



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

**Toronto, August 11, 2004** -- Allied Properties REIT (TSX:AP.UN) today announced results for its second quarter of fiscal 2004 ended June 30, 2004. Management will hold a conference call and live audio web-cast on Thursday, August 12, 2004, at 10 a.m. (ET) to discuss the REIT's results. The call may be accessed by dialing (800) 796-7558 or (416) 640-4127. The web-cast will be accessible at [www.ccnmatthews.com](http://www.ccnmatthews.com) or at [www.alliedpropertiesreit.com](http://www.alliedpropertiesreit.com) and will be archived for 90 days.

**Second-Quarter Highlights**

In the second quarter of 2004, the REIT

- increased Distributable Income by 37.6% over the second quarter of 2003,
- increased the leased area of its portfolio to 98.5% ,
- completed four acquisitions within its target market, including the first acquisition from its development pipeline,
- completed a public offering of 2.9 million units from treasury on a bought deal basis at \$11.10 per unit for gross proceeds of over \$32 million and
- completed favourable second mortgage financings on two properties acquired earlier in the quarter, enhancing their going-in yield on a levered basis.

**Half-Year Highlights**

In the first half of 2004, the REIT

- increased monthly distributions (effective March, 2004) from \$0.09166 per unit (\$1.10 per unit annualized) to \$0.095 per unit (\$1.14 per unit annualized),
- renewed or re-leased 135,974 square feet (95% ) of the area covered by leases that mature in 2004,
- completed over \$74 million in acquisitions, increasing the size of its portfolio by 45%, enhancing its key portfolio attributes and accelerating the consolidation of its target market and
- maintained significant acquisition capacity, with a debt-to-Gross-Book-Value ratio of 52.3% at the end of the first half, well below the 60% permitted by the Declaration of Trust.

**Financial Results**

The REIT's financial results for the second quarter ended June 30, 2004, are summarized below and compared to the second quarter ended June 30, 2003:

(In thousands except for per unit amounts)	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Variance
Revenue from rental properties	\$7,933	\$4,989	\$2,944
Rental property operating cost	2,656	1,579	(1,077)
<b>Net rental income</b>	<b>5,277</b>	<b>3,410</b>	<b>1,867</b>

Financing expense	1,618	1,060	(558)
Depreciation and amortization	1,354	234	(1,120)
<b>Income from operations</b>	<b>2,305</b>	<b>2,116</b>	<b>189</b>
Trust expenses	527	339	(188)
<b>Net income</b>	<b>1,778</b>	<b>1,777</b>	<b>1</b>
Amortization on rental properties	1,001	224	777
Amortization on mortgage premium	(120)	(100)	(20)
Amortization on cost of acquired leases	172	-	172
Amortization on cost of acquired leases mark-to-market	(34)	-	(34)
Amortization of acquired tenant relationships	117	-	117
Step-rent adjustments	(361)	-	(361)
Compensation expenses, long-term incentive plan	63	-	63
<b>Distributable Income<sup>1</sup></b>	<b>\$2,616</b>	<b>\$1,901</b>	<b>\$715</b>
<b>Distributable Income per unit (basic)</b>	<b>\$0.312</b>	<b>\$0.313</b>	<b>\$(.001)</b>

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 and Distributable Income for the second quarter were up considerably from the same period last year, net rental income by 54.8% and Distributable Income by 37.6%. \$191 thousand 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 and \$1.7 million is the result of the additions in 2003 and 2004 to the REIT's portfolio of initial properties.

The REIT's financial results for the two quarters ended June 30, 2004, are summarized below and compared to the 132-day period ended June 30, 2003:

(In thousands except for per unit amounts)	<b>Six Months Ended June 30, 2004</b>	<b>132-Day Period Ended June, 2003</b>	<b>Variance</b>
Revenue from rental properties	\$14,712	\$7,347	\$7,365
Rental property operating cost	4,995	2,417	(2,578)
<b>Net rental income</b>	<b>9,717</b>	<b>4,930</b>	<b>4,787</b>
Financing expense	2,923	1,525	(1,398)
Depreciation and amortization	2,295	336	(1,959)
<b>Income from operations</b>	<b>4,499</b>	<b>3,069</b>	<b>1,430</b>
Trust expenses	878	472	(406)
<b>Net income</b>	<b>3,621</b>	<b>2,597</b>	<b>1,024</b>
Amortization on rental properties	1,840	323	1,517
Amortization on mortgage premium	(228)	(148)	(80)
Amortization on cost of acquired leases	246	-	246
Amortization on cost of acquired leases mark-to-market	(87)	-	(87)
Amortization of acquired tenant relationships	117	-	117
Step-rent adjustments	(674)	-	(674)
Compensation expenses, long-term incentive plan	63	-	63
<b>Distributable Income<sup>2</sup></b>	<b>\$4,898</b>	<b>\$2,772</b>	<b>\$2,126</b>
<b>Distributable Income per unit (basic)</b>	<b>\$0.631</b>	<b>\$0.457</b>	<b>\$0.174</b>

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 two quarters were up considerably from the comparable period last year, net rental income by 97.1%, net income by 39.4% and Distributable Income by 76.7%. \$428 thousand 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, \$1.8 million is the result of the longer operating period in 2004 and \$2.5 million is the result of the additions in 2003 and 2004 to the REIT's portfolio.

### **Outlook**

The REIT's portfolio has grown by nearly 75% since the IPO early last year and now represents 10.6% of the 13.5 million square feet of office inventory in the target market. The business climate remains positive for Class I office properties in the target market, and the broader Downtown Toronto office market appears to be strengthening. Management continues to see a steady flow of acquisition opportunities within the target market and will strive to continue 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](http://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 1.4 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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