

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST

**Consolidated Financial Statements
(Unaudited)**

**For the Quarter Ended
March 31, 2008**

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED BALANCE SHEET
(Unaudited)**

(in thousands)	Note	March 31, 2008	December 31, 2007
ASSETS			
Rental properties	4	\$ 717,073	\$ 693,862
Properties under development		40,594	15,762
Deferred expenses	5	51,823	52,441
Other assets	6	46,643	45,383
Cash		1,033	1,179
		\$ 857,166	\$ 808,627
LIABILITIES			
Mortgages payable	7	\$ 463,756	\$ 456,329
Bank indebtedness	7	19,113	32,192
Accounts payable and other liabilities	8	28,237	27,604
Distributions payable		3,092	2,637
		514,198	518,762
UNITHOLDERS' EQUITY	9	342,968	289,865
		\$ 857,166	\$ 808,627

The accompanying notes are an integral part of these consolidated financial statements.

"Gordon Cunningham"	Gordon Cunningham Trustee
"Michael R. Emory"	Michael R. Emory Trustee

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY
(Unaudited)**

(in thousands)

	Notes	Cumulative Capital	Cumulative Issue Costs	Cumulative Net Income	Cumulative Distributions	Contributed Surplus	Total
Unitholders' equity, December 31, 2006		\$259,866	\$(13,980)	\$ 23,410	\$ (53,592)	\$ -	\$ 215,704
Year Ended December 31, 2007							
Net income		-	-	5,810	-	-	5,810
Distributions		-	-	-	(29,763)	-	(29,763)
Public offering		100,119	(4,578)	-	-	-	95,541
Distribution reinvestment plan		1,904	-	-	-	-	1,904
Unit option plan - options exercised	11	130	-	-	-	-	130
Contributed surplus, unit option plan		-	-	-	-	36	36
Long-Term incentive plan	12	505	(2)	-	-	-	503
Unitholders' equity, December 31, 2007		\$ 362,524	\$ (18,560)	\$ 29,220	\$ (83,355)	\$ 36	\$ 289,865
Three Months Ended March 31, 2008							
Net income		\$ -	\$ -	\$ 2,945	\$ -	\$ -	\$ 2,945
Distributions		-	-	-	(8,945)	-	(8,945)
Public offering		60,175	(2,707)	-	-	-	57,468
Distribution reinvestment plan		1,011	-	-	-	-	1,011
Unit option plan - options exercised	11	425	-	-	-	-	425
Contributed surplus, unit option plan		-	-	-	-	122	122
Long-Term incentive plan	12	77	-	-	-	-	77
Unitholders' equity, March 31, 2008		\$ 424,212	\$ (21,267)	\$ 32,165	\$ (92,300)	\$ 158	\$ 342,968

The accompanying notes are an integral part of these consolidated financial statements.

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME
(Unaudited)

(in thousands, except unit and per unit amounts)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Revenues		
Rental properties	\$ 31,850	\$ 20,546
Real estate services	153	266
	32,003	20,812
Expenses		
Rental property operating	13,110	7,999
Real estate services	82	179
Financing	5,981	3,726
Trust	916	690
Amortization of rental properties	3,777	2,311
Amortization of deferred expenses	4,850	3,110
Amortization of other assets	342	256
	29,058	18,271
Net income and comprehensive income for the period	\$ 2,945	\$ 2,541
Net income per unit		
Basic	\$ 0.107	\$ 0.128
Fully diluted	\$ 0.105	\$ 0.126
Weighted average number of units (Note 10)		
Basic	27,615,954	19,793,265
Fully diluted	28,006,842	20,176,412

The accompanying notes are an integral part of these consolidated financial statements.

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)

