

PRESS RELEASE - FOR IMMEDIATE RELEASE

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**AGREE REALTY CORPORATION REPORTS SECOND QUARTER
2006 OPERATING RESULTS**

Second Quarter 2006 Highlights:

Financial Information

- Diluted FFO per share of \$0.59
- \$0.49 per share quarterly dividend paid
July 13, 2006

FARMINGTON HILLS, MI (August 1, 2006) - Agree Realty Corporation (NYSE: ADC) today announced results for the quarter ended June 30, 2006. For the second quarter, funds from operations were \$4,953,000 compared with funds from operations in the second quarter of 2005 of \$5,015,000. Diluted funds from operations per share were \$0.59 per share compared with \$0.60 per share for the second quarter of 2005. Net income was \$3,462,000, or \$0.45 per share on a diluted basis, compared with net income for the second quarter of 2005 of \$3,519,000, or \$0.46 per share. Total revenues increased 5.6% to \$8,167,000, compared with total revenues of \$7,737,000 in the second quarter of 2005. A reconciliation of net income to funds from operations is included in the financial table accompanying this press release.

For the six months ended June 30, 2006, funds from operations were \$9,923,000 compared with funds from operations for the six months ended June 30, 2005 of \$9,793,000. Diluted funds from operations per share were \$1.18 per share compared with \$1.20 per share for the six months ended June 30, 2005. Net income was \$6,949,000, or \$0.89 per share on a diluted basis, compared with net income for the comparable period last year of \$6,820,000, or \$0.91 per share. Total revenues increased 5.7% to \$16,440,000, compared with total revenues of \$15,561,000 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 13, 2006 to shareholders of record on June 30, 2006. 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 June 30, 2006, Agree Realty Corporation's total assets were \$216,260,000 and our portfolio consisted of 59 properties totaling 3,362,971 million square feet located in 15 states. The portfolio was 98.3% leased at the end of the quarter. For the six month and three month periods ended June 30, 2006 our fully diluted weighted average shares outstanding were 7,660,300 shares and 7,661,478 shares, respectively.

At June 30, 2006 our construction in progress balance totaled approximately \$2,735,000 and we capitalized \$35,000 of construction period interest during the second quarter 2006.

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, 2006		Annualized Base Rent	
		Gross Leasable Area	Percent	Amount	Percent
		Square Footage	of Total		of Total
2006	3	7,600	.2%	\$ 63,800	.2%
2007	11	52,200	1.6%	470,670	1.6%
2008	27	313,005	9.5%	1,396,908	4.7%
2009	16	181,590	5.5%	899,114	3.0%
2010	20	331,635	10.0%	2,057,916	6.9%
2011	24	232,521	7.0%	1,608,836	5.4%
2012	4	20,760	.6%	162,793	.5%
2013	1	51,868	1.6%	492,746	1.7%
2014	3	172,958	5.2%	824,206	2.8%
2015	11	730,525	22.1%	5,075,265	17.1%
Thereafter	45	<u>1,212,536</u>	36.7%	<u>16,665,898</u>	56.1%
Total	165	3,307,198	100.0%	\$29,718,152	100.0%

Annualized Base Rent of our Properties

The following is a breakdown of base rents in place at June 30, 2006 for each type of retail tenant:

National	\$26,465,043	89%
Regional	2,182,579	7%
Local	<u>1,070,530</u>	<u>4%</u>
Total	<u>\$29,718,152</u>	<u>100%</u>

Major Tenants

The following is a breakdown of base rents in place at June 30, 2006 for each of our Major Tenants:

Borders (18)	\$ 9,752,295	33%
Walgreen (17)	6,320,599	21%
Kmart (12)	<u>3,847,911</u>	<u>13%</u>
Total	<u>\$19,920,805</u>	<u>67%</u>

Operating Partnership Units

As of June 30, 2006 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		Six months ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenue				
Minimum rents	\$7,430	\$6,983	\$14,963	\$14,035
Percentage rent	13	6	27	25
Operating cost reimbursements	710	731	1,422	1,484
Other income	14	17	28	17
Total Revenue	8,167	7,737	16,440	15,561
Expenses				
Real estate taxes	462	431	902	872
Property operating expenses	381	472	928	1,093
Land lease payments	195	195	391	391
General and administration	1,022	834	2,073	1,754
Depreciation and amortization	1,203	1,155	2,406	2,294
Interest expense	1,139	974	2,292	2,028
Total Expenses	4,402	4,061	8,892	8,432
Income before minority interest and Discontinued operations	3,765	3,676	7,548	7,130
Minority interest expense	303	297	599	588
Income before discontinued operations	3,462	3,379	6,949	6,543
Income from discontinued operations	-	140	-	278
Net income	\$3,462	\$3,519	\$6,949	\$6,820
Net Income – per share	\$.45	\$.46	\$.89	\$.91
Reconciliation of Funds from Operations to Net Income				
Net income	\$3,462	\$3,519	\$ 6,949	\$ 6,820
Depreciation of real estate assets	1,178	1,175	2,355	2,336
Amortization of leasing costs	10	12	20	24
Gain on sale of assets	-	-	-	-
Minority interest	303	309	599	613
Funds from Operations	\$4,953	\$5,015	\$9,923	\$9,793
Funds from Operations – per share	\$.59	\$.60	\$ 1.18	\$ 1.20
Weighted average number of shares and OP units outstanding – Dilutive	8,335	8,349	8,334	8,178

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

	June 30,	Dec. 31
	2006	2005
ASSETS		
Land	\$ 73,035	\$ 73,035
Buildings	184,802	185,032
Accumulated depreciation	(45,966)	(43,772)
Property under development	1,535	265
Cash and cash equivalents	216	5,715
Rents receivable	275	731
Deferred costs, net of amortization	1,191	1,241
Other Assets	1,172	1,213
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Total Assets	\$ 216,260	\$ 223,460
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Mortgages payable	\$ 49,527	\$ 50,722
Notes payable	12,300	17,500
Deferred revenue	12,449	12,794
Dividends and distributions payable	4,097	4,089
Other liabilities	1,643	1,749
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Total Liabilities	80,016	86,854
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Total Minority Interest	5,917	5,979
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Common stock	1	1
Additional paid-in capital	143,138	143,138
Accumulated deficit	(10,421)	(9,717)
Unearned compensation	(2,391)	(2,795)
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Total Stockholders' Equity	130,327	130,627
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	\$ 216,260	\$ 223,460
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