares owned directly (including 17,900 shares of restricted stock).
- (4) Consists of shares owned directly (including 15,300 shares of restricted stock).
- (5) Consists of (i) 7,700 shares owned directly and (ii) 300 shares owned by his wife.

- (6) Consists of shares owned directly (including 6,800 shares of restricted stock).
- (7) Consists of shares owned by the directors and executive officers disclosed elsewhere in this table.
- (8) Pursuant to Schedule 13G filed with the SEC on February 5, 2008 by Barclays Global Investors, NA, Barclays Global Fund Advisors, Barclays Global Investors, Ltd., Barclays Global Investors Japan Trust and Banking Company Limited, Barclays Global Investors Japan Limited, Barclays Global Investors Canada Limited, Barclays Global Investors Australia Limited, and Barclays Global Investors (Deutschland) AG. The address of such persons is 45 Fremont Street, San Francisco, CA 94105. Barclays Global Investors, NA has sole voting power of 546,038 shares and sole dispositive power of 559,702 shares. Barclays Global Fund Advisors has sole voting and dispositive power of 139,025 shares. Barclays Global Investors, Ltd. has sole voting and dispositive power of 511 shares. Barclays Global Investors Japan Limited has sole voting and dispositive power of 3,466 shares. The other persons report no voting or dispositive power.
- (9) Pursuant to Schedule 13D (Amendment No. 2) filed with the SEC on January 7, 2008 by Inland American Real Estate Trust, Inc. and Inland Investment Advisors, Inc. The address of such persons is

Table of Contents

2901 Butterfield Road, Oak Brook, IL 60523. All persons report shared voting and dispositive power over all shares.

- (10) Pursuant to Schedule 13G (Amendment No. 2) filed with the SEC on January 25, 2008 by Wells Fargo & Company and Wells Capital Management Incorporated. The address of such persons is 420 Montgomery Street, San Francisco, CA 94104. Wells Fargo & Company has sole voting power of 530,406 shares and sole dispositive power of 531,606 shares. Wells Capital Management Incorporated has sole voting power of 497,706 shares and sole dispositive power of 530,606.
- (11) Pursuant to Schedule 13G filed with the SEC on February 1, 2008. The address of such person is 270 Park Avenue, New York, NY 10017. Such person has sole voting power of 436,722 shares and shared voting power of 143 shares, and dispositive power of 523,911 shares and shared dispositive power of 710 shares.

PROPOSAL 1 ELECTION OF DIRECTORS

Our Board currently consists of six directors. The directors are divided into three classes serving three-year staggered terms. At this annual meeting, three directors will be elected, including one director to serve until the annual meeting of stockholders in 2010 and two directors to serve until the annual meeting of stockholders in 2011.

The Board has nominated Farris G. Kalil and Gene Silverman, whose three-year terms expire at this annual meeting, to serve until the annual meeting of stockholders in 2011. The Board has also nominated William S. Rubenfaer to serve until the annual meeting of stockholders in 2010. Mr. Rubenfaer was appointed to the Board in December 2007 to fill the vacancy created by the resignation of Ellis Wachs due to his retirement. The Board has affirmatively concluded that each nominee is independent under the applicable rules of the New York Stock Exchange (the NYSE).

Each of the nominees has consented to serve the applicable terms, and until their respective successors have been duly elected and qualified, if elected by stockholders. If any nominee becomes unable or unwilling to serve between the date of this proxy statement and the annual meeting, the Board may designate a new nominee and the persons named as proxies by the Board will vote for that substitute nominee.

The Board hereby recommends that you vote FOR the election of its director nominees.

The following table sets forth the director nominees and continuing directors of the Board:

Name	Age	Title	Term Ending
William S. Rubenfaer(1)	63	Director	2008
Farris G. Kalil(2)	69	Director	2008
Gene Silverman(2)	74	Director	2008
Richard Agree	64	Chairman of the Board	2009
Michael Rotchford	49	Director	2009
Leon M. Schurgin	66	Director	2010

- (1) Standing for election to a two-year term.
- (2) Standing for re-election to a three-year term.

William S. Rubenfaer has been a Director since December 2007. He is a partner in the certified public accounting firm of Rubenfaer & Associates, P.C., which he founded in 1979. He is also the managing member of Sage Capital Management, L.L.C., a registered investment advisory firm. In addition, Mr. Rubenfaer serves as Secretary Treasurer of Pinckney Chrysler, Dodge, Jeep, an automobile dealership located in Pinckney, Michigan. He is active in community activities including past president and board member of the Bloomfield Hills, Michigan School District. Mr. Rubenfaer is a certified public accountant and a member of the American Institute of Certified Public Accountants and the Michigan Association of CPAs.

Table of Contents

Farris G. Kalil has been a director since December 1993. Mr. Kalil has been a financial consultant since June 1999. From November 1996 until his retirement in May 1999 Mr. Kalil served as Director of Business Development for the Commercial Lending Division of Michigan National Bank, a national banking institution. From May 1994 to November 1996, Mr. Kalil served as a Senior Vice President for Commercial Lending at First of America Bank Southeast Michigan, N.A. Prior thereto, Mr. Kalil served as a Senior Vice President of Michigan National Bank where he headed the Commercial Real Estate Division, Corporate Special Loans, Real Estate Asset Management/Real Estate Owned Group, and the Government Insured Multi-Family Department. Mr. Kalil received his B.S. from Wayne State University and continued his education at the Northwestern University School of Mortgage Banking.

Gene Silverman has been a director since April 1994. Mr. Silverman has been a consultant to the entertainment industry since 1996. From July 1993 until his retirement in December 1995, Mr. Silverman served as the President and Chief Executive Officer of Polygram Video, USA, a division of Polygram N.V., a New York Stock Exchange listed company. Prior thereto, he was Senior Vice President of sales at Orion Home Video from 1987 through 1992.

Richard Agree has been President and Chairman of the Board of Directors since December 1993. Prior thereto, he worked as managing partner of the general partnerships which held the Company's properties prior to the formation of the Company and the initial public offering and was President of the predecessor company since 1971. Mr. Agree has managed and overseen the development of over 5,000,000 square feet of anchored shopping center space during the past 36 years. He is a graduate of the Detroit College of Law, a member of the State Bar of Michigan and the International Council of Shopping Centers.

Michael Rotchford has been a Director of the Company since December 1993. He is an Executive Vice President for Cushman & Wakefield, Inc., a company specializing in real estate services. Prior to joining Cushman & Wakefield in 2000 he served as Managing Director of The Saratoga Group, an investment banking organization specializing in tax and asset-based financing. Mr. Rotchford had been with The Saratoga Group from 1991 to 2000. Prior to 1991, Mr. Rotchford was a Director in the investment banking division of Merrill Lynch & Co. where he managed the commercial mortgage placement group. Mr. Rotchford holds a bachelor's degree, with high honors, from the State University of New York at Albany. He is also a licensed real estate broker.