	Notes	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
CASH PROVIDED BY (USED IN):			
Operating activities			
Net income		\$ 2,945	\$ 2,541
Items not affecting cash			
Amortization of rental properties		3,777	2,311
Amortization of office equipment		56	10
Amortization of deferred expenses		4,850	3,110
Amortization of tenant improvements		285	242
Amortization of tenant inducements		27	-
Step rent adjustments (revenue)		(294)	(150)
Step rent adjustments (expenses)		42	25
Mark to market rent adjustments		783	23
Amortization, premium on assumed mortgages		(59)	(92)
Changes in other non-cash financing expenses		115	77
Compensation expense, unit option plan		122	-
Interest benefit granted under long-term incentive plan		-	6
		12,649	8,103
Change in other non-cash operating items		(1,421)	(20,436)
Cash from (used in) operating activities		11,228	(12,333)
Investing activities			
Rental properties acquired, net of non-cash consideration	2	(16,394)	(15,171)
Properties under development acquired	2	(24,153)	-
Capital expenditures, rental properties and other assets		(3,805)	(1,292)
Capital expenditures, properties under development		(647)	(277)
Tenant improvements and leasing cost		(728)	(436)
Tenant inducements		(44)	(6)
Recoverable expenses		-	(116)
Cash used in investing activities		(45,771)	(17,298)
Financing Activities			
Repayment of mortgages payable		(3,015)	(1,739)
Proceeds from new mortgages payable		-	7,720
Distributions		(7,479)	(5,395)
Proceeds of public offering (net of issue costs)		57,468	-
Proceeds from exercise of unit options		425	-
Proceeds from units issued under the LTIP (net of issue costs)	12	77	120
Net increase (decrease) in bank indebtedness		(13,079)	26,229
Cash provided by financing activities		34,397	26,935
Decrease in cash and cash equivalents		(146)	(2,696)
Cash and cash equivalents, beginning of period		1,179	3,405
Cash and cash equivalents, end of period		\$ 1,033	\$ 709
Other cash flow information			
Interest paid		\$6,493	\$ 3,948
Supplemental cash flow information			
Units issued pursuant to the distribution reinvestment plan		\$ 1,011	\$ 710

The accompanying notes are an integral part of these consolidated financial statements.

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(In thousands of dollars except per unit and unit amounts)
March 31, 2008 and March 31, 2007

1. The Trust

Allied Properties Real Estate Investment Trust (the "REIT") is an unincorporated closed-end real estate investment trust created pursuant to the Declaration of Trust dated October 25, 2002 (the "Declaration"), subsequently amended and restated on February 6, 2003. The REIT is governed by the laws of the Province of Ontario and began operations on February 19, 2003. The units of the Trust are traded on the Toronto Stock Exchange.

These consolidated financial statements present the financial position of the REIT as at March 31, 2008 and the statements of unitholders' equity, results of operations and cash flows for the period ended March 31, 2008.

2. Acquisitions

Net assets with respect to rental properties and properties under development acquired were as follows (using the purchase method of accounting):

	Three Months Ended March 31, 2008	Year Ended December 31, 2007
Rental properties	\$ 23,183	\$ 272,688
Properties under development	24,153	-
Other assets	1	2,784
Fair value of in-place leases and tenant relationships	3,724	34,756
Fair value of above-market leases	433	15,551
Fair value of below-market leases	(207)	(4,382)
Mortgages payable	(10,386)	(150,154)
Accounts payable and accrued liabilities	(354)	(20,263)
Cash consideration paid for the net assets acquired	\$ 40,547	\$ 150,980

The REIT allocates the purchase price of an acquisition on a preliminary basis, to the identified assets and liabilities acquired based on their estimated fair values at the time of acquisition. The purchase-price allocations are considered preliminary until the REIT has obtained the necessary information to complete its allocations.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The REIT's unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are consistent with the accounting policies used in the REIT's audited consolidated financial statements for the years ended December 31, 2007 and 2006, except as described in Note 3(b) below. The interim consolidated financial statements do not include all the information and disclosures required for annual financial statements and therefore these consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements.

Certain comparative figures have been reclassified to conform to these financial statements.

(b) Change in Accounting Policies

Effective January 1, 2008 the REIT adopted the new standards of the Canadian Institute of Chartered Accountants ("CICA") comprising CICA Handbook Sections 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation.

Section 1535 requires disclosure of the REIT's objectives, policies and processes for managing capital, quantitative data about what the REIT considers as capital and disclosure of any externally imposed capital requirements and consequences of non-compliances.

Section 3862 and 3863 replaces the existing Section 3861, Financial Instruments – Disclosure and Presentation to revise and enhance disclosure requirements and carry forward the unchanged existing presentation requirements. These new sections require disclosure about the nature and extent of risks arising from the financial instruments and how the REIT manages those risks.

The adoption of these new standards resulted in additional disclosure in the interim consolidated financial statements (see note 14) but do not affect the REIT's consolidated financial position, results of operations or cash flows.

