



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
CLOSING OF \$32 MILLION PUBLIC EQUITY OFFERING**

Toronto, September 5, 2006 -- Allied Properties REIT (TSX:AP.UN) announced today that it has closed the previously announced offering of 1.9 million units at a price of \$17.00 per unit for gross proceeds of \$32.3 million. The units were qualified by a short form prospectus dated August 9, 2006, and were underwritten by a syndicate led by Scotia Capital Inc.

The REIT intends to use a portion of the net proceeds of the offering to fund the previously announced acquisition of a portfolio of predominantly Class I office buildings in Quebec City, which is scheduled to close today. The REIT intends to use the balance of the net proceeds to repay amounts drawn on its acquisition line of credit.

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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