

PRESS RELEASE - FOR IMMEDIATE RELEASE

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**AGREE REALTY CORPORATION REPORTS FOURTH QUARTER
2005 OPERATING RESULTS**

Fourth Quarter 2005 Highlights:

Financial Information

- Diluted FFO per share of \$0.55
- \$0.49 per share quarterly dividend paid
January 5, 2006

FARMINGTON HILLS, MI (February 24, 2006) - Agree Realty Corporation (NYSE: ADC) today announced results for the quarter ended December 31, 2005. For the fourth quarter, funds from operations were \$4,567,000 compared with funds from operations in the fourth quarter of 2004 of \$4,792,000. Diluted funds from operations per share were \$0.55 per share compared with \$0.67 per share for the fourth quarter of 2004. Net income was \$5,773,000, or \$0.75 per share on a diluted basis, compared with net income for the fourth quarter of 2004 of \$3,275,000, or \$0.51 per share. Total revenues increased 8.4% to \$8,328,000, compared with total revenues of \$7,686,000 in the fourth quarter of 2004. A reconciliation of net income to FFO is included in the financial table accompanying this press release.

For the year ended December 31, 2005, funds from operations increased 5.3% to \$19,308,000 compared with funds from operations for the year ended December 31, 2004 of \$18,337,000. Diluted funds from operations per share were \$2.34 per share compared with \$2.57 per share for the year ended December 31, 2004. Net income was \$16,048,000, or \$2.11 per share on a diluted basis, compared with net income for the comparable period last year of \$13,123,000, or \$2.03 per share. Total revenues increased 8.3% to \$31,585,000, compared with total rental revenues of \$29,157,000 for the comparable period last year.

Funds from Operations

Management considers Funds from Operations (FFO) to be a useful supplemental measure to evaluate operating performance. The Company considers FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses on dispositions and excluding depreciation, FFO can help one compare the operating performance of a company's real estate between periods or as compared to different companies. FFO is defined by the National Association of Real Estate Investment Trusts, Inc. (NAREIT) to mean net income computed in accordance with generally accepted accounting principles (GAAP), excluding gains (or losses) from sales of property, plus real estate related depreciation and amortization. FFO should not be considered as 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. In addition, our method of calculating FFO may not be comparable to the methods used by other REITs and, accordingly may be different from similarly titled measures reported by other companies.

Dividend

We paid a cash dividend of \$0.49 per share on January 5, 2006 to shareholders of record on December 23, 2005. The dividend is equivalent to an annualized dividend of \$1.96 per share and represents a payout ratio of 89.1% of funds from operations for the quarter.

Portfolio Results

At December 31, 2005, Agree Realty Corporation's total assets were \$224,299,000. At year end our portfolio consisted of 59 properties totaling 3,362,971 million square feet located in 15 states. The portfolio was 98.6% leased at the end of the year. For the year ended December 31, 2005 our fully diluted weighted shares outstanding were 7,588,164 shares. For the quarter ended December 31, 2005, our fully diluted weighted average shares outstanding were 7,673,279 shares

On October 31, 2005, we completed the sale of a community shopping center for approximately \$8.8 million. The property was anchored by Kmart Corporation and Roundy's Foods and was located in Iron Mountain, Michigan.

On November 5, 2005 we completed the development of a retail property in Delta Township, Michigan. The property is leased to Walgreen Co.

During November 2005 we acquired three (3) freestanding net leased properties that added 32,273 square feet of gross leasable area to our operating portfolio and cost approximately \$9.1 million. The properties are located in Roseville, Michigan, Mt. Pleasant, Michigan and N. Cape May, New Jersey and are leased to Rite Aid.

During the fourth quarter 2005 we recognized expenses totaling \$476,480 due to the write-off of development costs for sites that development was no longer considered probable. These expenses were for contracted services to investigate development opportunities in Florida and surrounding states. For the year ended December 31, 2005 we expensed a total of \$742,564 of these costs for sites that development is no longer considered probable.

At December 31, 2005 our construction in progress balance totaled approximately \$1,465,000 and we capitalized \$47,000 of construction period interest during the fourth quarter 2005.

In January 2006 we repaid \$5.0 million on our secured line of credit.

Lease Expirations

The following table shows lease expirations for the next 10 years for our freestanding properties and community shopping centers, assuming that none of the tenants exercise renewal options.