4. Rental Properties and Properties Under Development

Rental Properties

As at March 31, 2008	Cost	Accumulated Amortization	Net Carrying Amount
Buildings, improvements and other costs	\$ 612,805	\$ 35,501	\$ 577,304
Land	136,769	-	139,769
	\$ 752,574	\$ 35,501	\$ 717,073

As at December 31, 2007	Cost	Accumulated Amortization	Net Carrying Amount
Buildings, improvements and other costs	\$ 590,619	\$ 31,723	\$ 558,896
Land	134,966	-	134,966
	\$ 725,585	\$ 31,723	\$ 693,862

Properties Under Development

Included in properties under development is interest capitalized in the period of \$458 (for the year ended December 31, 2007 - \$661).

5. Deferred Expenses

Deferred expenses consist of costs incurred by the REIT, net of accumulated amortization of \$40,572 (December 31, 2007 - \$35,890), with respect to leasing costs incurred, the fair value attributed to in-place leases acquired, the fair value attributed to customer relationships with respect to rental property acquisitions and amounts recorded on the acquisition of the property manager – contracts and customer relationships. Amortization is recorded on a straight-line basis over the remaining term of the respective leases to which the costs or fair value relate.

As at March 31, 2008	Cost	Accumulated Amortization	Net Carrying Amount
Leasing costs	\$ 6,890	\$ 1,560	\$ 5,330
Tenant inducements	292	102	190
Amounts ascribed to leasing costs and tenant relationships on rental properties acquired	83,987	38,542	45,445
Amounts recorded on the acquisition of the property manager – contracts and customer relationships	959	264	695
Recoverable expenditures	267	104	163
	\$ 92,395	\$ 40,572	\$ 51,823

As at December 31, 2007	Cost	Accumulated Amortization	Net Carrying Amount
Leasing costs	\$ 6,373	\$ 1,308	\$ 5,065
Tenant inducements	248	75	173
Amounts ascribed to leasing costs and tenant relationships on rental properties acquired	80,488	34,186	46,302
Amounts recorded on the acquisition of the property manager – contracts and customer relationships	959	240	719
Recoverable expenditures	263	81	182
	\$ 88,331	\$ 35,890	\$ 52,441

6. Other Assets

Other assets consist of:

	March 31, 2008	December 31, 2007
Above-market rents of leases acquired through rental property acquisitions net of accumulated amortization of \$ 8,891(December 31, 2007 - \$7,576)	\$ 16,108	\$ 16,990
Accounts receivable and deposits for property acquisitions	16,077	15,632
Tenant improvements, net of accumulated amortization of \$2,002 (December 31, 2007 - \$1,870)	4,928	5,027
Prepaid expenses	3,850	1,041
Escrow accounts held by mortgagors	4,839	6,543
Computer and office equipment, net of accumulated amortization of \$46 (December 31, 2007 - \$87)	799	120
Leasehold improvements, net of accumulated amortization of \$1 (December 31, 2007 - \$8)	42	30
	\$ 46,643	\$ 45,383

7. Mortgages Payable and Bank Indebtedness

Substantially all of the REIT's assets have been pledged as security under the related mortgages and other security agreements. Contractual interest rates on the mortgages payable are between 4.94% and 8.10%.

Mortgages payable at March 31, 2008 are due as follows:	Principal Repayments	Balance due at Maturity	Total
Year ended December 31, 2008	\$ 9,625	\$ 5,493	\$ 15,118
Year ended December 31, 2009	10,806	14,938	25,744
Year ended December 31, 2010	12,073	4,478	16,551
Year ended December 31, 2011	12,530	8,496	21,026
Year ended December 31, 2012	12,705	12,317	25,022
Thereafter	33,832	328,965	362,797
	\$ 91,571	\$ 374,687	\$ 466,258
Premium on assumed mortgages (net of accumulated amortization of \$ 1,201)			408
Deferred financing costs (net of accumulated amortization of \$ 711)			(2,910)
			\$ 463,756

Mortgages payable at December 31, 2007 are due as follows:	Principal Repayments	Balance due at Maturity	Total
Year ended December 31, 2008	\$ 11,153	\$ 6,486	\$ 17,639
Year ended December 31, 2009	11,346	14,022	25,368
Year ended December 31, 2010	11,673	4,478	16,151
Year ended December 31, 2011	12,106	8,496	20,602
Year ended December 31, 2012	12,253	12,317	24,570
Thereafter	41,939	312,463	354,402
	\$ 100,470	\$ 358,262	\$ 458,732
Premium on assumed mortgages (net of accumulated amortization of \$ 1,142)			499
Deferred financing costs (net of accumulated amortization of \$694)			(2,902)
			\$456,329

The REIT has a \$50,000 revolving credit facility with a Canadian chartered bank, which matures August 31, 2010 and bears interest at bank prime rate. Security for the facility consists of first and second mortgage charges on seven rental properties and security agreements covering assignment of rents and personal property with respect to the seven properties. The credit facility has a number of covenants which were met as at March 31, 2008.

