



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
AGREEMENT TO ACQUIRE CLASS I OFFICE PROPERTY AND ADJACENT LAND IN MONTREAL**

Toronto, February 2, 2006 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase 4436-4450 Saint-Laurent Boulevard, a Class I office property located in downtown Montreal, and 5,500 square feet of adjacent land that forms the southwest corner of Saint-Laurent and Boulevard Mount-Royal. The purchase price is \$11.2 million, and the portion allocated to the Class I office property represents a capitalization rate of 8.8%.

The Class I office property is comprised of 82,533 square feet of GLA, 24 underground parking spaces and 15 surface parking spaces. It is fully leased to 19 tenants consistent in character and quality with the REIT's existing tenant base.

"This acquisition will bring our Montreal portfolio to half a million square feet of GLA, nearly 20% of the total GLA in our portfolio" said Michael Emory, President and CEO. "The adjacent land is strategically located and represents an opportunity to create additional value for our unitholders in the future."

The acquisition is expected to close on or about March 31, 2006, subject to customary conditions. The property will be subject to a first mortgage in the approximate principal amount of \$5.7 million and bearing interest at the rate of 5.663% for a term expiring in June of 2009.

Allied Properties REIT owns a portfolio of predominantly Class I office properties in downtown Toronto, downtown Montreal and downtown Winnipeg. The objectives of the REIT are to provide stable and growing cash distributions to its unitholders and to maximize unitholder value through the effective management and accretive growth of its portfolio.

This press release may contain forward-looking statements with respect to the REIT, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of the REIT discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transaction contemplated herein is completed. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in the Annual Information Form of the REIT which is available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to the REIT and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the parties have no obligation to update such statements.

"Capitalization rate" is not a measure recognized under Canadian generally accepted accounting principles ("GAAP") and does not have standardized

meanings prescribed by GAAP. Capitalization rate is presented in this press release because management of the REIT believes that this non-GAAP measure is relevant in interpreting the purchase price of the property being acquired. Capitalization rate, as computed by the REIT, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to capitalization rate reported by such organizations.

-30-

FOR FURTHER INFORMATION, PLEASE CONTACT:

Michael R. Emory
President and Chief Executive Officer
(416) 977-9002
memory@alliedpropertiesreit.com