ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES FIRST-QUARTER RESULTS

Toronto, May 3, 2006 -- Allied Properties REIT (TSX:AP.UN) today announced results for the first quarter ended March 31, 2006. "We are benefiting from strengthening demand for office space in our principal target markets," said Michael Emory, President and CEO. "Our leasing activity during and following the first quarter bodes well for continued strong operating and financial performance."

Highlights
In the first quarter of 2006, the REIT

- increased Distributable Income ("DI") to $5.4 million, up 26% from the comparable quarter in 2005, resulting in DI per unit (diluted) of $0.336,

- increased Funds From Operations ("FFO") to $5.9 million, up 24% from the comparable quarter in 2005, resulting in FFO per unit (diluted) of $0.368,

- increased monthly distributions (effective March of 2006) to $0.10167 per unit ($1.22 per unit annualized), up 3.4% from $0.09833 per unit ($1.18 per unit annualized),

- achieved a DI pay-out ratio of 88.4% and an FFO pay-out ratio of 80.6%,

- announced the acquisition of 4436-4450 Saint-Laurent Boulevard and adjacent land in Montreal, which closed on April 5, 2006, bringing the Montreal component of its portfolio to nearly half a million square feet,

- leased 32,242 square feet of gross leasable area ("GLA") at the Balfour Building in Montreal (3575 Saint-Laurent Boulevard) to a single tenant for a term of 10 years commencing September 1, 2006, and

- increased the leased area of its portfolio to 97.2% from 97.0% at the end of 2005 (not including properties under development).

By the end of the first quarter, the REIT had renewed or replaced leases representing 71% of the 272,103 square feet of GLA covered by leases maturing in 2006.

Following the end of the first quarter, the REIT leased 19,045 square feet of GLA at 905 King Street West, Toronto, to a single tenant for a term of five years commencing May 1, 2006. This space was vacated following non-renewal by a single tenant on March 31, 2005.

Financial Results
The REIT's financial results for the first quarter ended March 31, 2006, are summarized below and compared to the prior quarter and the same quarter in 2005:

(In thousands except for per unit and % amounts)	Q1 2006	Q4 2005	Change	% Change	Q1 2005	Change	% Change
DI	5,395	5,283	112	2.1%	4,297	1,098	25.6%
DI per unit (basic)	$0.341	$0.344	($0.003)	(0.9%)	$0.355	($0.014)	(3.9%)
DI per unit (diluted)	$0.336	$0.339	($0.003)	(0.9%)	$0.348	($0.012)	(3.5%)
DI pay-out ratio	88.4%	86.7%	1.7%		82.8%	5.60%	
FFO	5,913	5,782	131	2.3%	4,786	1,127	23.5%
FFO per unit (basic)	$0.377	$0.377	($0.003)	(0.8%)	$0.395	($0.021)	(5.3%)
FFO per unit (diluted)	$0.368	$0.370	($0.002)	(0.5%)	$0.388	($0.020)	(5.2%)
FFO pay-out ratio	80.6%	79.2%	1.4%		74.3%	6.3%	
Leased GLA	97.2%	97.0%	0.2%		99.1%	(1.9%)	

The decline in DI per unit and FFO per unit from the same quarter in 2005 was primarily the result of lower leased area in the first quarter of 2006 (97.2% at quarter-end, as compared to 99.1% at the end of the first quarter of 2005). A significant portion of the incremental vacant space in the first quarter of 2006 was leased following the end of the quarter, bringing the REIT's leased area to 98.2%.

DI and FFO are not financial measures defined by Canadian GAAP. Please see the REIT's MD&A for a description of these measures and their reconciliation to net income.

Properties Under Development

QRC South in Toronto (103 Richmond Street East, formally referred to as 100 Lombard Street) and 145 Berkeley Street in Toronto were acquired in November of 2005. They are properties under development, in that they are undergoing the repositioning and redevelopment necessary for them to function as high quality, income-producing, Class I office properties. By the end of the first quarter, the REIT had increased the occupancy at 145 Berkeley Street from 20% to 64% of the GLA in the building. The REIT also finalized plans to reposition and redevelop QRC South as an annex to The Queen Richmond Centre, a large Class I office complex acquired by the REIT in 2004. The construction phase at QRC South commenced in April, 2006, and the re-leasing phase is expected to commence fully by June, 2006.

Outlook

Demand for office space in the REIT's principal target markets is strengthening. This is particularly pronounced in the REIT's Toronto target market, where overall occupancy levels and rent levels are expected rise over the remainder of 2006. The state of the REIT's target markets, the quality of the REIT's portfolio and the capabilities of the REIT's personnel afford Management a reasonable basis for confidence in the REIT's near-term performance. The REIT intends to continue the acquisition of Class I and other office properties in its target markets.

Additional Financial Information

The consolidated financial statements of the REIT for the quarter ended March 31, 2006, together with accompanying notes and MD&A, have been filed with SEDAR, www.sedar.com, and are available on the REIT's web-site, www.alliedpropertiesreit.com.

Cautionary Statements

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. 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 its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and the parties undertake no obligation to update such statements.

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.

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