

**PRESS RELEASE - FOR IMMEDIATE RELEASE**

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

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**Third Quarter 2005 Highlights:**

**Financial Information**

- Diluted FFO per share of \$0.59
- \$0.49 per share quarterly dividend paid  
October 13, 2005

FARMINGTON HILLS, MI (October 28, 2005) - Agree Realty Corporation (NYSE: ADC) today announced results for the quarter ended September 30, 2005. For the third quarter, funds from operations increased 2.6% to \$4,948,000 compared with funds from operations in the third quarter of 2004 of \$4,824,000. Diluted funds from operations per share were \$0.59 per share compared with \$0.67 per share for the third quarter of 2004. Net income was \$3,454,000, or \$0.45 per share on a diluted basis, compared with net income for the third quarter of 2004 of \$3,895,000, or \$0.60 per share. Total revenues increased 4.3% to \$7,696,000, compared with total revenues of \$7,380,000 in the third quarter of 2004. A reconciliation of net income to FFO is included in the financial table accompanying this press release.

For the nine months ended September 30, 2005, funds from operations increased 8.8% to \$14,741,000 compared with funds from operations for the nine months ended September 30, 2004 of \$13,545,000. Diluted funds from operations per share were \$1.79 per share compared with \$1.90 per share for the nine months ended September 30, 2004. Net income was \$10,274,000, or \$1.36 per share on a diluted basis, compared with net income for the comparable period last year of \$9,848,000, or \$1.52 per share. Total revenues increased 8.3% to \$23,256,000, compared with total rental revenues of \$21,471,000 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 October 13, 2005 to shareholders of record on September 30, 2005. The dividend is equivalent to an annualized dividend of \$1.96 per share and represents a payout ratio of 83.1% of funds from operations for the quarter.

## **Portfolio Results**

At September 30, 2005, Agree Realty Corporation's total assets were \$215,730,000. At quarter end our portfolio consisted of 56 properties totaling 3,492,491 million square feet located in 14 states. The portfolio was 98.7% leased at the end of the quarter.

On August 22, 2005 we completed the development of a retail property in Grand Rapids, Michigan. The property is leased to Walgreen Co.

At September 30, 2005 our construction in progress balance totaled approximately \$5.7 million and we capitalized \$118,000 of construction period interest during the third quarter 2005.

## 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	September 30, 2005			
		Gross Leasable Area		Annualized Base Rent	
		Square Footage	Percent of Total	Amount	Percent of Total
2006	30	107,247	3.07	\$ 690,023	2.36
2007	15	80,630	2.31	597,559	2.04
2008	29	325,995	9.33	1,449,333	4.96
2009	12	172,990	4.95	818,531	2.80
2010	17	301,885	8.64	1,801,840	6.16
2011	16	248,322	7.11	1,625,235	5.56
2012	-	-	-	-	-
2013	1	51,868	1.49	492,746	1.69
2014	3	172,958	4.95	824,206	2.82
2015	12	821,632	23.53	5,267,493	18.03
Total	<u>135</u>	<u>2,283,527</u>	<u>65.38%</u>	<u>\$13,566,966</u>	<u>46.42%</u>

## Annualized Base Rent of our Properties

The following is a breakdown of base rents in place at September 30, 2005 for each type of retail tenant:

National	\$26,094,131	89.28%
Regional	1,988,446	6.80
Local	<u>1,144,709</u>	<u>3.92</u>
Total	<u>\$29,227,286</u>	<u>100.00%</u>

## Major Tenants

The following is a breakdown of base rents in place at September 30, 2005 for each of our Major Tenants:

Borders	\$ 9,543,489	32.65%
Walgreen	5,936,999	20.31
Kmart	<u>4,213,717</u>	<u>14.42</u>
Total	<u>\$19,694,205</u>	<u>67.38%</u>

## Operating Partnership Units

As of September 30, 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 fourteen (14) 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		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
<b>Revenue</b>				
Minimum rents	\$ 7,062	\$6,740	\$21,097	\$19,153
Percentage rent	14	(12)	39	22
Operating cost reimbursements	613	599	2,097	2,047
Unconsolidated entities	-	23	-	217
Other income	7	30	23	32
<b>Total Revenue</b>	<b>7,696</b>	<b>7,380</b>	<b>23,256</b>	<b>21,471</b>
<b>Expenses</b>				
Real estate taxes	444	425	1,316	1,295
Property operating expenses	342	349	1,434	1,352
Land lease payments	195	180	586	541
General and administration	911	687	2,665	1,983
Depreciation and amortization	1,168	1,060	3,461	3,107
Interest expense	1,029	1,076	3,057	3,339
<b>Total Expenses</b>	<b>4,089</b>	<b>3,777</b>	<b>12,519</b>	<b>11,617</b>
<b>Income before minority interest and discontinued operations</b>	<b>3,607</b>	<b>3,603</b>	<b>10,737</b>	<b>9,854</b>
Minority interest expense	291	340	879	929
<b>Income before discontinued operations</b>	<b>3,316</b>	<b>3,263</b>	<b>9,858</b>	<b>8,925</b>
Gain on sale of asset from discontinued operations	-	523	-	523
Income from discontinued operations	138	109	416	400
<b>Net income</b>	<b>\$3,454</b>	<b>\$3,895</b>	<b>\$10,274</b>	<b>\$9,848</b>
<b>Net Income – per share</b>	<b>\$ .45</b>	<b>\$ .60</b>	<b>\$ 1.36</b>	<b>\$ 1.52</b>
<b>Reconciliation of Funds from Operations to Net Income</b>				
Net income	\$ 3,454	\$3,895	\$10,274	\$ 9,848
Depreciation of real estate assets	1,185	1,089	3,521	3,215
Amortization of leasing costs	12	12	36	34
Gain on sale of assets	(6)	(577)	(6)	(577)
Minority interest	303	405	916	1,025
<b>Funds from Operations</b>	<b>\$4,948</b>	<b>\$4,824</b>	<b>\$14,741</b>	<b>\$13,545</b>
<b>Funds from Operations – per share</b>	<b>\$ .59</b>	<b>\$ .67</b>	<b>\$ 1.79</b>	<b>\$ 1.90</b>
<b>Weighted average number of shares and “OP” units outstanding</b>	<b>8,346</b>	<b>7,148</b>	<b>8,234</b>	<b>7,147</b>

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

	<b>Sept 30,</b>	<b>Dec 31</b>
	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Land	\$ 69,114	\$ 69,914
Buildings	178,136	173,089
Accumulated depreciation	(42,579)	(39,252)
Operating property held for sale	5,578	5,709
Property under development	2,447	2,105
Cash and cash equivalents	190	587
Rents receivable	152	627
Deferred costs, net of amortization	1,291	1,261
Other Assets	1,401	1,662
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<b>Total Assets</b>	<b>\$ 215,730</b>	<b>\$ 215,702</b>
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<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Mortgages payable	\$ 52,151	\$ 53,809
Notes payable	11,200	39,200
Deferred revenue	12,966	13,483
Dividends and distributions payable	4,088	3,509
Other liabilities	1,077	2,194
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<b>Total Liabilities</b>	<b>81,482</b>	<b>112,195</b>
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<b>Total Minority Interest</b>	<b>5,800</b>	<b>5,875</b>
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Common stock	1	1
Additional paid-in capital	142,091	109,600
Accumulated deficit	(11,731)	(10,727)
Unearned compensation	(1,913)	(1,242)
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<b>Total Stockholders' Equity</b>	<b>128,448</b>	<b>97,632</b>
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	<b>\$ 215,730</b>	<b>\$ 215,702</b>
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