Leon M. Schurgin has been a Director of the Company since March 2004. He is a Partner in the law firm of Bodman, LLP., one of Michigan's largest law firms. Prior to joining Bodman, LLP in 2007 he was a Senior Shareholder at Sommers Schwartz, a law firm located in Southfield, Michigan. Mr. Schurgin holds a Bachelors Degree in Business Administration from the University of Michigan, a Juris Doctorate Degree, Magna Cum Laude, from Wayne State University and a Masters of Law Degree in Taxation from Wayne State University. He is also a certified public accountant.

BOARD MATTERS

THE BOARD OF DIRECTORS

Meetings. The Board met five times during 2007. During 2007, each director attended 75% or more of the aggregate of (i) the number of meetings of the Board and (ii) the number of meetings held by all committees of the Board on which such director served. It has been and is the policy of our Board that directors attend annual meetings of stockholders except where the failure to attend is due to unavoidable circumstances or conflicts discussed in advance by the director with the Chairman of the Board. All members of the Board at such time attended our 2007 annual meeting of stockholders.

Our non-management directors meet at least once a year without management. Non-management directors are all directors who are not our employees or officers and include directors who are determined to be not independent by our

Board by virtue of the existence of a material relationship with us. The Board has not designated a lead director or a single director to preside at executive sessions. Instead, the presiding director of executive sessions of non-management directors is selected at each meeting by such directors.

Table of Contents

Independence. Pursuant to our Corporate Governance Guidelines, which require that a majority of our directors be independent within the meaning of the NYSE listing standards, the Board undertook a review of the independence of all non-management directors. To be considered independent, the Board must determine that a director does not have any direct or indirect material relationships with us. In making its determination, the Board considered all relevant facts and circumstances, including commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships.

The Board has affirmatively determined, assisted by the standards set forth above, that each of Messrs. Kalil, Rotchford, Rubenfaer and Silverman are independent directors in accordance with the NYSE listing standards and therefore our Corporate Governance Guidelines. Mr. Schurgin is a partner at Bodman, LLP, a law firm that provides significant legal services to us. Although such services did not violate the independence standards set forth in the NYSE listing standards, the Board determined that he is not independent based on all facts and circumstances.

COMMITTEES OF THE BOARD

The Board has delegated various responsibilities and authority to four standing committees of the Board. Each committee regularly reports on its activities to the full Board. Each committee, other than the Executive Committee, operates under a written charter approved by the Board, which is reviewed annually by the respective committees and the Board and is available in the Corporate Governance section of our website, www.agreerealty.com. The Audit Committee, the Executive Compensation Committee and the Nominating and Corporate Governance Committee are composed entirely of independent directors. The table below sets forth the current membership of the four standing committees of the Board and the number of meetings and written consents in 2007 of such committees (1):

Name	Audit	Executive Compensation	Nominating and Corporate Governance	Executive
Richard Agree				Chair
Farris G. Kalil	Chair	X	X	
William S. Rubenfaer	X	X		
Michael Rotchford			Chair	X
Leon M. Schurgin				
Gene Silverman	X	Chair	X	X
Meetings	3(2)	1	1	1
Actions by Unanimous Written Consent				

(1) Ellis Wachs served on the Audit Committee and Executive Compensation Committee until his retirement in December 2007.

(2) In addition, the Audit Committee twice authorized the Chair to act on its behalf in reviewing the quarterly financial statements with management and our independent auditor.

Audit Committee. The Audit Committee is responsible for providing independent, objective oversight of our auditing, accounting and financial reporting processes, including reviewing the audit results and monitoring the effectiveness of our internal audit function. In addition, the Audit Committee engages the independent registered public accounting

firm. See Report of the Audit Committee and Audit Committee Matters for additional information on the responsibilities and activities of the Audit Committee.

The Board has determined that each Audit Committee member has sufficient knowledge in reading and understanding financial statements to serve thereon and is otherwise financially literate. The Board has further determined that Farris Kalil possesses financial management expertise within the meaning of the listing standards of the NYSE. No member of the Audit Committee is an audit committee financial expert within the meaning of applicable SEC rules and the Board has determined that such expert is not required at this time.

Table of Contents

Executive Committee. The Executive Committee has the authority to acquire and dispose of real property and the power to authorize, on behalf of the full Board, the execution of certain contracts and agreements, including those related to our borrowing of money, and generally to exercise all other powers of the Board except for those which require action by a majority of the independent directors or the entire Board.

Executive Compensation Committee. The Executive Compensation Committee is responsible for overseeing compensation and benefit plans and policies, reviewing and approving equity grants and otherwise administering share-based plans, and reviewing and approving annually all compensation decisions relating to our executive officers. See Compensation Discussion and Analysis for additional information on the responsibilities and activities of the Executive Compensation Committee.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is responsible for establishing the requisite qualifications for directors, identifying and recommending the nominations of individuals qualified to serve as directors and recommending directors for each Board committee. Generally, the Committee will re-nominate incumbent directors who continue to satisfy its criteria for membership on the Board, who it believes will continue to make important contributions to the Board and who consent to continue their service on the Board. The Committee also establishes corporate governance practices in compliance with applicable regulatory requirements and consistent with the highest standards and recommends to the Board the corporate governance guidelines applicable to us.

Director Qualifications. Our Nominating and Corporate Governance Committee has established policies for the desired attributes of the Board as a whole. The Board will seek to ensure that a majority of its members are independent within the NYSE listing standards. Further, each director generally may not serve as a member of more than six other public company boards. Each director must possess the individual qualities of integrity and accountability, informed judgment, high performance standards and must be committed to representing the long-term interests of the Company and the stockholders. In addition, directors must be committed to devoting the time and effort necessary to be responsible and productive members of the Board. The Board values diversity, in its broadest sense, reflecting, but not limited to, profession, geography, gender, ethnicity, skills and experience.

Identifying and Evaluating Nominees. Our Nominating and Corporate Governance Committee periodically assesses the appropriate number of directors comprising the Board and whether any vacancies on the Board are expected due to retirement or otherwise. The Nominating and Corporate Governance Committee may consider those factors it deems appropriate in evaluating director candidates including judgment, skill, and diversity, strength of character, experience with businesses and organizations comparable to our size or scope, experience and skill relative to other Board members and specialized knowledge or experience. Depending on the current needs of the Board, certain factors may be weighted more or less heavily by the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee considers candidates for the Board from any responsible source, including current Board members, stockholders, professional search firms or other persons. The Nominating and Corporate Governance Committee does not evaluate candidates differently based on who has made the recommendation. The Nominating and Corporate Governance Committee has the authority under its charter to hire and pay a fee to consultants or search firms to assist in the process of identifying and evaluating candidates.

