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FOR: **ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST**

TSX SYMBOL: AP.UN

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Allied Properties Real Estate Investment Trust Announces Second Acquisition from Development Pipeline and Approximately \$25 Million Public Equity Offering

TORONTO, ONTARIO--(CCNMatthews - Dec. 8, 2004) - NOT FOR DISTRIBUTION IN THE UNITED STATES

Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement with Allied Canadian Corporation and its development partners (the "Developer") to purchase 469 King Street West, a Class I office building located in the REIT's target market in downtown Toronto, for \$16 million. The property is comprised of 73,889 square feet of gross leasable area (GLA) and is fully leased to tenants generally consistent in character and quality with the REIT's existing tenant base. The acquisition is expected to close on or about January 4, 2005, subject to customary conditions.

The REIT also announced today that it has entered into an agreement with a syndicate of underwriters led by Scotia Capital Inc. to issue to the public, on a bought deal basis, 1.9 million units from treasury at a price of \$13.00 per unit for gross proceeds of \$24.7 million. The issue will be offered in all provinces of Canada. Closing of the offering is expected to occur on January 4, 2005, and is subject to regulatory approvals.

The REIT intends to use the proceeds of the offering to finance the acquisition of 469 King Street West, to repay its acquisition facility utilized in connection with the acquisition of 425 Viger Avenue West in Montreal and for general corporate purposes. The units being offered have not been, and will not be, registered under the U.S. Securities Act of 1933 and state securities laws.

"469 King Street West is one of the premier Class I properties in Toronto and combines very well with our existing properties at King West Central", said Michael Emory, President and CEO. "On completion of this acquisition and the public equity offering announced today, our debt as a percentage of Gross Book Value will be approximately 51.6%, allowing us to begin 2005 with significant acquisition capacity".

Pursuant to a prior agreement with the Developer, under which the REIT has access to development properties, the purchase price for the property was established by an independent appraiser at \$16 million. The purchase price will be funded through the assumption of an existing first mortgage in the principal amount of approximately \$5 million and the balance from the proceeds of the public offering. The first mortgage has a term ending July 1, 2015, and, upon restructuring at the expense of the Developer, will bear interest at the rate of approximately 6.25% per year. The going-in yield on the acquisition is expected to be approximately 10% on a levered basis.

Allied Properties REIT owns a portfolio of predominantly Class I office properties in downtown Toronto and downtown Montreal. 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.

"Going-in yield" is not a measure recognized under Canadian generally accepted accounting principles ("GAAP") and does not have standardized meanings prescribed by GAAP. Going-in yield is presented in this press release because management of the REIT believes that this non-GAAP measure is relevant in interpreting the purchase price of the property being acquired. Going-in yield as computed by the REIT, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to going-in yield reported by such organizations.

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