



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

Toronto, February 5, 2004 -- Allied Properties REIT (TSX:AP.UN) today announced that it has entered into an agreement to purchase the Gelber Building, 217-225 Richmond Street West, a 55,905 square foot, Class I office building located in the REIT's target market in downtown Toronto. The property is 86% leased to 11 tenants consistent in character and quality with the REIT's existing tenant base. The acquisition is expected to close by March 15, 2004.

"In addition to immediate accretion to Distributable Income, we see an opportunity to enhance the net operating income from the Gelber Building by filling the existing vacancy and by bringing the average rental rate per square foot closer to market levels", said Michael Emory, President and CEO of Allied Properties REIT.

The purchase price of \$7.5 million will be funded through the assumption of existing first mortgage financing in the approximate principal amount of \$2.7 million and the utilization the REIT's credit facility. The interest rate on the first mortgage is 6.53%. The going-in yield on the acquisition (after vacancy costs) will be approximately 9.8% on an un-levered basis.

Allied Properties REIT is a leading office property owner in the areas immediately to the east and west of Toronto's downtown core. With over one million square feet of space, the REIT's portfolio of 16 predominantly Class I buildings accommodates a diversified base of business tenants. 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.

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:

Michael R. Emory
President and Chief Executive Officer
(416) 977-9002
memory@alliedpropertiesreit.com