Expiration Year	Number of Leases Expiring	December 31, 2005			
		Gross Leasable Area		Annualized Base Rent	
		Square Footage	Percent of Total	Amount	Percent of Total
2006	20	75,837	2.3%	\$ 532,879	1.8%
2007	11	66,200	2.0%	577,662	1.9%
2008	26	311,205	9.4%	1,381,209	4.6%
2009	14	176,590	5.3%	857,714	2.9%
2010	17	303,885	9.2%	1,816,095	6.1%
2011	16	214,237	6.5%	1,442,873	4.9%
2012	2	2,760	.1%	25,360	.1%
2013	1	51,868	1.6%	492,746	1.7%
2014	3	172,958	5.2%	824,206	2.8%
2015	11	730,525	22.0%	5,072,330	17.1%
Thereafter	43	1,210,513	36.4%	16,686,425	56.1%
Total	164	3,316,578	100.0%	\$29,709,499	100.0%

Annualized Base Rent of our Properties

The following is a breakdown of base rents in place at December 31, 2005 for each type of retail tenant:

National	\$26,853,180	90%
Regional	1,714,322	6%
Local	<u>1,141,997</u>	<u>4%</u>
Total	<u>\$29,709,499</u>	<u>100%</u>

Major Tenants

The following is a breakdown of base rents in place at December 31, 2005 for each of our Major Tenants:

Borders (18)	\$ 9,714,132	33%
Walgreen (17)	6,320,599	21%
Kmart (12)	<u>3,847,911</u>	<u>13%</u>
Total	<u>\$19,882,642</u>	<u>67%</u>

Operating Partnership Units

As of December 31, 2005 there were 673,547 operating partnership units outstanding.

Agree Realty Corporation owns, manages and develops properties which are primarily single tenant properties and neighborhood community shopping centers, located in fifteen (15) states and leased to major retail tenants.

Agree Realty Corporation considers portions of the information contained in this release to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 27E of the Securities Exchange Act of 1934, both as amended, with respect to the Company's expectation for future periods. Such statements are, by their nature, subject to certain risks and uncertainties. The Company cautions that, as a result of a number of factors, actual results could differ materially from those set forth in this presentation. Other risks, uncertainties and factors that could cause actual results to differ materially than those projected are detailed from time to time in reports filed by the Company with the Securities and Exchange Commission, including Forms 8-K, 10-Q and 10-K.

For additional information, visit the Company's home page on the Internet at <http://www.agreerealty.com>.

Agree Realty Corporation
Operating Results (in thousands, except per share amounts)
(Unaudited)

	Three months ended		Year ended	
	December 31,		December 31,	
	2005	2004	2005	2004
Revenue				
Minimum rents	\$ 7,290	\$6,813	\$28,387	\$25,966
Percentage rent	29	34	68	56
Operating cost reimbursements	985	838	3,083	2,885
Unconsolidated entities	-	-	-	217
Other income	24	1	47	33
Total Revenue	8,328	7,686	31,585	29,157
Expenses				
Real estate taxes	433	397	1,749	1,693
Property operating expenses	577	451	2,012	1,791
Land lease payments	198	185	784	737
General and administration	1,526	865	4,191	2,848
Depreciation and amortization	1,176	1,142	4,637	4,249
Interest expense	1,102	1,168	4,159	4,507
Total Expenses	5,012	4,208	17,532	15,825
Income before minority interest and discontinued operations	3,316	3,478	14,053	13,332
Minority interest expense	266	328	1,145	1,257
Income before discontinued operations	3,050	3,150	12,908	12,075
Gain on sale of asset from discontinued operations	2,653	-	2,654	523
Income from discontinued operations	70	125	486	525
Net income	\$5,773	\$3,275	\$16,048	\$13,123
Net Income – per share	\$.75	\$.51	\$ 2.11	\$ 2.03
Reconciliation of Funds from Operations to Net Income				
Net income	\$ 5,773	\$3,275	\$16,048	\$13,123
Depreciation of real estate assets	1,163	1,165	4,684	4,380
Amortization of leasing costs	12	11	48	45
Gain on sale of assets	(2,889)	-	(2,896)	(577)
Minority interest	508	341	1,424	1,366
Funds from Operations	\$4,567	\$4,792	\$19,308	\$18,337
Funds from Operations – per share	\$.55	\$.67	\$ 2.34	\$ 2.57
Weighted average number of shares and “OP” units outstanding	8,347	7,152	8,262	7,149

Agree Realty Corporation
Consolidated Balance Sheets (in thousands)
(Unaudited)

	Dec 31,	Dec 31
	2005	2004
ASSETS		
Land	\$ 73,035	\$ 70,592
Buildings	185,872	180,596
Accumulated depreciation	(43,772)	(41,728)
Property under development	265	2,105
Cash and cash equivalents	5,715	587
Rents receivable	731	627
Deferred costs, net of amortization	1,241	1,261
Other Assets	1,212	1,662
Total Assets	\$ 224,299	\$ 215,702
LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgages payable	\$ 51,561	\$ 53,809
Notes payable	17,500	39,200
Deferred revenue	12,794	13,483
Dividends and distributions payable	4,089	3,509
Other liabilities	1,749	2,194
Total Liabilities	87,693	112,195
Total Minority Interest	5,979	5,875
Common stock	1	1
Additional paid-in capital	142,127	109,600
Accumulated deficit	(9,718)	(10,727)
Unearned compensation	(1,783)	(1,242)
Total Stockholders' Equity	130,627	97,632
	\$ 224,299	\$ 215,702