



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES FIRST-QUARTER RESULTS**

Toronto, May 3, 2004 -- Allied Properties REIT (TSX:AP.UN) today announced results for its first quarter of fiscal 2004 ended March 31, 2004. Management will hold a conference call and live audio web-cast on Tuesday, May 4, 2004, at 10 a.m. (ET) to discuss the REIT's results. The call may be accessed by dialing (800) 814-4860 or (416) 640-4127. The web-cast will be accessible at www.ccnmatthews.com or at www.alliedpropertiesreit.com and will be archived for 90 days.

First-Quarter Highlights

By March 31, 2004, the REIT

- increased its Distributable Income by 162% over the 41-day period ended March 31, 2003,
- achieved its planned level of distributions at an 87.5% pay-out ratio,
- increased its monthly distribution (effective March, 2004) from \$0.09166 per unit (\$1.10 per unit annualized) to \$0.095 per unit (\$1.14 per unit annualized),
- completed the acquisition of 217-225 Richmond Street West and announced the acquisition of 185 Spadina Avenue (which was completed on April 1, 2004),
- increased the leased area of its total portfolio to 97.6%,
- renewed or re-leased 123,141 square feet (86%) of the area covered by leases that mature in 2004, and
- maintained significant acquisition capacity, with a debt-to-Gross-Book-Value ratio of 52.7%, well below the 60% permitted by the REIT's Declaration of Trust.

First-Quarter Results

The REIT's financial results for the first quarter ended March 31, 2004, are summarized below and compared to the 41-day period ended March 31, 2003:

(In thousands except for per unit amounts)	Three Months Ended March 31, 2004	41-Day Period Ended March 31, 2003	Variance
Revenue from rental properties	\$6,779	\$2,358	4,421
Rental property operating cost	2,339	838	(1,501)
Net rental income	4,440	1,520	2,920
Financing expense	1,305	465	(840)
Depreciation and amortization	941	102	(839)
Income from operations	2,194	953	1,241
Trust expenses	351	133	(218)
Net income	1,843	820	1,023
Amortization on rental properties	839	99	740
Amortization on mortgage premium	(108)	(48)	(60)
Amortization on cost of acquired leases	73	-	73

Amortization on cost of acquired leases mark-to-market	(53)	-	(53)
Step-rent adjustments	(313)	-	(313)
Distributable Income¹	\$2,281	\$871	\$1,410
Distributable Income per unit (basic)	\$0.320	\$0.144	\$0.176

1. Distributable Income, which is not defined within Canadian generally accepted accounting principles, has been calculated in accordance with the terms of the REIT's Declaration of Trust.

Net rental income, net income and Distributable Income for the first quarter were up considerably from the comparable period last year, net rental income by 192%, net income by 124% and Distributable Income by 162%. \$234 of the increase in net rental income is the result of the required changes in the method of recognizing revenue from the REIT's initial properties, \$1,834 is the result of the longer operating period in 2004 and \$852 is the result of the additions in 2003 and 2004 to the REIT's portfolio of initial properties.

Outlook

The business climate remains positive for office properties in the REIT's target market, and the broader Downtown Toronto office market appears to be strengthening. Demand for the REIT's space continues to be solid, with very little new supply of competing space coming into the market. Management continues to see a steady flow of acquisition opportunities within the target market and will strive to increase further the pace of the REIT's acquisitions in 2004.

Additional Financial Information

The financial statements with accompanying notes and MD&A will be filed on SEDAR and available on the REIT's web-site at www.alliedpropertiesreit.com.

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 1.1 million square feet of space, the REIT's portfolio of 19 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.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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