ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES STRONG 2005 RESULTS AND THIRD DISTRIBUTION INCREASE

Toronto, March 15, 2006 -- Allied Properties REIT (TSX:AP.UN) today announced results for the fourth quarter and fiscal year ended December 31, 2005. The REIT also announced that its trustees have approved an increase in monthly cash distributions from $0.09833 per unit ($1.18 per unit annualized) to $0.10167 per unit ($1.22 per unit annualized) effective March, 2006. The increased distribution will be payable on April 17, 2006, to unitholders of record on March 31, 2006.

"In 2005, we completed $119 million in property acquisitions, internalized the property management function, raised $122.5 million in new capital, increased our same-asset net operating income by 4.8% and increased our Distributable Income per unit by 2.8%, despite operating at an abnormally low debt ratio for most of the year," said Michael Emory, President and CEO. "These achievements laid the groundwork for the announcement today of our third distribution increase in the last 24 months."

2005 Results
In 2005, the REIT

- increased same-asset net operating income by 4.8% year-over-year,

- increased Distributable Income to $19 million, up 60% from 2004,

- increased Distributable Income per unit to $1.363, up 2.8% from 2004,

- achieved a pay-out ratio of 87.9% of Distributable Income,

- internalized the property management function through the acquisition of the property management business of Allied Canadian Development Corporation,

- completed 15 property acquisitions for $119 million, 13 of which were part of its consolidation strategy in its Toronto target market, one of which strengthened its foothold in its Montreal target market and one of which expanded its geographic focus to include a third target market, the Exchange District in Winnipeg,

- raised $78.5 million in new equity capital, primarily through three bought deals, one in January at $13.00 per unit, one in April at $14.00 per unit and one in October at $15.50 per unit,

- raised $44 million in new mortgage financing, increasing the weighted average term of its mortgages to 7.27 years (from 6.5 years at the end of 2004) and reducing the weighted average interest rate on its mortgages to 6.03% (from 6.53% at the end of 2004),

- maintained a very conservative debt ratio, ending the year at 51%, well below the 60% permitted under its Declaration of Trust and the 56% at the end of 2004 and

- maintained a high level of occupancy, with leased area of 97% of the total gross leasable area in its portfolio at the end of the year (not including properties under development).

Third Distribution Increase

The increase in monthly cash distributions announced today is the third distribution increase since the REIT's IPO in February of 2003. It reflects the REIT's two-fold objective of increasing distributions periodically while at the same time maintaining conservative pay-out ratios.

"Since our IPO, we have maintained year-end pay-out ratios between 85% and 88% of annual Distributable Income," said Michael Emory. "In 2006, we will remain focused on achieving conservative pay-out ratios."

Financial Summary

The REIT's financial results for the fiscal year ended December 31, 2005, are summarized below and compared to the fiscal year ended December 31, 2004:

(In thousands except for per unit and % amounts)	**2005**	**2004**	**Change**	**% Change**
Revenue from rental properties	$51,170	$34,565	$16,605	48.0%
Rental property operating cost	18,264	12,028	6,236	51.8%
Net rental income	32,906	22,537	10,369	46.0%
Real estate service income	162	-	162	
Financing expense				
Interest	10,088	7,441	2,647	35.6%
Amortization - Mortgage premium	(530)	(444)	(86)	19.4%
Depreciation and amortization				
Rental properties	6,071	4,209	1,862	44.2%
Deferred leasing cost	622	228	394	172.8%
Origination cost and acquired tenant relationships	5,267	1,545	3,722	240.9%
Acquired contracts and customer relationships	48	-	48	
Deferred financing cost	216	126	90	71.4%
Computer and office equipment	16	-	16	
Income from operations	11,270	9,432	1,838	19.5%
Trust expense	2,001	1,565	436	27.9%
Property management internalization expense	7,877	-	7,877	
Net income	1,392	7,867	(6,475)	(82.3%)
Amortization				
Rental properties	6,071	4,209	1,862	44.2%
Mortgage premium	(530)	(444)	(86)	19.4%
Acquired leases	2,082	820	1,262	153.9%
M-T-M acquired leases	229	(18)	247	(1,372.2%)
Acquired tenant relationships	3,185	725	2,460	339.3%
Acquired contracts and customer relationships	48	-	48	
Step-rent adjustments	(1,381)	(1,325)	(56)	4.2%
Property management internalization expense	7,877	-	7,877	
LTIP compensation expense	109	89	20	22.5%
Distributable Income[1]	$19,082	$11,923	$7,159	60.0%
Weighted average units outstanding (basic)	14,004	8,996	5,008	55.7%
Weighted average units outstanding (diluted)	14,249	9,101	5,148	56.6%
Distributable Income per unit (basic)	$1.363	$1.325	0.037	2.8%
Distributable Income per unit (diluted)	$1.339	$1.310	0.029	2.2%