Mr. Rubenfaer was recommended by Richard Agree to the Nominating and Corporate Governance Committee to fill the vacancy on the Board following the resignation of Ellis Wachs. The Nominating and Corporate Governance Committee did not utilize a search firm to identify candidates for such vacancy.

Stockholder Nominees. Our Bylaws permit stockholders to nominate directors for consideration at an annual meeting of stockholders. We did not receive any timely nominations of directors by stockholders for the 2008 annual meeting.

The Nominating and Corporate Governance Committee will consider properly submitted stockholder submissions for nominations to the Board and will apply

Table of Contents

the same evaluation criteria in considering such nominees as it would to persons nominated under any other circumstances. Such nominations may be made by a stockholder entitled to vote, who delivers written notice along with the additional information and materials to our Secretary not earlier than the 150th day nor later than 5:00 p.m., Eastern Time, on the 120th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. For our 2009 annual meeting, our Secretary must receive this notice between October 27, 2008 and 5:00 p.m., Eastern Time, on November 25, 2008.

Any stockholder nominations proposed for consideration by the Nominating and Corporate Governance Committee should include the nominee's name, sufficient biographical information to demonstrate that the nominee meets the qualification requirements for Board service as set forth under Director Qualifications, and such other information regarding each nominated person as set forth in our Bylaws and that would be required in a proxy statement filed pursuant to the SEC's proxy rules in the event of an election contest. The nominee's written consent to the nomination should also be included with nominating submission, which should be addressed to: Agree Realty Corporation at the address appearing on the first page of this Proxy Statement, Attention: Secretary.

DIRECTOR COMPENSATION

The Executive Compensation Committee establishes our director compensation program. Director compensation is established with a view to attract highly qualified non-management directors and fairly compensate non-management directors for their time and effort on behalf of stockholders. During 2007, each non-employee director received an annual retainer fee of \$17,500, with the Audit Committee chairman receiving an additional \$4,000. Effective in 2008, each non-employee director will receive an annual retainer fee of \$22,500, with the Audit Committee chairman receiving an additional \$4,000. Historically and in 2007, non-management directors have not received equity compensation or any perquisites. Directors who are employees or officers of the Company or any of its subsidiaries do not receive any additional compensation for serving on the Board or any committees thereof.

The following table provides compensation information for the year ended December 31, 2007 for each non-management director.

Name	Fees Earned or Paid in Cash (\$)	Total (\$)
Farris G. Kalil	\$ 21,500	\$ 21,500
Michael Rotchford	17,500	17,500
William S. Rubenfaer		
Leon M. Schurgin	17,500	17,500
Gene Silverman	17,500	17,500
Ellis G. Wachs	17,500	17,500

CORPORATE GOVERNANCE

The Board has adopted Corporate Governance Guidelines, a copy of which can be found in the Corporate Governance section of our website, www.agreerealty.com. These guidelines address, among other things, director responsibilities, qualifications (including independence), compensation and access to management and advisors. The Nominating and Corporate Governance Committee is responsible for overseeing and reviewing these guidelines and recommending any changes to the Board.

The Board also has adopted a Code of Business Conduct and Ethics (the Code), which sets out basic principles to guide the actions and decisions of all of the Company s employees, officers and directors. The Code, also available in the Corporate Governance section of our website, www.agreerealty.com, covers numerous topics including honesty, integrity, conflicts of interest, compliance with laws, corporate opportunities and confidentiality. Waivers of the Code are discouraged, but any waiver that relates to our executive officers or directors may only be made by the Board or a Board committee and will be publicly disclosed on our website in the Corporate Governance section. Our Board

Table of Contents

also has adopted a Chief Executive Officer and Chief Financial Officer Code of Professional Ethics. See **Related Person Transactions** for additional information on the Board's policies and procedures regarding related person transactions.

The Company is required to comply with the NYSE listing standards applicable to corporate governance and on June 5, 2007, the Company timely submitted to the NYSE the annual CEO certification, pursuant to Section 303A.12 of the NYSE's listing standards, whereby Richard Agree certified that he is not aware of any violation by the Company of the NYSE's corporate governance listing standards as of the date of the certification. In addition, we filed with the SEC, as exhibits to our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2007, respectively, and its Annual Report on Form 10-K for the year ended December 31, 2007, certifications by the Company's CEO and CFO in accordance with Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.

A copy of our committee charters, Corporate Governance Guidelines and Code will be sent to any stockholder, without charge, upon written request sent to the Company's executive offices: Agree Realty Corporation, 31850 Northwestern Highway, Farmington Hills, MI 48334, Attention Kenneth R. Howe, Secretary.

COMMUNICATIONS WITH DIRECTORS

Our stockholders who want to communicate with our non-management directors confidentially may do so by sending correspondence to:

Non-Management Directors
Agree Realty Corporation
31850 Northwestern Highway
Farmington Hills, MI 48334
Attention: Secretary

Please note that the mailing envelope must contain a clear notification that it is confidential and your letter should indicate that you are a stockholder of Agree Realty Corporation.

Interested parties and stockholders of Agree Realty Corporation who want to communicate with the Board or any individual director can write to:

Agree Realty Corporation
31850 Northwestern Highway
Farmington Hills, MI 48334
Attention: Secretary

Your letter should indicate that you are an interested party or a stockholder of Agree Realty Corporation. Depending on the subject matter, the Secretary will:

Forward the communication to the director or directors to whom it is addressed;

Attempt to handle the inquiry directly; for example where it is a request for information about our Company or if it is a stock-related matter; or

Not forward the communication if it is primarily commercial in nature or if it relates to an improper or irrelevant topic.

Table of Contents**EXECUTIVE OFFICERS**

The following table sets forth our executive officers, followed by biographical information regarding each executive officer that is not also a director.

Name	Age	Title
Richard Agree	64	Chairman of the Board and President
Joey Agree	29	Executive Vice President
David J. Prueter	52	Senior Vice President
Kenneth R. Howe	59	Vice President, Finance
Vicky Whalen-Umphryes	46	Vice President

Joey Agree has been Executive Vice President since January 2006. Prior to being appointed to this position, Mr. Agree supervised our development and acquisition activities. Prior to joining us in March 2005, Mr. Agree was employed by Grand/Swaka Properties, one of the largest private developers in the Midwest, as a director of land acquisitions. He is a member of the State Bar of Michigan and the International Council of Shopping Centers. He holds a J.D. from Wayne State University Law School and a B.A. in Political Science from the University of Michigan. Joey Agree is the son of Richard Agree.

