



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
AGREEMENT TO ACQUIRE CLASS I OFFICE PROPERTY IN TORONTO**

Toronto, December 22, 2006 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase 193 Yonge Street in Toronto. The acquisition is scheduled to close on or about January 8, 2007, subject to customary conditions.

"This will be a good, early start to our 2007 acquisition program," said Michael Emory, President and CEO. "Not only does the property have the full range of Class I attributes, it is very well located within our Toronto target market, close to downtown retail and cultural landmarks such as the Eaton Centre and the Elgin Theatre."

Known as the Heintzman Building and designated under the Ontario Heritage Act as a building of architectural significance, 193 Yonge Street is a fully restored, eight-storey, Class I building located on the east side of Yonge Street, across from the Eaton Centre and south of Dundas Square. It is comprised of 49,284 square feet of gross leasable area and 22 underground parking spaces and is fully leased to two tenants consistent in character and quality with the REIT's tenant base. The property was built in 1903 and restored to a high standard in 1986 and 1999.

The purchase price for the property is \$10.25 million, which represents a capitalization rate of 8.3%. The property is, or on closing will be, free and clear of mortgage financing.

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, 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.

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, Quebec City, 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:

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