[1] Distributable Income, which is not defined within Canadian generally accepted accounting principles, has been calculated in accordance with the terms of the REIT's Declaration of Trust.

Effective July 1, 2005, the REIT's wholly owned subsidiary, Allied Properties Management Limited Partnership, completed the acquisition of the property management business of the Allied Canadian Development Corporation. This transaction was recorded using the guidance of the Emerging Issues Committee of the Canadian Institute of Chartered Accountants in EIC-138, “Internalization of the Management Function in Royalty and Income Trusts”, with the result that $7.9 million of the acquisition cost was expensed in the year ended December 31, 2005.

The REIT’s financial results for the fourth quarter ended December 31, 2005, are summarized below and compared to the fourth quarter ended December 31, 2004:

(In thousands except for per unit and % amounts)	**Q4 2005**	**Q4 2004**	**Change**	**%Change**
Revenue from rental properties	$14,291	$10,119	$4,172	41.2%
Rental property operating cost	5,145	3,664	1,481	40.4%
Net rental income	9,146	6,455	2,691	41.7%
Real estate service income	78	-	78	
Financing expense				
Interest	2,893	2,220	673	30.3%
Amortization - Mortgage premium	(182)	(103)	(79)	76.7%
Depreciation and amortization				
Rental properties	1,692	1,194	498	41.7%
Deferred leasing costs	184	95	89	93.7%
Origination cost and acquired tenant relationships	1,943	626	1,317	210.4%
Acquired contracts and customer relationships	24	-	24	
Deferred financing cost	66	43	23	53.5%
Computer and office equipment	10	-	10	
Income from operations	2,594	2,380	214	9.0%
Trust expense	631	382	249	65.2%
Property management internalization expense	-	-	-	-
Net income	1,963	1,998	(35)	(1.8)%
Amortization				
Rental properties	1,692	1,194	498	41.7%
Mortgage premium	(182)	(103)	(79)	76.7%
Acquired leases	633	308	325	105.5%
M-T-M acquired leases	181	31	150	483.9%
Acquired tenant relationships	1,311	317	994	313.6%
Acquired contracts and customer relationships	25	-	24	
Step-rent adjustments	(339)	(276)	(63)	22.8%
Property management internalization expense	-	-	-	
LTIP compensation expense	-	26	(26)	(100.0%)
Distributable Income[1]	$5,283	$3,495	$1,788	$51.2%
Weighted average units outstanding (basic)	15,350	10,226	5,124	50.1%
Weighted average units outstanding (diluted)	15,606	10,389	5,217	50.2%
Distributable Income per unit (basic)	$0.344	$0.342	0.002	0.7%
Distributable Income per unit (diluted)	$0.339	$0.336	0.003	0.6%

[1] Distributable Income, which is not defined within Canadian generally accepted accounting principles, has been calculated in accordance with the terms of the REIT’s Declaration of Trust.

Outlook

The REIT’s target markets are stable, with little new supply of office space generally and Class I office space in particular. Combined with the operating advantages stemming from the size and quality of the REIT’s portfolio, the stable markets afford Management a reasonable basis for confidence in the REIT’s near-term performance.

The REIT intends to continue the consolidation process in its Toronto target market and to expand the foothold it has established in its Montreal and Winnipeg target markets.

Additional Financial Information

The consolidated financial statements of the REIT for the year ended December 31, 2005, 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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FOR FURTHER INFORMATION, PLEASE CONTACT:
Michael R. Emory
President and Chief Executive Officer
(416) 977-9002
memory@alliedpropertiesreit.com