David J. Prueter has been Senior Vice President since May 2006. From 1997 until joining us on January 10, 2000 as a Vice President, Mr. Prueter was Director of U.S. Real Estate for Borders, Inc. Prior to joining Borders, Inc. Mr. Prueter served as the Senior Manager of Real Estate Operations for the Kroger Co. Mr. Prueter is a State Director of the Michigan chapter of the International Council of Shopping Centers, holds a MCR from NACORE and is a graduate of Western Michigan University.

Kenneth R. Howe has been Vice President, Finance since June 1994 and our Secretary since November 1993. Prior to being appointed as Vice President, Finance, Mr. Howe served as our Chief Financial Officer since November 1993. From 1989 to April 1994 he was Controller of Agree Development Company, our predecessor. From 1984 to 1989, he was a partner in Straka, Jarackas and Company, a public accounting firm with which he was employed since 1974. He is a graduate of Western Michigan University and a certified public accountant.

Vicky Whalen-Umphryes has been Vice President since October 2005. From April 2003, until joining us Ms. Whalen-Umphryes was employed by The Home Depot as Director of Real Estate. Prior to joining Home Depot in November 2000, she was employed as a Senior Real Estate Manager for Meijer Corporation, a Grand Rapids based Michigan retailer. She is a member of the International Council of Shopping Centers and the National Association of Corporate Real Estate Executives. She is a graduate of Ferris State University.

COMPENSATION DISCUSSION AND ANALYSIS**OVERVIEW OF COMPENSATION PROGRAM**

The Executive Compensation Committee (referred to as the Committee in this section), composed entirely of independent directors, administers the executive compensation program of the Company. The Committee's responsibilities include recommending and overseeing compensation and benefit plans and policies, reviewing and approving equity grants and otherwise administering share-based plans, and reviewing and approving annually all

compensation decisions relating to the Company's executive officers, including the President, Vice President, Finance and the other executive officers named in the Summary Compensation Table (the named executive officers). This section of the proxy statement explains how the Company's compensation programs are designed and operate in practice with respect to the named executive officers.

Table of Contents

COMPENSATION OBJECTIVES AND PHILOSOPHY

The Company's compensation program for named executive officers generally consists of base salary, annual incentive awards, long-term share-based incentive awards and certain other benefits. The Company also provides certain severance arrangements for its named executive officers. The executive compensation program is designed to:

- provide total compensation that is both fair and competitive;
- attract, retain and motivate key executives who are critical to the Company's operations;
- reward superior individual and Company performance on both a short-term and long-term basis; and
- align executives' long-term interests with those of shareholders.

The Committee seeks to ensure the foregoing objectives by using market data as a guideline, while also considering internal pay equity, individual performance reviews, Company performance, hiring and retention needs and other external market pressures in finalizing its compensation determinations.

DETERMINING COMPENSATION FOR NAMED EXECUTIVE OFFICERS

The Committee meets without management present to determine the compensation of the named executive officers. The Committee takes direction from the recommendations of Richard Agree, President of the Company, with respect to the other named executive officers, as he has the best understanding of the overall effectiveness of the management team and of each person's individual contribution to the Company's performance. The Committee retains the discretion to modify the recommendations of Richard Agree and reviews such recommendations for their reasonableness based on the Committee's compensation philosophy and related considerations.

The Committee does not utilize a compensation consultant to establish or administer its executive compensation program. In 2007, the Committee used the 2007 NAREIT Compensation and Benefits Survey (the "NAREIT Survey") to provide it with relevant market data.

ELEMENTS OF COMPENSATION IN 2007 FOR NAMED EXECUTIVE OFFICERS

The Company's compensation program for named executive officers generally consists of base salary, annual incentive awards, long-term share-based incentive awards and certain other benefits. The Company also provides certain severance arrangements for its named executive officers.

Base Salary. The Committee believes that base salary is a primary factor in retaining and attracting key employees in a competitive marketplace. When determining the base salary for each of the named executive officers, the Committee considers the market levels of similar positions at the peer group companies, through the data provided to them by the NAREIT Survey, the performance of the executive officer and the experience of the executive officer in his or her position.

The base salaries of Richard Agree and Vicky Whalen-Umphries did not change in 2007, while Kenneth Howe and David Prueter received modest increases. Joey Agree received a 40% increase in base salary to \$175,000 primarily due to his increased responsibilities in 2007 and prior performance. The base salaries paid to the named executive officers in 2007 are set forth below in the Executive Compensation Tables Summary Compensation Table.

Annual Incentive Awards. The Committee believes the Company's annual cash bonus provides a meaningful incentive for the achievement of short-term Company and individual goals, while assisting the Company in retaining, attracting and motivating employees in the near term. These annual bonuses are primarily based upon Company performance objectives. The Committee determined that specific bonuses should be paid to the named executive officers in 2007 primarily due to a significant number of development projects were completed in 2007 and scheduled for completion in 2008. No annual cash bonuses were paid in 2006.

Table of Contents

Ms. Whalen-Umphryes' employment agreement also provides for additional compensation at a specified rate per square foot for all development and land lease projects, payable upon lease commencement. She has the option to be paid in shares of common stock or cash. In 2007, she elected to receive the corresponding bonus in cash.

Long-Term Incentive Compensation. The Committee believes the Company's share-based incentive awards, with multiple-year vesting, provide the strongest incentive for employees to focus on the long-term fundamentals of the Company and thereby create long-term shareholder value. These awards also assist the Company in maintaining a stable, continuous management team in a competitive market. When determining the amount of long-term equity incentive awards to be granted to the named executive officers, the Committee considers, among other things, the following factors: the Company's performance, the responsibilities and performance of the executive, the Company's stock price performance, and other market factors, including the data provided by the NAREIT Survey. The employment agreement of Ms. Whalen-Umphryes also provides for a minimum annual grant of 2,000 shares of restricted stock.

The Committee awarded an aggregate of 38,500 shares of restricted stock under the 2005 Equity Incentive Plan in January 2008 based upon 2007 performance. The grant date fair value of such awards were an aggregate of \$1,143,835, an increase of 4.3% over 2006. In line with historical grants, the shares vest in equal installments over a five-year period from the date of grant. Cash dividends are paid on the restricted stock during the vesting period. The grants were as follows: Richard Agree, 15,500 shares; Kenneth Howe, 6,000 shares; Vicky Whalen-Umphryes, 4,000 shares; David Prueter, 4,000 shares; Joey Agree, 9,000 shares.

