



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

Toronto, September 24, 2003 -- Allied Properties REIT (TSX:AP.UN) today announced that it has entered into an unconditional agreement to purchase 99 Spadina Avenue, a fully restored, fully leased, 51,850 square-foot, Class I (“brick-and-beam”) office property located in the REIT’s target market in downtown Toronto. The acquisition is expected to close in late September. Completion of the acquisition will increase the size of the REIT’s portfolio by approximately 6.3% to 15 properties with 872,000 square feet of gross leasable area.

“This initiates the REIT’s acquisition program, which is designed to build upon and enhance our competitive advantages in the target market,” said Michael Emory, President and Chief Executive Officer of Allied Properties REIT. “99 Spadina Avenue falls squarely within the REIT’s acquisition parameters and demonstrates the REIT’s ability to achieve accretive growth within these parameters”.

The purchase price of \$10.78 million will be funded through the assumption of first mortgage financing in the principal amount of \$6.69 million, the issuance to the vendor of 110,000 new REIT units at \$10.25 per unit, subject to regulatory approval, and the utilization of a portion of the REIT’s acquisition facility. The first mortgage has a remaining term of approximately four years, bears interest at the rate of 6.75% per year and is payable in blended instalments of principal and interest based on a 25-year amortization. On closing of the acquisition, the REIT’s debt to Gross Book Value will be 55.1%.

The going-in yield on the property will be approximately 10.4% on an un-levered basis. The yield is expected to be approximately 15.6% on a levered basis after repayment of the acquisition facility.

Allied Properties REIT is the leading owner of Class I (“brick-and-beam”) office properties in downtown Toronto. With 820,000 square feet of space concentrated strategically to the east and west of Toronto’s downtown core, the REIT’s portfolio of 14 buildings accommodates a diversified base of business tenants. The objectives of the REIT are to provide stable cash distributions to its unitholders and to maximize unitholder value through the effective management and accretive growth of its portfolio. In addition to competitive advantages within its target market, the REIT has access to a substantial pipeline of development properties currently at various stages of development or redevelopment.

This news release contains forward-looking statements relating to the REIT's operations and the environment in which the REIT operates, which are based on expectations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Therefore, actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. The REIT undertakes no obligation to publicly update any such statement, to reflect new information or the occurrence of future events or circumstances.

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