At March 31, 2008 the amount outstanding under the credit facility was \$19,113 (December 31, 2007 \$32,192).

8. Accounts Payable and Other Liabilities

Accounts payable and other liabilities consist of:

	March 31, 2008	December 31, 2007
General operating payables and tenant deposits	\$ 20,159	\$ 19,272
Below market rents of leases acquired through rental property acquisition – net of accumulated amortization of \$4,529 (December 31, 2007 - \$3,997)	5,938	6,264
Accrued interest	2,138	2,066
Capital lease obligations	2	2
	\$ 28,237	\$ 27,604

9. Unitholders' Equity

The REIT is authorized to issue an unlimited number of trust units, each of which represents a unitholder's proportionate undivided beneficial interest in the REIT. No unitholder has or is deemed to have any right of ownership in any of the assets of the REIT.

The number of units issued and outstanding are as follows:

	Units
Units outstanding, December 31, 2006	20,130,313
Units issued pursuant to offering on April 12, 2007	4,825,000
Units issued pursuant to the Long Term Incentive Plan (Note 12)	51,500
Units issued under the Distribution Reinvestment Plan	89,895
Units issued pursuant to Unit Option Plan (Note 11)	13,000
Units outstanding, December 31, 2007	25,109,708
Units issued pursuant to offering on January 3, 2008	2,900,000
Units issued under the Distribution Reinvestment Plan	57,131
Units issued under the Unit Option Plan (Note 11)	42,500
Units outstanding, March 31, 2008	28,109,339

10. Weighted Average Units

The weighted average units outstanding for the purposes of calculating net income per unit are as follows:

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Basic	27,615,954	19,793,265
Unit option plan	3,595	30,937
Long-term incentive plan	387,293	352,210
Fully diluted	28,006,842	20,176,412

11. Unit Option Plan

The REIT adopted a Unit Option Plan providing for the issuance, from time to time, at the discretion of the trustees, of options to purchase Units for cash. Participation in the Unit Option Plan is restricted to the trustees and the officers of the REIT. The Unit Option Plan complies with the requirements of the Toronto Stock Exchange. The exercise price of any option granted will not be less than the closing market price of the units on the day preceding the date of grant. The options may have a maximum term of ten years from the date of grant.

On February 20, 2003, 345,000 options were granted to trustees and officers with an exercise price of \$10.00 and expiring on February 19, 2008. 115,000 options vested on each of February 20, 2003, February 20, 2004 and February 20, 2005. All 345,000 options have been exercised.

On December 17, 2007, 710,000 options were granted to trustees and officers with an exercise price of \$21.13 and expiring on December 17, 2012. 128,331 options will vest on each of December 17, 2008 and December 17, 2009 and 128,338 options will vest on December 17, 2010. 108,333 options will vest on each of December 17, 2008 and December 17, 2009 and 108,334 options will vest on December 17, 2010, provided that certain performance achievements are met.

A summary of the status of the Unit Option Plan is as follows:

	Units/ Options	Weighted Average Exercise Price
Options exercisable as at December 31, 2006	55,500	\$ 10.00
Exercised in 2007	(13,000)	\$ 10.00
Options granted on December 17, 2007	710,000	\$ 21.13
Options outstanding and exercisable as at December 31, 2007	752,500	\$ 20.50
Options exercised in three month period ended March 31, 2008	(42,500)	\$ 10.00
Options outstanding as at March 31, 2008	710,000	\$ 21.13

12. Long-Term Incentive Plan

Officers and trustees of the REIT have been granted the right to participate in a LTIP, whereby the participants may subscribe for units for a purchase price equal to the weighted average trading price of the units for five trading days preceding the date of the grant. The purchase price is payable as to 5% upon issuance and as to the balance ("installment loan receivable") over a term not exceeding 10 years. The installment loan receivable bears interest at rates of 3% or 5% per annum on any outstanding balance and is a direct, personal obligation of the participant. The units issued under the LTIP are held by a custodian for the benefit of the participants until the installment loan receivable has been paid in full. Cash distributions paid in respect of the units issued under the LTIP are applied first to the interest and then to reduce the balance of the installment loan receivable.

The fair value of the LTIP is the estimated present value of the imputed interest benefit over an estimated expected term of ten years. The LTIP installment loans receivable are recognized as deductions from units issued. Distributions received under the LTIP are charged to unitholders' equity while interest received under the LTIP is credited to distributions.