Mr. Prueter also receives a grant of 1,250 shares of restricted stock for each project completed due to his efforts, payable upon the lease commencement. The restricted stock vests in equal installments over a five-year period from the date of grant, and cash dividends are paid during the vesting period. In 2007, he earned 3,750 shares of restricted stock for three developments.

Perquisites and Other Personal Benefits. The Company has historically maintained a conservative approach to providing perquisites to executive officers. The Company provides the named executive officers with perquisites and other personal benefits that the Committee believes is reasonable and consistent with the overall executive compensation program and to better enable the Company to attract and retain superior employees for key positions. These perquisites have been carefully selected to ensure that the value provided to employees is not at the expense of shareholder concern. The Committee periodically reviews the levels of perquisites and other personal benefits provided to the named executive officers.

Severance Payments. The Company currently has employment agreements with Richard Agree and Vicky Whalen-Umphryes, which provide severance payments under specified conditions. The Committee believes these agreements help to retain executives who are essential to the Company's long-term success. See Potential Payments Upon Termination or Change-in-Control for a description of potential payments and benefits to the named executive officers under the Company's compensation plans and arrangements upon termination of employment or a change in control of the Company.

TIMING AND PRICING OF SHARE-BASED GRANTS

The Company does not coordinate the timing of share-based grants with the release of material non-public information. The Committee approves its annual grants of restricted stock to the named executive officers at its regularly scheduled meeting in mid-December, with an effective grant date as of such meeting or delayed until a date within the first few weeks of the following year. The grant date may be delayed due to tax implications to grantees as well as administrative issues during the holiday season. The Committee generally establishes the date for its regularly scheduled meeting at least a year in advance. In addition, certain named executive officers receive shares of restricted

stock upon lease commencement of certain developments. The Committee has not granted stock options in recent years.

Table of Contents

TAX AND ACCOUNTING IMPLICATIONS

Deductibility of Executive Compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended (Section 162(m)), provides that subject to certain exceptions (the most significant of which is performance-based compensation), a publicly-held corporation may not deduct compensation for federal income tax purposes exceeding \$1 million in any one year paid to its chief executive officer and its three other most highly compensated executive officers. The Company must distribute a specified minimum percentage of its taxable income to maintain its qualification as a REIT under the Internal Revenue Code, and the Company is not subject to federal income tax on its REIT taxable income only if and to the extent it distributes the income to its stockholders. Accordingly, if the Company pays compensation to its chief executive officer or any of its three other most highly compensated executive officers in excess of \$1 million in any year that does not qualify for the performance-based exception, the Company may have to increase the amount of its distributions to stockholders to avoid tax liability and loss of its REIT status. This in turn may result in a larger portion of distributions being taxable to stockholders as dividend income, instead of being treated as a nontaxable return of capital to stockholders. However, because the Company did not pay any compensation during 2007 that would be subject to Section 162(m), the Committee's compensation policy and practices were not directly governed by Section 162(m).

Nonqualified Deferred Compensation. Section 409A of the Code provides that amounts deferred under nonqualified deferred compensation arrangements will be included in an employee's income when vested unless certain conditions are met. If the certain conditions are not satisfied, amounts subject to such arrangements will be immediately taxable and employees will be subject to income tax penalties and interest to the extent such taxes were not timely paid. All of the Company's employment and severance arrangements and benefit plans are or will be intended to meet the requirements of Section 409A to allow for deferral without immediate taxation, penalty or interest.

Accounting for Stock-Based Compensation. Beginning on January 1, 2006, the Company began accounting for stock-based payments to employees in accordance with the requirements of FASB Statement 123(R).

COMPENSATION COMMITTEE REPORT

The Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

EXECUTIVE COMPENSATION COMMITTEE

Gene Silverman, Chairman
Farris Kalil

Table of Contents**EXECUTIVE COMPENSATION TABLES****SUMMARY COMPENSATION TABLE**

==

The following table sets forth information concerning the total compensation paid or earned by each of our named executive officers in 2007 and 2006.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards \$(1)	Non-Equity Incentive Plan Compensation	Total (\$)
Richard Agree	2007	\$ 250,000	\$ 30,000	\$ 379,594		\$ 659,594
Chairman and President	2006	250,000		308,531		558,531
Kenneth R. Howe	2007	150,000	20,000	161,840		331,840
Vice President, Finance	2006	143,000		136,646		279,646
Vicky Whalen-Umphryes	2007	240,000		25,268	209,000(2)	474,268
Vice President	2006	240,000		11,560		251,560
David J. Prueter	2007	180,000	20,000	126,967		326,967
Senior Vice President	2006	175,000		102,099		277,099
Joey Agree	2007	175,000	50,000	55,574		280,574
Executive Vice President	2006	125,000		14,450		139,450

(1) All awards in this column relate to restricted stock granted under the 2005 Equity Incentive Plan. Cash dividends are paid on the restricted stock during the vesting period. The amounts reported reflect the amounts recognized for financial statement reporting purposes in the applicable year in accordance with FAS 123(R) (although estimates for forfeitures related to service-based conditions are disregarded), and therefore may include amounts from awards granted in and prior to the applicable year. Valuation assumptions used in determining these amounts are included in note 9 of our audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2007.

(2) Consists of performance compensation specified in her employment agreement, a specified amount per square foot for all development and land lease projects, payable upon lease commencement. Ms. Whalen-Umphryes elected to receive cash for all such compensation in 2007.

GRANTS OF PLAN-BASED AWARDS IN 2007

The following table sets forth information concerning equity and non-equity awards granted to the named executive officers in 2007.

Estimated Future Payouts	Estimated Future	Grant Date Fair
-------------------------------------	-------------------------	--------------------------------

Name	Grant Date	Board Approval Date	Under Non-Equity Incentive			Payouts Under Equity Incentive			Value of Stock and Option Awards (1)
			Threshold (\$)	Plan Awards Target (\$)	Plan Awards Maximum (\$)	Threshold (#)	Plan Awards Target (#)	Plan Awards Maximum (#)	
Vicky Whalen-Umphryes(2)	N/A	N/A	N/A	(2)	N/A				N/A
David J. Prueter(3)	07/06/07	12/18/06				N/A	1,250	N/A	\$ 36,563
	11/14/07	12/18/06				N/A	1,250	N/A	40,063
	12/17/07	12/18/06				N/A	1,250	N/A	40,063

- (1) The grant date fair value is calculated in accordance with SFAS 123(R). The fair value of each share of restricted stock, which includes the right to receive cash dividends, is equal to the stock price on the grant date. The grant date fair value for a share of restricted stock granted on the following dates is: July 6 (\$29.25), November 14 (\$32.05) and December 17 (\$32.05).
- (2) Consists of performance compensation specified in her employment agreement, at a specified rate per square foot for all development and land lease projects, payable upon lease commencement in cash or equity at her option. Ms. Whalen-Umphryes elected to receive cash for all such compensation in 2007.

