



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES  
EXPANSION INTO MONTREAL WITH OFFICE PROPERTY ACQUISITION**

**First acquisition outside home market for Toronto-based REIT**

**Toronto, November 5, 2004** -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase a Class I office property in Montreal for a purchase price of \$27.2 million plus adjustments for total consideration of \$29.2 million. The acquisition is expected to close on or about November 19, 2004, subject to normal conditions, and to be accretive to Distributable Income upon closing.

The property is located in the International District, just north of Old Montreal. It is comprised of 201,410 square feet of gross leasable area (GLA) and is fully leased. The principal tenant, a leading financial institution in Quebec and Canada, occupies 82% of the GLA (increasing to 91% of the GLA on May 1, 2005) pursuant to a lease that expires on December 31, 2012.

"As projected at the time of our IPO, our initial phase of growth came from the acquisition of Class I office properties in our target market in Toronto. Through seven post-IPO acquisitions to date, we have increased the size of our portfolio by nearly 75%, and we fully intend to continue the systematic consolidation of our target market in Toronto," said Michael Emory, President and Chief Executive Officer.

"Montreal is the right market in which to begin the expansion of our geographic focus, given its strength as a 24-hour city, its large inventory of Class I office properties and the ongoing revitalization that is occurring in the International District and in Old Montreal," said Mr. Emory. "This is an appropriate and attractive initial acquisition because of its strong Class I attributes, and because of the financial stability afforded by its principal tenant."

Class I office properties are created through the adaptive re-use of older primarily light industrial structures in urban areas. They typically feature high ceilings, abundant natural light, post-and-beam structural frames, exposed interior brick and hardwood floors. When restored and retrofitted to the standards of the REIT's portfolio, Class I buildings can satisfy the needs of the most demanding office and retail tenants. When operated in the coordinated manner of the REIT's portfolios, these buildings become a vital part of the urban fabric and contribute meaningfully to a sense of community.

Approximately \$20.4 million will be funded through the placement of first mortgage financing at an annual interest rate of approximately 5.7%, with the balance being funded initially through the REIT's acquisition line of credit. The consideration to the vendor is based on an 8.8% capitalization rate (increasing to 9% from May 1, 2005).

The going-in yield on the ultimate equity component of the acquisition is expected to be approximately 15% on a levered basis (increasing to approximately 16% from May 1, 2005).

*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.*

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](http://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 property 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](http://www.sedar.com).

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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