Units issued under the LTIP	Cumulative as at March 31, 2008 (Unaudited)	Three Months Ended March 31, 2008 (Unaudited)	Cumulative as at December 31, 2007 (Audited)
Number of units issued	412,293	-	412,293
Units issued	\$ 6,282	-	\$ 6,282
Compensation cost	474	-	474
	6,756	-	6,756
LTIP installment loans receivable	(5,852)	-	(5,852)
Interest on installment loans receivable	(429)	(43)	(386)
Distributions applied against installment loans receivable	1,252	120	1,132
Repayments of installment loans	145	-	145
	4,884	77	(4,961)
	\$ 1,872	77	\$ 1,795

Units issued under the LTIP	Cumulative as at December 31, 2007 (Audited)	Year Ended December 31, 2007 (Audited)	Cumulative as at December 31, 2006 (Audited)
Number of units issued	412,293	51,500	360,793
Units issued	\$ 6,282	\$ 1,160	\$ 5,122
Compensation cost	474	6	468
	6,756	1,166	5,590
LTIP installment loans receivable	(5,852)	(1,102)	(4,750)
Interest on installment loan receivable	(386)	(174)	(212)
Distributions applied against installment loan receivable	1,132	470	662
Repayments of installment loans	145	145	-
	(4,961)	(661)	(4,300)
	\$ 1,795	\$505	\$ 1,290

13. Income Taxes

The REIT is taxed as a "Mutual Fund Trust" for income tax purposes. The REIT is required by its Declaration of Trust to distribute or designate all of its taxable income to unitholders and to deduct such distributions or designation for income tax purposes. Accordingly, no provision for income taxes has been made. Income tax obligations relating to distributions of the REIT are the obligations of the unitholders.

14. Capital Management and Financial Instruments Risk Management

The fair values of the REIT's financial assets and liabilities with current maturities approximate their recorded values as at March 31, 2008 and December 31, 2007. The fair values of the mortgages payable is \$461,825 (December 31, 2007 - \$456,153).

In the normal course of its business, the REIT is exposed to a number of financial risks that can affect its operating performance. These risks and the actions taken to manage them are noted below. The REIT does not have foreign exchange risks as it holds only Canadian dollar denominated assets and liabilities.

The REIT defines capital as the aggregate of unitholder's equity, mortgages payable and bank indebtedness. The REIT manages its capital to comply with investment and debt restrictions pursuant to the Declaration; to comply with debt covenants; to ensure sufficient operating funds are available to fund business strategies; to fund leasing and capital expenditures; to fund acquisitions and development of properties; and to provide stable and growing cash distributions to unitholders.

Various debt, equity and earnings distributions ratios are used to monitor capital adequacy and requirements. For debt management, debt to gross book value, debt average term to maturity, variable debt as a percentage of total debt are the primary ratios used in capital management. The Declaration requires the REIT to maintain debt to gross book value, as defined by the Declaration, of less than 60% (65% of gross book value, including the principal amount of indebtedness outstanding pursuant to convertible debentures) and that variable rate debt and debt having maturities of less than one year to not exceed 15% of gross book value. As at March 31, 2008 the REIT debt to gross book value is 51.3% and variable rate debt and debt having maturities of less than one year aggregated 3.6% of gross book value.

The carrying value of the REIT's equity is impacted by earnings and distributions. The REIT makes annual distributions of \$1.32 per units and is required to distribute at least 70% of its distributable income, as defined by the Declaration. For the three month period ended March 31, 2008, the REIT distributed 75.0% of its distributable income.

Market risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market prices. The REIT does not acquire, hold or issue derivative financial instruments for hedging or trading purposes.

(a) Interest Rate Risk

All of the REIT's mortgages payable at March 31, 2008 are at fixed interest rates. Bank indebtedness is at floating rate interest rates and is exposed to changes. As fixed rate debt matures the REIT is exposed to changes in interest rates. As part of its risk management program, the REIT endeavors to maintain an appropriate mix of fixed rate and floating rate debt and to stagger the maturities of its debt.

The following table outlines the impact of a 1% change in the interest rate on variable rate debt and mortgages payable maturing within one year.