Table of Contents

- (3) Mr. Prueter receives 1,250 shares of restricted stock for each project completed due to his efforts, payable upon the lease commencement. The restricted stock, granted under the 2005 Equity Incentive Plan, vests in equal installments over a five-year period from the grant date. Cash dividends are paid on the restricted stock during the vesting period.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2007

The following table sets forth information on the holdings of equity awards by our named executive officers as of December 31, 2007. No stock options are outstanding.

Name	Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)(1)	Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)
			Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested (\$)	
Richard Agree	36,000(2)	\$ 1,083,600			
Kenneth R. Howe	15,200(2)	457,520			
Vicky Whalen-Umphryes	2,800(2)	84,280			
David J. Prueter	14,950(2)	449,995	(3)		(3)
Joey Agree	6,300(2)	189,630			

(1) Based upon the closing price of our common stock on the NYSE on December 31, 2007 of \$30.10.

(2) The following shares of restricted stock vest on the following dates:

	January 1,		January 3,			December 14,			December 18,		
	2008	2009	2008	2009	2010	2008	2009	2010	2008	2009	2010
Agree	4,500	2,500	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Howe	2,100	1,100	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Whalen-Umphryes						400	400	400	400	400	400
Prueter	1,100	600	700	700	700	700	700	700	700	700	700
						500	500	500	1,200	1,200	1,200

In addition, 250 shares of restricted stock held by Mr. Prueter vest on the following dates: (a) July 6, 2008, 2009, 2010, 2011 and 2012, respectively; (b) July 16, 2008, 2009 and 2010, respectively; (c) October 3, 2008, 2009 and 2010, respectively; (d) November 14, 2008, 2009, 2010, 2011 and 2012, respectively; (e) November 18, 2008, 2009, 2010 and 2011, respectively; and (f) December 17, 2008, 2009, 2010, 2011 and 2012, respectively.

- (3) Mr. Prueter also receives a grant of 1,250 shares of restricted stock for each project completed due to his efforts, payable upon the lease commencement. The restricted stock vests in equal installments over a five-year period from the date of grant, and cash dividends are paid during the vesting period. In 2007, he earned 3,750 shares of restricted stock for three developments.

Table of Contents**OPTION EXERCISES AND STOCK VESTED IN 2007**

The following table sets forth information on the shares of restricted stock held by named executive officers that vested during 2007. No stock options are outstanding.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting \$(1)
Richard Agree	14,400	\$ 469,311
Kenneth R. Howe	6,600	216,306
Vicky Whalen-Umphryes	800	23,844
David J. Prueter	4,950	160,085
Joey Agree	1,700	51,057

(1) The value realized is based on the number of shares of restricted stock that vested on the vesting date multiplied by the closing price of our common stock on the NYSE on the vesting date.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

The following section describes and quantifies potential payments and benefits to the named executive officers under our compensation and benefit plans and arrangements upon termination of employment or a change of control of the Company as of December 31, 2007.

Richard Agree and Vicky Whalen-Umphryes are subject to employment agreements with us. In addition, certain of our compensatory plans contain provisions regarding the acceleration of vesting and payment upon specified termination events.

COMPANY SHARE-BASED PLANS***Restricted Stock Award Agreement (applicable to restricted stock grants under 1994 Stock Incentive Plan and 2005 Equity Incentive Plan through December 31, 2007)***

During the 120 days following the termination of the participant's employment for any reason, the Company has the right to require the return of any unvested shares of restricted stock, as well as any dividends paid on such shares. The unvested shares of restricted stock immediately vest in the event our stockholders approve an agreement to merge, consolidate, liquidate or sell all or substantially all of our assets. Our Board has the discretion to determine whether any leave of absence should constitute a termination of employment.

1994 Stock Incentive Plan.

The Executive Compensation Committee is authorized to accelerate the vesting of restricted stock at any time.

2005 Equity Incentive Plan.

The Executive Compensation Committee is authorized to accelerate the vesting of restricted stock at any time.

In the event of a change of control (as defined therein) or a dissolution or liquidation of the Company, all unvested shares of restricted stock will become immediately vested.

EMPLOYMENT AGREEMENTS

General Terms. The following is a summary of general terms applicable to our employment agreements with Richard Agree and Vicky Whalen-Umphries.

Table of Contents

Each person receives a base salary and is entitled to participate in all benefit programs generally available to our executive officers, including any equity incentive plan or bonus plan.

Upon any termination, such person shall receive any accrued and unpaid salary and bonus for a completed year.

The employment agreement may be terminated if such person dies or becomes disabled (as defined therein). In the event of termination of the agreement because of death or disability, such person (or estate) shall receive for the longer of (x) the remainder of the calendar year or (y) six months, such person's salary in effect at the date of death or disability and a pro rata portion for such calendar year based on such person's average bonus over the prior three calendar years. In addition, all unvested shares of our common stock will become fully vested.

If a person's employment is terminated without cause (as defined therein) and not due to death, disability or a change in control, such person is entitled to receive a payment of all amounts payable during the term of the employment agreement (including but not limited to the salary at the then applicable rate) within 10 days of such termination and such person has the right to continue to participate in all benefit plans made generally available by us to our executives. In addition, all unvested shares of our common stock will become fully vested.

If a change in control (as defined therein) occurs prior to the expiration of such person's employment agreement and within three years after the change in control such person's employment is terminated by us (other than due to death, disability or cause), then within 30 days of such termination, such person is entitled to receive the greater of three times (except Ms. Whalen-Umphryes is entitled to one time) the then compensation, or the compensation to be paid over the remaining life of the employment agreement. Compensation means the highest annualized rate of salary prior the date of termination. In addition, all unvested shares of our common stock will become fully vested.

If a person is terminated by the Company for cause, then such person shall forfeit any and all benefits under the employment agreement other than vested benefits.

If the person is terminated for cause or voluntarily terminates such employment, such person is subject to a non-compete with us for a specified period of time. In addition, the employment agreement contains confidentiality provisions.

Richard Agree. Mr. Agree's employment agreement, pursuant to which he serves as our Chairman of the Board and President, is effective through June 30, 2009. Mr. Agree received an initial annual base salary of \$200,000, subject to annual review by the Executive Compensation Committee.

