ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES STRONG SECOND-QUARTER RESULTS

Toronto, August 9, 2006 -- Allied Properties REIT (TSX:AP.UN) today announced results for the second quarter ended June 30, 2006. “We’re making steady progress in building our business as a focused and profitable provider of office space in Canada,” said Michael Emory, President and CEO. “Our financial results for the second quarter and year-to-date clearly reflect this progress.”

Highlights
In the first half of 2006, the REIT

- increased Distributable Income (“DI”) to $11.34 million, up 29.2% from the comparable half in 2005, resulting in DI per unit (diluted) of $0.704, up 6.8% from the comparable half in 2005,

- increased Funds From Operations (“FFO”) to $12.05 million, up 22.6% from the comparable half in 2005, resulting in FFO per unit (diluted) of $0.748, up 1.4% from the comparable half in 2005,

- 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 85.2% and an FFO pay-out ratio of 80.1%,

- completed the acquisition of 4436-4450 Saint-Laurent Boulevard and adjacent land in Montreal,

- completed the acquisition of 257 Adelaide Street West, a property under development in Toronto,

- announced the acquisition of 400 Atlantic Avenue in Montreal, which closed on July 14, 2006,

- completed the refinancing of the first mortgage on 425-439 and 445-455 King Street West, Toronto, resulting in a new first mortgage having a term of 10-years, bearing interest at 5.86% per annum and generating upward refinancing proceeds of approximately $7.9 million,

- leased 31,153 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,

- 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, and

- increased the leased area of its portfolio to 98.3% from 97.0% at the end of 2005 (not including properties under development).

Following the end of the first half, the REIT announced the acquisition of a portfolio of predominantly Class I office properties in Quebec City and the concurrent issue to the public, on a bought deal basis, of 1.9 million units from treasury at a price of $17.00 per unit for gross proceeds of $32.3 million, both of which are scheduled to close on or about September 5, 2006.

Financial Results

The REIT's financial results for the half-year period ended June 30, 2006, are summarized below and compared to the same period in 2005:

(In thousands except for per unit and % amounts)	H1 2006	H1 2005	Change	% Change
DI	11,340	8,778	2,562	29.2%
DI per unit (basic)	$0.716	$0.671	$0.045	6.7%
DI per unit (diluted)	$0.704	$0.659	$0.045	6.8%
DI pay-out ratio	85.2%	89.6%	(4.4%)	
FFO	12,052	9,831	2,221	22.6%
FFO per unit (basic)	$0.761	$0.751	$0.010	1.3%
FFO per unit (diluted)	$0.748	$0.738	$0.010	1.4%
FFO pay-out ratio	80.1%	80.0%	0.1%	
Leased GLA	98.3%	97.9%	0.4%	

The REIT's financial results for the second quarter ended June 30, 2006, are summarized below and compared to the same quarter in 2005:

(In thousands except for per unit and % amounts)	Q2 2006	Q2 2005	Change	% Change
DI	5,945	4,481	1,464	32.67%
DI per unit (basic)	$0.375	$0.319	$0.056	17.5%
DI per unit (diluted)	$0.368	$0.314	$0.054	17.3%
DI pay-out ratio	82.3%	95.8%	(13.5%)	
FFO	6,139	5,045	1,094	21.7%
FFO per unit (basic)	$0.387	$0.359	$0.028	7.8%
FFO per unit (diluted)	$0.380	$0.353	$0.027	7.5%
FFO pay-out ratio	79.7%	85.1%	(5.4%)	
Leased GLA	98.3%	97.9%	0.4%	

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.

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 period ended June 30, 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.

The REIT also announced that it expects to file shortly a final prospectus in connection with its previously announced bought deal offering and in connection therewith has refiled its annual MD&A for the year ended December 31, 2005. The refiled MD&A contains additional disclosure regarding the REIT's disclosure controls and procedures, which was inadvertently omitted from the originally filed MD&A.

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 is a leading owner and manager of Class I office properties in Canada, with portfolio assets in the urban areas of Montreal, Toronto and Winnipeg. The objectives of the REIT are to provide stable and growing cash distributions to unitholders and to maximize unitholder value through effective management and accretive portfolio growth.

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FOR FURTHER INFORMATION, PLEASE CONTACT:
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