		-1%	-1%	+1%	-1%
	Carrying Amount	Income	Equity	Income	Equity
Bank indebtedness	\$ 19,113	\$ 48	\$ 48	\$ (48)	\$ (48)
Mortgages payable maturing with one year	\$ 15,118	\$ 38	\$ 38	\$ (38)	\$ (38)

(b) Credit Risk

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. As a result of a dispute regarding operating cost recoveries since 2006, a balance of \$1,715 is due from one tenant. Based on the advice of legal counsel and an independent firm of chartered accountants, Management is of the view that there is no merit to the tenant's position and is diligently pursuing the matter.

(c) Liquidity Risk

Liquidity risk is the risk that the REIT will not have sufficient funds available to meet its operational requirements and investing plans. The REIT monitors and manages its liquidity to ensure access to sufficient funds. Access to funding is achieved through credit facilities, mortgage financing and equity capital. The REIT's liquidity is monitored regularly by management. A schedule of principal repayments on mortgages payable and an explanation of the REIT credit facilities is set out in notes 7 and 18.

15. Segmented Disclosure

The REIT's assets are in, and its revenue is derived from, the downtown office markets in four major Canadian cities.

16. Commitments and Contingencies

The REIT has entered into commitments for acquisitions, building renovations, leasing commissions and tenant inducements with respect to leasing activities and for repairs and operating costs. The commitments as at March 31, 2008 and December 31, 2007 were \$5,748 and \$3,313, respectively.

The REIT is subject to legal and other claims in the normal course of business. Management and the REIT's legal counsel evaluate all claims. In the opinion of management any liability from such claims would not have a significant effect on the REIT's consolidated financial statements.

17. Related Party Transactions

(a) Real Estate Services

The REIT engages in third-party property management business, including the provision of services for properties in which certain trustees of the REIT have an ownership interest. Real estate service revenue earned from these properties was for the three months periods ended March 31, 2008 and 2007 were \$50 and \$96, which have been fully paid in the respective periods. These transactions are in the normal course of operations and measured at the exchange amount.

(b) Rental Revenues

Rental revenues included amounts received from related parties as follows:

Related Party	Nature of Revenue	For the Three Months Period Ended March 31	2008	2007
Vendors of properties	Head Lease		\$ 6	\$ 6
TechSpaceCanada Inc.	Guarantee		\$ 27	\$ 16
			\$ 33	\$ 22

Head Lease:

Certain vendors entered into a lease dated February 20, 2003 for 16,686 square feet of office space for a five year term, expiring on February 19, 2008 (the "Head Lease"). The vendors, which are under common control of certain trustees of the REIT, honoured all of their obligations under the Head Lease and were released from the balance of their obligations when the REIT entered into direct lease arrangements with acceptable replacement tenants on acceptable terms.

Guarantee:

TechSpace Canada Inc. ("TechSpace"), a subsidiary of the Developer, leased 29,102 square feet of office space from the REIT on commercial terms. The lease was to expire on December 31, 2010. The Developer indemnified the REIT in respect of all of TechSpace's obligations under the lease. Effective January 1, 2004, the REIT entered into a direct lease of this space with a new tenant for a term ending on December 31, 2010, on the condition that the original indemnity of the Developer remain in place. Effective July 1, 2005, the REIT entered into another direct lease of this space with Loblaws Properties Limited for a term ending October 31, 2010, on the condition that the original indemnity of the Developer remain in place.

18. Subsequent Events

On April 1, 2008, the REIT announced an agreement to acquire a portfolio of five Class I properties in Toronto (the "Downtown West Portfolio") for \$30,750. The acquisition is scheduled to close on June 2, 2008.

On May 1, 2008, the REIT increased the first mortgage on 179 John Street in Toronto by \$3,500 to \$7,600. The increased mortgage has a term expiring on June 1, 2013, bears interest at 6.6% per year and is payable in blended installments of principal and interest based on a 20-year amortization.

On May 8, 2008, the REIT obtained a commitment from a Canadian chartered bank (i) to increase its credit facility from \$50,000 to \$70,000 upon providing security on three properties in the Downtown West Portfolio and 72 Victoria Street in Kitchener and (ii) to provide a \$6,370 three-year bridge loan (with a one-year extension option) upon providing security on two additional properties in the Downtown West Portfolio.

On May 13, 2008, the REIT completed the placement of \$7,000 in first mortgage financing on Dominion Square in Toronto for a term of four and one-half years, bearing interest at 4.98% per year and payable in blended monthly installments of principal and interest based on a 25-year amortization. The property comprised of three Class I structures and an adjacent surface parking lot. The mortgage entitles us to discharge the parking lot at no cost as soon as it is severed from the remainder of the property, which is expected to occur by mid-2008.