



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
CLOSING OF \$39.5 MILLION CLASS I OFFICE PROPERTY ACQUISITION IN TORONTO
AND APPOINTMENT OF DIRECTOR OF ACQUISITIONS**

Toronto, June 3, 2004 -- Allied Properties REIT (TSX:AP.UN) announced today that it has closed the acquisition of The Queen Richmond Centre (99-123 Queen Street East and 92-114 Richmond Street East), a Class I office complex in downtown Toronto. Comprised of 223,588 square feet of gross leasable area, the property is fully leased to tenants consistent in character and quality with the REIT's existing tenant base, including Publicis Canada and St. Joseph Media.

"Not only does The Queen Richmond Centre give us critical mass in the Downtown East sub-market, it accelerates significantly the consolidation of our target market", said Michael Emory, President and CEO. "Thus far in 2004, we have increased the size of our portfolio by nearly 40%. In so doing, we have enhanced our key portfolio attributes and increased our Distributable Income per unit".

The purchase price of \$39.5 million was funded through the recently completed public offering and the placement of a first mortgage in the principal amount of \$24.4 million for a term of 10 years at an interest rate of 6.42% per year. The purchase price is based on a 9.8% capitalization rate, and the going-in yield on the acquisition is expected to be approximately 14.5% on a levered basis.

The REIT also announced that it has appointed Mike Bonneveld as Director of Acquisitions. Reporting to the President and Chief Executive Officer, Mr. Bonneveld will serve as the focal point for the REIT's accelerating acquisition program. He brings to the REIT an extensive and impressive background in the valuation and underwriting of commercial real estate in Canada.

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 1.35 million square feet of space, the REIT's portfolio of 20 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 press release may contain forward-looking statements with respect to the REIT, its operations, strategy, financial performance and condition. These statements generally can be identified by use of forward looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The actual results and performance of the REIT discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under "Risk Factors" in the Annual Information Form of the REIT which is available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to the REIT and persons acting on their behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release and the parties have no obligation to update such statements.

Distributable Income, "going-in yield" and "capitalization rate" are not measures recognized under Canadian generally accepted accounting principles ("GAAP") and do not have standardized meanings prescribed by GAAP.

Distributable Income and “going-in yield” are presented in this press release because management of the REIT believes that these non-GAAP measures are relevant, in the case of Distributable Income, in measuring the ability of the REIT to earn and distribute cash returns to unitholders and, in the case of going-in yield and capitalization rate, in interpreting the purchase price of the properties being acquired. Distributable Income, going-in yield and capitalization rate, as computed by the REIT, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to distributable income, going-in yield and capitalization rate reported by such organizations. Distributable Income is calculated by the REIT by reference to the net income of the REIT on a consolidated basis, as determined in accordance with GAAP, subject to certain adjustments set out in the REIT’s Declaration of Trust. See “Declaration of Trust and Description of Units – Distribution Policy” contained in the REIT’s Annual Information Form available on www.sedar.com.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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