



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST  
ANNOUNCES AGREEMENT TO ACQUIRE OFFICE PROPERTY  
AND PRIVATE PLACEMENT OF TRUST UNITS**

**Toronto, December 1, 2003** -- Allied Properties REIT (TSX:AP.UN) today announced that it has entered into an agreement to purchase 905 King Street West, an office building located in the REIT's target market in downtown Toronto.

The REIT also announced that it has retained Scotia Capital Inc. to act as agent in connection with a private placement of up to 900,000 trust units at a price of \$11.15 per unit for gross proceeds of approximately \$10 million. The proceeds of the private placement will be used to fund the equity component of the acquisition and to reduce indebtedness. Completion of the private placement is subject to a number of conditions, including satisfactory completion of due diligence, regulatory approval and the completion of the acquisition.

Constructed in 1989, 905 King Street West is comprised of 112,886 square feet of gross leasable area (GLA) and 118 underground parking spaces. It is fully leased to five tenants consistent in character and quality with the REIT's existing tenant base. The principal tenants are Allstream (representing 57.5% of the GLA) and Lavalife (representing 35.7% of the GLA). Just under 70% of the GLA in the building is leased until the latter part of 2009.

The acquisition is conditional upon completion of customary due diligence and is expected to close on or about December 19, 2003. Completion of the acquisition will increase the size of the REIT's portfolio by approximately 13% to 16 properties with 985,000 square feet of GLA.

"The acquisition of 905 King Street West will improve the REIT's lease maturity schedule and add to the diversity of the REIT's tenant base," said Michael Emory, President and Chief Executive Officer of Allied Properties REIT. "It also illustrates the range of opportunity within the REIT's acquisition parameters and demonstrates once again the REIT's ability to achieve accretive growth in its target market".

The going-in yield on the acquisition will be approximately 10.25% on an un-levered basis. The yield is expected to be approximately 15% on a levered basis.

The purchase price of \$15.75 million will be funded through the placement of first mortgage financing in the approximate principal amount of \$9.6 million and the issuance of trust units pursuant to the private placement. The balance of the proceeds of the private placement will be used to reduce bank indebtedness. The first mortgage is expected to have a term of five years, bear interest at the rate of 6.8% per year and be payable in blended instalments of principal and interest based on a 25-year amortization.

Allied Properties REIT is the leading owner of Class I ("brick-and-beam") office properties in downtown Toronto. With 872,000 square feet of space concentrated strategically to the east and west of Toronto's downtown core, the REIT's portfolio of 15 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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**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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