

**PRESS RELEASE - FOR IMMEDIATE RELEASE**

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

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**Second Quarter 2005 Highlights:**

**Financial Information**

- Diluted FFO per share of \$0.60
- \$0.49 per share quarterly dividend paid  
July 14, 2005

FARMINGTON HILLS, MI (July 28, 2005) - Agree Realty Corporation (NYSE: ADC) today announced results for the quarter ended June 30, 2005. For the second quarter, funds from operations increased 12.7% to \$5,015,000 compared with funds from operations in the second quarter of 2004 of \$4,451,000. Diluted funds from operations per share were \$0.60 per share compared with \$0.62 per share for the second quarter of 2004. Net income increased to \$3,519,000, or \$0.46 per share on a diluted basis, compared with net income for the second quarter of 2004 of \$3,057,000, or \$0.47 per share. Total revenues increased 9.6% to \$7,994,000, compared with total rental revenues of \$7,295,000 in the second quarter of 2004. A reconciliation of net income to FFO is included in the financial table accompanying this press release.

For the six months ended June 30, 2005, funds from operations increased 14.6% to \$9,793,000 compared with funds from operations for the six months ended June 30, 2004 of \$8,721,000. Diluted funds from operations per share were \$1.20 per share compared with \$1.22 per share for the six months ended June 30, 2004. Net income was \$6,820,000, or \$.91 per share on a diluted basis, compared with net income for the comparable period last year of \$5,953,000, or \$.92 per share. Total revenues increased 10.3% to \$16,089,000, compared with total rental revenues of \$14,581,000 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 July 14, 2005 to shareholders of record on June 30, 2005. The dividend is equivalent to an annualized dividend of \$1.96 per share and represents a payout ratio of 81.7% of funds from operations for the quarter.

## **Portfolio Results**

At June 30, 2005, Agree Realty Corporation's total assets were \$217,199,000. At quarter end our portfolio consisted of 55 properties totaling 3,477,671 million square feet located in 14 states. The portfolio was 99% leased at the end of the quarter.

On June 30, 2005 we completed the development of a retail property in Midland, Michigan. The property is leased to Walgreen Co.

At June 30, 2005 our construction in progress balance totaled approximately \$8.6 million and we capitalized \$150,000 of construction period interest during the second 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	June 30, 2005		Annualized Base Rent	
		Gross Leasable Area		Amount	Percent of Total
		Square Footage	Percent of Total		
2005	2	\$ 1,400	0.04%	\$ 27,498	0.09%
2006	39	179,247	5.15	1,434,424	4.94
2007	15	80,630	2.32	597,176	2.05
2008	27	316,195	9.09	1,359,624	4.68
2009	11	164,990	4.74	164,990	0.57
2010	16	299,885	8.62	1,778,885	6.12
2011	9	192,322	5.53	1,231,871	4.24
2012	-	-	-	-	-
2013	1	51,868	1.49	492,746	1.70
2014	3	172,958	4.97	824,206	2.84
<b>Total</b>	<b>123</b>	<b>\$1,459,495</b>	<b>41.95%</b>	<b>\$7,911,420</b>	<b>27.23%</b>

### Annualized Base Rent of our Properties

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

National	\$25,823,698	88.86%
Regional	2,008,113	6.91
Local	<u>1,228,163</u>	<u>4.23</u>
Total	<u>\$29,059,974</u>	<u>100.00%</u>

### Major Tenants

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

Borders	\$ 9,543,489	32.84%
Walgreen	5,569,606	19.17
Kmart	<u>4,213,717</u>	<u>14.50</u>
Total	<u>\$19,326,812</u>	<u>66.51%</u>

### **Operating Partnership Units**

As of June 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		Six months ended	
	June 30,		June 30,	
	2005	2004	2005	2004
<b>Revenue</b>				
Minimum rents	\$ 7,202	\$6,498	\$14,469	\$12,814
Percentage rent	6	16	30	41
Operating cost reimbursements	769	684	1,573	1,530
Unconsolidated entities	-	97	-	194
Other income	17	-	17	2
<b>Total Revenue</b>	<b>7,994</b>	<b>7,295</b>	<b>16,089</b>	<b>14,581</b>
<b>Expenses</b>				
Real estate taxes	462	475	931	928
Property operating expenses	499	406	1,165	1,091
Land lease payments	195	180	390	360
General and administration	834	663	1,754	1,296
Depreciation and amortization	1,202	1,072	2,388	2,141
Interest expense	974	1,159	2,028	2,263
<b>Total Expenses</b>	<b>4,166</b>	<b>3,955</b>	<b>8,656</b>	<b>8,079</b>
<b>Income before minority interest and discontinued operations</b>	<b>3,828</b>	<b>3,340</b>	<b>7,433</b>	<b>6,502</b>
Minority interest expense	309	315	613	613
<b>Income before discontinued operations</b>	<b>3,519</b>	<b>3,025</b>	<b>6,820</b>	<b>5,889</b>
Income from discontinued operations	-	32	-	64
<b>Net income</b>	<b>\$3,519</b>	<b>\$3,057</b>	<b>\$6,820</b>	<b>\$5,953</b>
<b>Net Income – per share</b>	<b>\$ .46</b>	<b>\$ .47</b>	<b>\$ .91</b>	<b>\$ .92</b>
<b>Reconciliation of Funds from Operations to Net Income</b>				
Net income	\$ 3,519	\$3,057	\$ 6,820	\$ 5,953
Depreciation of real estate assets	1,175	1,065	2,336	2,127
Amortization of leasing costs	12	11	24	22
Gain on sale of assets	-	-	-	-
Minority interest	309	318	613	619
<b>Funds from Operations</b>	<b>\$5,015</b>	<b>\$4,451</b>	<b>\$9,793</b>	<b>\$8,721</b>
<b>Funds from Operations – per share</b>	<b>\$ .60</b>	<b>\$ .62</b>	<b>\$ 1.20</b>	<b>\$ 1.22</b>
<b>Weighted average number of shares and “OP” units outstanding</b>	<b>8,349</b>	<b>7,146</b>	<b>8,178</b>	<b>7,147</b>

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

	<b>June 30,</b>	<b>Dec 31</b>
	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Real estate investments, at cost	\$ 257,880	\$ 253,293
Accumulated depreciation	(44,060)	(41,728)
Cash and cash equivalents	231	587
Cash – restricted	-	-
Rents receivable	281	627
Investments in and advances to unconsolidated entities	-	-
Deferred costs, net of amortization	1,341	1,261
Other Assets	1,526	1,662
<b>Total Assets</b>	<b>\$ 217,199</b>	<b>\$ 215,702</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Mortgages payable	\$ 52,675	\$ 53,809
Construction loans	-	-
Notes payable	10,800	39,200
Deferred revenue	13,138	13,483
Other liabilities	6,017	5,703
<b>Total Liabilities</b>	<b>82,630</b>	<b>112,195</b>
<b>Total Minority Interest</b>	<b>5,827</b>	<b>5,875</b>
Common stock	1	1
Additional paid-in capital	142,209	109,600
Accumulated deficit	(11,427)	(10,727)
Unearned compensation	(2,041)	(1,242)
<b>Total Stockholders' Equity</b>	<b>128,742</b>	<b>97,632</b>
	<b>\$ 217,199</b>	<b>\$ 215,702</b>