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**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
CLOSING OF PUBLIC EQUITY OFFERING**

Toronto, May 27, 2004 -- Allied Properties REIT (TSX:AP.UN) announced today that it has closed its previously announced offering of 2,900,000 units at a price of \$11.10 per unit for gross proceeds of approximately \$32.2 million. The units were qualified by a short form prospectus dated May 17, 2004, and were underwritten by a syndicate led by Scotia Capital Inc.

The REIT intends to use the proceeds of the offering to finance the previously announced acquisitions of The Queen Richmond Centre and Phase I of The Castle, to repay its acquisition facility utilized in connection with acquisitions completed earlier this year and for general purposes. The acquisition of The Queen Richmond Centre is scheduled to close on or about June 1, 2004, and the acquisition of Phase I of the Castle is scheduled to close on or about June 15, 2004.

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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