Vicky Whalen-Umphryes. Ms. Whalen-Umphryes' employment agreement, pursuant to which she serves as a Vice President, is effective through October 3, 2008. Ms. Whalen-Umphryes received an initial annual base salary of \$240,000, subject to annual review by the Executive Compensation Committee. In addition, she is entitled to 2,000 shares of restricted stock each year.

Ms. Whalen-Umphryes' agreement also provides for compensation at a specified rate per square foot for all development and land lease projects, payable upon lease commencement. She has the option to be paid in shares of common stock or cash.

CHANGE OF CONTROL/SEVERANCE PAYMENT TABLES

The following tables estimate the potential payments and benefits to named executive officers upon termination of employment or a change in control, assuming such event occurs on December 31, 2007. The actual payments due on terminations occurring on different dates could materially differ from the estimates in the tables.

Items Not Reflected in Table.

The following items are not reflected in the table set forth below:

Accrued and unpaid salary, bonus and vacation.

Table of Contents

Costs of COBRA or any other mandated governmental assistance program to former employees.

Welfare benefits provided to all salaried employees.

Named Executive Officer	Base		Early Vesting of Stock	Other(2)	Total
	Salary	Bonus	Awards(1)		
Richard Agree					
Death or Disability	\$ 135,000	\$ 18,333	\$ 1,083,600	\$ 8,000	\$ 1,244,933
Change in Control	810,000		1,083,600		1,893,600
Other (except for cause)	405,000		1,083,600	24,458	1,513,058
Kenneth R. Howe					
Change in Control			457,520		457,520
Vicky Whalen-Umphries					
Death or Disability	120,000		84,280	18,000	222,280
Change in Control	240,000		84,280		324,280
Other (except for cause)	180,000		84,280	17,664	281,944
David J. Prueter					
Change in Control			449,995		449,995
Joey Agree					
Change in Control			189,630		189,630

(1) For accelerated vesting of share-based awards, the table reflects the intrinsic value of such acceleration, which for each unvested share of restricted stock is \$30.10, the closing price of our common stock on the NYSE on December 31, 2007.

(2) In case of death, represents payment of health benefits for spouse and dependents of executive for one year following death.

Table of Contents

REPORT OF THE AUDIT COMMITTEE

Management is responsible for the Company's financial statements, internal controls, accounting and financial reporting processes and compliance with applicable laws and regulations. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and an independent audit of the effectiveness of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board, and for expressing their opinions thereon. The Audit Committee's responsibility is to provide general oversight of the foregoing matters. The Audit Committee is governed by a charter, a copy of which is available on our website at <http://www.agreerealty.com>.

Review and Discussions with Management and Independent Accountants. In this context, the Committee has met and held discussions with management and Virchow, Krause & Company, LLP (Virchow Krause), the Company's independent registered public accounting firm. Management represented to the Committee that the Company's consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, and the Committee has reviewed and discussed the audited consolidated financial statements with management and Virchow Krause. The Committee discussed with Virchow Krause matters required to be discussed by Statement on Auditing Standards No. 114, issues regarding accounting and auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company's financial statements.

Virchow Krause also provided to the Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed with Virchow Krause that firm's independence. The Committee has reviewed the original proposed scope of the annual audit of the Company's financial statements and the associated fees and any significant variations in the actual scope of the audit and fees.

Conclusion. Based on the review and discussions referred to above, the Committee recommended to the Board that the Company's audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the SEC.

AUDIT COMMITTEE

Farris Kalil, Chairman
Gene Silverman
William S. Rubenfaer

Table of Contents**AUDIT COMMITTEE MATTERS****PRE-APPROVAL POLICIES AND PROCEDURES FOR AUDIT AND NON-AUDIT SERVICES**

In accordance with Audit Committee policies and procedures and applicable law, the Audit Committee must pre-approve all services to be provided by its independent registered public accounting firm. In determining whether to pre-approve such services, the Audit Committee must consider whether the provision of such services is consistent with the independence of such accountants. The Audit Committee generally provides pre-approvals at its regularly scheduled meetings. The Audit Committee has delegated to its chairman, Farris Kalil, an independent member of the Board, the authority to grant pre-approvals of non-audit services between regularly scheduled meetings of the Audit Committee, provided that any such pre-approval by Mr. Kalil shall be reported to the Audit Committee at its next scheduled meeting. However, pre-approval of non-audit services is not required if (1) the aggregate amount of non-audit services is less than 5% of the total amount paid by us to the auditor during the fiscal year in which the non-audit services are provided; (2) such services were not recognized by us as non-audit services at the time of the engagement; and (3) such services are promptly brought to the attention of the Audit Committee and, prior to completion of the audit, are approved by the Audit Committee or by one or more Audit Committee members who have been delegated authority to grant approvals.

FEES PAID TO INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS

The following table sets forth the fees we were billed for audit and other services provided by BDO Seidman, LLP and Virchow Krause in 2007 and 2006. All such fees paid to BDO Seidman, LLP and Virchow, Krause & Company were approved in conformity with the pre-approval policies and procedures noted above.

	2007	2006
Audit Fees		
BDO Seidman	\$ 11,000	\$ 118,496
Virchow Krause	97,906	18,000
	108,906	136,496
Audit-Related Fees		
Tax Fees		
BDO Seidman		19,350
Virchow Krause	22,850	
	22,850	19,350
Other Fees		
	\$ 131,756	\$ 155,846

BDO Seidman provided audit services related to its audit for 2005, review of our first quarter ended March 31, 2006 and the reissue of its 2006 audit report, while Virchow Krause provided audit services related to its audit for 2006 and 2007.

Audit Fees. Audit fees include fees for the audit of our annual consolidated financial statements, for review of the financial statements included in our quarterly reports on Form 10-Q and for the annual audit of internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002.

Tax Fees. Tax fees related to professional services for tax compliance and consulting.

CHANGES IN ACCOUNTANTS

Effective May 9, 2006, BDO Seidman, LLP, resigned as our independent registered public accounting firm for the 2006 fiscal year. During 2004, 2005 and the subsequent interim period through May 9, 2006, there were no disagreements between us and BDO Seidman, LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to BDO Seidman, LLP's satisfaction, would have caused it to make reference to the subject

Table of Contents

matter of the disagreements in connection with its report, and there were no reportable events as specified in Item 304(a)(1)(v) of Regulation S-K.

Effective July 26, 2006, the Audit Committee of the Board of Directors engaged Virchow Krause as our independent registered public accounting firm.

