ALLIED HOTEL PROPERTIES INC.

Immediate Release ***August 17, 2001***

ALLIED HOTEL PROPERTIES ANNOUNCES SECOND QUARTER 2001 FINANCIAL RESULTS

Vancouver, B.C. – Allied Hotel Properties Inc. ("Allied", stock symbol AHP) has reported its financial results for the six months ended June 30, 2001.

Revenues were $35.7 million and gross profit was $18.5 million for the six months ending June 30, 2001, decreasing by 2% from $36.5 million and 3% from $19.1 million, respectively, from the prior year period. Operating income of $0.7 million was reported for the six month period, a decrease of 35% from $1.0 million for the same period in 2000. The hospitality industry is historically cyclical, with average daily rates for the second quarter exceeding those in the first quarter. As a result, the second quarter of the year generated operating income of $2.2 million, compared to $2.9 million for the second quarter of 2000. Lower levels of business travel as a result of the decline in the high-tech sector contributed to the decrease in operating income in the current year. In addition the Greater Vancouver market, where five of the Company's properties are located, has experienced reduced vacation travel this summer compared to previous years.

Net loss for the six month period was $4.1 million (4¢ per share), a decrease of 15% compared to $4.8 million (4¢ per share) for the first six months of 2000. For the second quarter the net loss was $0.5 million, down from $1.4 million for the second quarter of 2000. Lower interest expense was primarily responsible for the decreased loss.

Allied is a growth oriented hotel ownership and management company with hotel properties in Greater Vancouver, Edmonton and Toronto. Its hotel portfolio currently consists of: Crowne Plaza Hotel Georgia, Crowne Plaza Chateau Lacombe, Crowne Plaza Toronto Don Valley Hotel, Delta Vancouver Suites, Delta Pacific Resort & Conference Centre, Delta Vancouver Airport and Holiday Inn Vancouver Downtown Hotel. Interested parties can find further information at www.alliedhotels.com.

On behalf of the Board of Directors:

Mr. Ronald G. Erdman
President and Chief Executive Officer

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THE CANADIAN VENTURE EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

ALLIED HOTEL PROPERTIES INC.

Unaudited Consolidated Balance Sheets

June 30, 2001 and December 31, 2000
Expressed in thousands of dollars

	2001 (Unaudited)	2000 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 2,431	$ 3,638
Accounts receivable	4,499	2,846
Inventories	711	799
Prepaid expenses	452	276
Land held for resale	–	11,326
Future income taxes	502	502
	8,595	19,387
Income-producing properties	172,234	174,432
Investments	1,420	1,319
Deferred costs, net of amortization	1,663	1,454
Future income taxes	7,221	6,433
	$ 191,133	$ 203,025
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 17,933	$ 15,441
Current portion of deferred revenue	134	216
Current portion of long-term debt	7,309	17,853
Current portion of capital lease obligation	487	482
Future income taxes	14	14
	25,877	34,006
Deferred revenue	1,732	1,799
Long-term debt	134,101	133,458
Capital lease obligation	822	894
Due to affiliated companies	9,338	13,279
Future income taxes	3,605	3,605
Non-controlling interest	4,542	5,053
	180,017	192,094
Shareholders' equity:		
Share capital	29,868	29,868
Deficit	(18,752)	(18,937)
	11,116	10,931
	$ 191,133	$ 203,025

ALLIED HOTEL PROPERTIES INC.

Unaudited Consolidated Statements of Deficit

For the six months ended June 30, 2001 and 2000

Expressed in thousands of dollars

	2001	2000
Deficit, beginning of period		
As previously stated	$ 18,937	$ 12,874
Adjustment to reflect changes in accounting for income taxes	–	(2,536)
As restated	18,937	10,338
Deemed contribution by related party	(4,250)	–
Net loss	4,065	4,762
Deficit, end of period	$ 18,752	$ 15,100

ALLIED HOTEL PROPERTIES INC.

Unaudited Consolidated Statements of Operations

Expressed in thousands of dollars

	Three months ended June 30		Six months ended June 30	
	2001	2000	2001	2000
Revenues:				
Rooms	$ 13,371	$ 14,853	$ 23,080	$ 24,098
Food and beverage	5,413	5,698	10,060	10,012
Other	1,349	1,275	2,554	2,403
	20,133	21,826	35,694	36,513
Cost of sales:				
Rooms	4,093	4,344	7,626	7,887
Food and beverage	4,649	4,774	8,754	8,778
Other	464	410	835	790
	9,206	9,528	17,215	17,455
Gross profit	10,927	12,298	18,479	19,058
Operating expenses:				
Selling, general and administrative	5,730	6,110	11,689	11,454
Management fees	414	471	747	879
Taxes and insurance	1,190	1,661	2,520	2,998
Depreciation and amortization	1,418	1,183	2,813	2,690
	8,752	9,425	17,769	18,021
Operating income	2,175	2,873	710	1,037
Other expenses / (income):				
Interest on long-term debt	2,452	3,441	5,410	6,098
Interest – other	588	474	1,041	707
Equity in loss / (income) of investee	(65)	8	(101)	(9)
Gain on sale of land held for resale	(155)	–	(155)	–
	2,820	3,923	6,195	6,796
Loss before income tax and non-controlling interest	645	1,050	5,485	5,759
Income tax expense / (recovery):				
Current	58	93	111	182
Future	(63)	11	(787)	(735)
	(5)	104	(676)	(553)
Loss before non-controlling interest	640	1,154	4,809	5,206
Non-controlling interest	(176)	241	(744)	(444)
Net loss	$ 464	$ 1,395	$ 4,065	$ 4,762