



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES  
EXPANSION INTO WINNIPEG WITH CLASS I OFFICE PROPERTY ACQUISITION**

**Third target market established by Toronto-based REIT**

**Toronto, May 9, 2005** -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase The Brokerage Building, a Class I office property in Winnipeg, for a purchase price of \$2.9 million, representing a capitalization rate of 10.26%. A portion of the net proceeds from the recently completed public offering will be used to fund the acquisition of the property, which will be free and clear on closing. The acquisition is expected to close on or about May 31, 2005, subject to normal conditions.

The Brokerage Building, 115 Bannatyne Avenue, is located in the Exchange District, a 30-block area just to the north of Portage and Main named for the Winnipeg Grain and Produce Exchange founded in 1887. It is comprised of 39,311 square feet of gross leasable area ("GLA") and is 94% leased to tenants consistent in character and quality with the REIT's existing tenant base.

"Winnipeg is a stable office market with a relatively high concentration of Class I properties, making it an attractive target market for Allied Properties REIT," said Michael Emory, President and Chief Executive Officer. "We estimate that Class I properties represent over 14% of the inventory in the downtown Winnipeg office market. As in Toronto and Montreal, the ownership of Class I properties in Winnipeg is fragmented, creating an opportunity for consolidation and rationalization that we intend to pursue."

*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.*

"Capitalization rate" is not a measure recognized under Canadian generally accepted accounting principles ("GAAP") and does not have standardized meanings prescribed by GAAP. Capitalization rate 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. 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 capitalization rate reported by such organizations.

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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