ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES SECOND-QUARTER RESULTS FOR 2010

Toronto, August 4, 2010 -- Allied Properties REIT (TSX:AP.UN) today announced results for its second quarter and half-year period ended June 30, 2010. "We had a solid second quarter," said Michael Emory, President & CEO. "Our financial performance measures were on target, our leasing was strong across the portfolio, our acquisition activity accelerated, two of our development properties reached completion and our liquidity position remained excellent."

Financial Results

The financial results for the quarter are summarized below and compared to the same quarter in 2009:

(In thousands except for per unit and % amounts)	Q2 2010	Q2 2009	Change	%Change
Net income	4,608	3,950	658	16.7%
Net income per unit (diluted)	$0.12	$0.13	($0.01)	(7.7%)
Funds from operations ("FFO")	15,882	13,928	1,954	14.0%
FFO per unit (diluted)	$0.41	$0.44	($0.03)	(6.8%)
FFO pay-out ratio	81.1%	74.0%	7.1%	
Adjusted FFO ("AFFO")	11,641	12,632	(991)	(7.8%)
AFFO per unit (diluted)	$0.30	$0.40	($0.10)	(25.0%)
AFFO pay-out ratio	110.6%	81.6%	29.0%	
Debt ratio	48.0%	49.3%	(1.3%)	

The financial results for the half-year period are summarized below and compared to the same period in 2009:

(In thousands except for per unit and % amounts)	H1 2010	H1 2009	Change	%Change
Net income	9,189	7,826	1,363	17.4%
Net income per unit (diluted)	$0.23	$0.25	($0.02)	(8.0%)
Funds from operations ("FFO")	32,751	27,857	4,894	17.6%
FFO per unit (diluted)	$0.84	$0.89	($0.05)	(5.6%)
FFO pay-out ratio	78.6%	74.0%	4.6%	
Adjusted FFO ("AFFO")	$26,321	$24,902	1,419	5.7%
AFFO per unit (diluted)	$0.67	$0.79	($0.12)	(15.2%)
AFFO pay-out ratio	97.8%	82.7%	15.1%	
Debt ratio	48.0%	49.3%	(1.3%)	

The declines in FFO per unit are largely attributable to lower occupancy and a lower Debt Ratio in the current quarter and half-year period. Over the remainder of the year, Allied expects its occupancy to increase and plans to utilize its leverage capacity more fully.

The declines in AFFO per unit are largely attributable to an abnormally high volume of leasing activity and corresponding leasing expenditure in the current quarter and half-year period. For the purposes of calculating AFFO and AFFO per unit, Allied recognizes leasing expenditures in the period in which the relevant leases commence, which can cause volatility in AFFO per unit on a periodic basis. Allied expects its leasing expenditures over the remainder of the year to be more consistent with past periods.

Leasing

Allied finished the quarter with leased area of 95%. It renewed or replaced 51.2% of the leases that mature in 2010, in most cases at rental rates equal to or above in-place rents. This will result in an overall increase of 3% in the net rental income per square foot from the affected space.

Allied also finalized several more large-scale renewal negotiations at Cité Multimédia in Montréal.

- GFI currently leases 42,175 square feet pursuant to several leases that expire between 2010 and 2013. GFI has agreed to renew its leases and take up another 12,195 square feet for a term of 10 years from January 1, 2011, at net rental rates above in-place rents and with a net rental escalation for the second five years of the term.

- Fujitsu currently leases 15,594 square feet pursuant to a lease that expires on October 31, 2010. Fujitsu has agreed to renew its lease for a term of two years at net rental rates above in-place rents.

- Compuware currently leases 54,166 square feet pursuant to a lease that expires on September 30, 2010. Compuware has agreed to renew its lease with respect to 13,562 square feet (with GFI taking over the most of its remaining space as part of its renewal and expansion) for a term of five years years at net rental rates below in-place rents.