PROPOSAL II RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2008

The Audit Committee currently believes that we should continue our relationship with Virchow Krause and have appointed Virchow Krause to continue as our independent accountants for 2008. See Report of the Audit Committee and Audit Committee Matters for additional information on matters related to Virchow Krause's provision of services to us.

Although stockholder ratification of the appointment is not required by law and is not binding on us, the Audit Committee will take your vote into consideration when appointing our independent registered public accounting firm in future years. Even if the stockholders ratify the appointment of Virchow Krause, the Audit Committee in its sole discretion may terminate the engagement of Virchow Krause and engage another independent auditor at any time during the year, although it has no current intention to do so.

A representative of Virchow Krause will be present at the annual meeting and will be provided with the opportunity to make a statement if desired. Such representative will also be available to respond to appropriate questions.

The Board recommends that you vote FOR the ratification of the appointment of Virchow Krause as our independent registered public accounting firm for 2008.

RELATED PERSON TRANSACTIONS

POLICIES AND PROCEDURES

The non-interested directors of the Board reviews and oversees any proposed or ongoing related person transactions to ensure there are no conflicts of interest. The Company's Code of Business Conduct and Ethics requires officers and directors to provide full disclosure of any such transaction to appropriate persons and remove themselves from the related decision making process. Persons are encouraged to speak with specified persons if there is any doubt as to whether a transaction could comprise a related person transaction or otherwise constitute a conflict of interest.

If a related person transaction is proposed, the non-interested directors of the Board reviews such transaction to ensure that our involvement in such transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and is in the best interests of us and our stockholders. If necessary or appropriate, we will engage third party consultants and special counsel, and the Board may create a special committee, to review such transactions. The non-interested directors of the Board affirmatively determined that none of the related person transactions below constituted a conflict of interest.

RELATED PERSON TRANSACTIONS IN 2007 AND 2008

Bodman, LLP, a law firm of which Leon M. Schurgin, one of our directors was a Partner and Sommers Schwartz a law firm of which Mr. Schurgin was a Senior Shareholder prior to joining Bodman, LLP, acted as our counsel in various matters during 2007. We paid Mr. Schurgin's firms aggregate fees of approximately \$280,694 during the year.

We lease our executive offices, located at 31850 Northwestern Highway, Farmington Hills, Michigan from a limited liability company controlled by Mr. Agree's children. Under the terms of the lease, which expires December 31, 2009, we are required to pay an annual rental of \$90,000 and are responsible for the payment of real estate taxes, insurance and maintenance expenses relating to the building. Management believes that the lease terms are consistent with leases for similar properties in the area.

Table of Contents

ADDITIONAL INFORMATION

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our executive officers and directors, and persons who beneficially own more than 10% of our common stock, to file reports of holdings and transactions in our securities with the SEC. Executive officers, directors and 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file with the SEC. Based solely upon a review of the reports furnished to us or filed with the SEC with respect to 2007, no executive officer, director or 10% stockholder failed to file on a timely basis a Section 16(a) form with respect to any holding or transaction in our common stock, except:

(1) Mr. Schurgin failed to file a Form 3 upon election to the Board in 2004, (2) Mr. Rubenfaer failed to file a Form 3 upon appointment to the Board in December 2007, (3) Mr. Silverman filed one Form 4 late (one purchase), and (4) each of the named executive officers filed one Form 4 late (one acquisition).

COST OF PROXY SOLICITATION

All of the expenses of preparing, assembling, printing and mailing the materials used in the solicitation of proxies will be paid by us. Arrangements will be made with brokerage houses and other custodians, nominees and fiduciaries to forward soliciting materials, at our expense, to the beneficial owners of shares held of record by such persons. Our directors and officers may solicit proxies by mail, telephone or telecopy or in person. They will not receive any additional compensation for such work.

PROPOSALS FOR 2009 ANNUAL MEETING

Any stockholder proposal to be considered for inclusion in our proxy statement and form of proxy for the annual meeting of stockholders to be held in 2009 must be received at our office at 31850 Northwestern Highway, Farmington Hills, MI 48334, no later than November 25, 2008 and must be in compliance with the requirements of our Bylaws and the SEC's proxy rules.

Any stockholder who intends to bring business before the annual meeting in the year 2009, but not include the proposal in our proxy statement, or to nominate a person to the Board, must give written notice to our corporate secretary, Kenneth R. Howe at our office at 31850 Northwestern Highway, Farmington Hills, MI 48334, between October 27, 2008 and 5:00 p.m., Eastern Time, on November 25, 2008.

ANNUAL REPORT

A copy of our Annual Report to Stockholders for the year ended December 31, 2007, including the audited consolidated financial statements for the three years ended December 31, 2007, accompanies this proxy statement.

By Order of the Board of Directors

Kenneth R. Howe
Vice President, Finance and Secretary

March 25, 2008

Table of Contents

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Annual Meeting Proxy Card

6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

A Proposals The Board of Directors recommends a vote FOR Proposals 1 and 2.

- | | | |
|---|--|--|
| <p>1. Election of Directors:</p> <p>01 William S. Rubenfaer (term ending 2010)</p> | <p>For <input type="checkbox"/> Withhold <input type="checkbox"/></p> <p>02 Farris G. Kalil (term ending 2011)</p> <p>For <input type="checkbox"/> Withhold <input type="checkbox"/></p> | <p>03 Gene Silverman (term ending 2011)</p> <p>For <input type="checkbox"/> Withhold <input type="checkbox"/> +</p> |
| <p>2. To ratify the appointment of Virchow Krause & Company, LLP as the Company's independent registered public accounting firm for 2008.</p> | <p>For <input type="checkbox"/> Against <input type="checkbox"/> Abstain <input type="checkbox"/></p> | <p>3. In their judgment, upon such other matters as may properly come before the meeting.</p> |

B Non-Voting Items

Change of Address Please print new address below.

Meeting Attendance
 Mark box to the right if you plan to attend the Annual Meeting.

C Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

/ /

Table of Contents

6 PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. 6

Proxy Agree Realty Corporation

Proxy for Annual Meeting of Stockholders May 5, 2008

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Richard Agree and Kenneth R. Howe as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated below, all the Common Stock of Agree Realty Corporation held on record by the undersigned on March 11, 2008 at the Annual Meeting of Stockholders to be held on May 5, 2008, or any adjournment or postponement thereof.

The Board of Directors recommends a vote FOR all of the nominees for director and FOR the ratification of Virchow Krause & Company, LLP as the Company's independent registered public accounting firm for 2008. This Proxy when executed will be voted in the manner directed herein. If no direction is made this Proxy will be voted FOR each of the matters hereon.

NOTE PLEASE COMPLETE THIS PROXY AND MAIL TO US PROMPTLY.