



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
CLOSING OF CLASS I OFFICE PROPERTY ACQUISITION FROM DEVELOPMENT PIPELINE
AND CLOSING OF SECOND MORTGAGE FINANCINGS**

Toronto, June 30, 2004 -- Allied Properties REIT (TSX:AP.UN) announced today that it has closed the acquisition of Phase I of The Castle (41 and 53 Fraser Avenue and 8 Pardee Avenue), a Class I office complex in downtown Toronto. Comprised of 75,564 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. The purchase price of \$11.6 million will be funded through the recently completed public offering and the pending placement of a committed first mortgage in the principal amount of \$7.5 million for a term of 10 years at an interest rate of 6.55% per year.

"Phase I of The Castle is the first acquisition through our development pipeline and gives us a solid foothold in Liberty Village, a vibrant and growing community within the King West sub-market", said Michael Emory, President and CEO. "Thus far in 2004, we have increased the size of our portfolio by over 45%. In so doing, we have continued the enhancement our key portfolio attributes and the increase in our Distributable Income per unit".

The REIT also announced today that it has closed a second mortgage financing on each of 217-225 Richmond Street West and 50 Wellington Street East. In both cases, the second mortgage is coterminous with the existing first mortgage. In the case of 217-225 Richmond Street West, the second mortgage is in the principal amount of \$2.9 million and bears interest at 5.2% per year, bringing the total mortgage debt on the property to \$5.6 million and the interest rate on the total mortgage debt to 5.84% per year. In the case of 50 Wellington Street East, the second mortgage is in the principal amount of \$1.7 million and bears interest at 5.3% per year, bringing the total mortgage debt on the property to \$2.8 million and the interest rate on the total mortgage debt to 5.4% per year.

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 1.4 million square feet of space, the REIT's portfolio of 21 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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