- Orthosoft currently leases 12,122 square feet pursuant to a lease that expires on December 31, 2010. Orthosoft has agreed to renew its lease for a term of five years at net rental rates equal to in-place rents.

Allied also made progress with CGI's space at Cité Multimédia, the lease for which expires at the end of this year. The space is comprised of six contiguous office floors between 30,000 and 38,000 square feet each and 19,020 square feet on the ground floor that is currently used as office space. Allied leased 10,867 square feet of the ground floor space to Kids & Co for a day-care facility and plans to lease the balance to other retail service tenants. (Two of the office tenants at the complex, Morgan Stanley and SAP Labs, have already made long-term commitments for a significant portion of the day-care capacity at the Kids & Co facility.) Of the six office floors, Allied has leased one floor to SAP Labs, leaving five floors to lease. Allied has made proposals to prospective new tenants for each of the five floors.

Allied has decided not to renew CGI's lease, as Management believes it can achieve a superior outcome for the complex with replacement tenants. Even though Allied will experience temporary turnover vacancy as a result, Management believes that the complex will be strengthened by reduced single-tenant exposure, an improved tenant-mix and a longer weighted average lease term.

Finally, Allied entered into three significant new leases, two for retail space and the other for office space. Patagonia has agreed to lease 6,195 square feet at 500 King Street West in Toronto for a term of 15 years at net rental rates above prior in-place rents. This is the first time in recent years that a clothing merchandiser has located in the King & Spadina area, an indication that the next wave of retail use in the area may be underway. A further indication of strength is the decision by Design Within Reach to expand its store at 425-439 King West by 3,397 square feet. At 645 Wellington Street in Montréal, we leased the entire fourth floor (22,209 square feet) to a new tenant. The lease is expected to commence on March 1, 2011, furthering our plan to add value to the property in the next two years.

Development

In the second quarter, Allied leased 544 King Street West in Toronto to The Hive for a term of five years commencing December 1, 2010. The Hive is a marketing firm that currently operates from 425-439 King Street West. It will move to make way for Loblaw Properties' expansion later this year, at which time 544 King will become a rental property for accounting purposes.

Allied also leased 7,632 square feet at 47-47A Fraser Avenue in Toronto to Loblaw Properties for a term of three years commencing October 1, 2010, bringing the leased area to 100%. This property will also become a rental property for accounting purposes upon commencement of the lease.

Liquidity

Allied finished the quarter in a strong liquidity position with a conservative Debt Ratio of 48%. Aside from $39.6 million drawn on its $70 million line of credit, Allied had no variable rate debt at the end of the quarter. Going forward, Allied has a very moderate mortgage maturity schedule, with no remaining mortgages maturing this year, $20 million next year and $37 million in 2012.

Even with the acquisitions announced today, Allied expects its liquidity to strengthen over the remainder of the year as it takes advantage of the favourable debt markets in Canada. Allied expects to complete a $6.9 million first mortgage financing on 645 Wellington before the end of third quarter. It also expects to raise another $20 million over the remainder of the year by placing first mortgages on unencumbered properties in it portfolio.

Cautionary Statement

FFO and AFFO are not financial measures defined by Canadian GAAP. Please see Allied's MD&A for a description of these measures and their reconciliation to net income or cash flow from operations, as presented in Allied's consolidated financial statements for the quarter ended March 31, 2010. These statements, together with accompanying notes and MD&A, have been filed with SEDAR, www.sedar.com, and are also available on Allied's web-site, www.alliedpropertiesreit.com.

This press release may contain forward-looking statements with respect to Allied, 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. Allied’s actual results and performance 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 transactions contemplated herein are 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 Allied’s Annual Information Form which is available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has no obligation to update such statements.

Allied Properties REIT is a leading owner, manager and developer of urban office environments that enrich experience and enhance profitability for business tenants operating from Toronto, Montréal, Winnipeg, Québec City and Kitchener-Waterloo. Its objectives 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