



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

**Toronto, May 9, 2005** -- Allied Properties REIT (TSX:AP.UN) today announced results for the first quarter ended March 31, 2005.

**First Quarter Highlights**

In the first quarter of 2005, the REIT

- increased Distributable Income to \$4.3 million, up 88% from the comparable quarter in 2004,
- increased Distributable Income per unit to \$0.355, up 11% from the comparable quarter in 2004,
- increased monthly distributions (effective March, 2004) to \$0.09833 per unit (\$1.18 per unit annualized), up 3.5% from \$0.095 per unit (\$1.14 per unit annualized),
- achieved a pay-out ratio of 82.7% of Distributable Income,
- completed the acquisition of 469 King Street West,
- completed a public offering of units for gross proceeds of \$25 million at a price of \$13 per unit
- announced the acquisition of 3575 Saint-Laurent Boulevard, which closed on April 18, 2005, continuing its expansion in the downtown Montreal office market,
- announced a public offering of units for gross proceeds of \$30 million at a price of \$14.00 per unit, which closed on April 18, 2005; and
- maintained the leased area of its portfolio at 99.1%.

**Financial Results**

The REIT's financial results for the first quarter ended March 31, 2005, are summarized below and compared to the first quarter ended March 31, 2004:

(In thousands except for per unit and percentage amounts)	Q1 2005	Q1 2004	Change	% Change
Revenue from rental properties	\$11,797	\$6,779	\$5,018	74.0%
Rental property operating cost	4,197	2,339	1,858	79.4%
Net rental income	7,600	4,440	3,160	71.2%
Financing expense				
Interest	2,373	1,413	960	67.9%
Amortization - Mortgage premium	(104)	(108)	4	(3.7%)
Depreciation and amortization				
Rental properties	1,369	839	530	63.2%
Deferred leasing costs (tenant inducements and leasing commissions)	113	17	96	564.7%
Fair value origination cost and tenant				

(In thousands except for per unit and percentage amounts)	Q1 2005	Q1 2004	Change	% Change
relationship for in place leases on acquisition	806	73	733	1,004.1%
Deferred financing cost	48	12	36	300.0%
Income from operations	2,995	2,194	801	35.5%
Trust expense	497	351	146	41.6%
Net income	2,498	1,843	655	35.5%
Amortization on rental properties	1,369	839	530	63.2%
Amortization on mortgage premium	(104)	(108)	4	(3.7%)
Amortization of cost of acquired leases	413	73	340	465.8%
Amortization of M-T-M acquired leases	24	(53)	77	(145.3%)
Amortization of acquired tenant relationships	393	-	393	-
Step-rent adjustments	(405)	(313)	(92)	29.4%
Compensation expenses, LTIP	109	-	109	-
Distributable Income <sup>1</sup>	\$4,297	\$2,281	\$2,016	88.4%
Weighted average units outstanding (basic)	12,118	7,138	4,980	69.8%
Weighted average units outstanding (diluted)	12,329	7,174	5,155	71.9%
Distributable Income per unit (basic)	\$0.355	\$0.320	\$0.035	10.8%
Distributable Income per unit (diluted)	\$0.348	\$0.318	\$0.030	9.6%
Distributions	3,557	1,996	1,561	78.2%
Pay-out ratio	82.7%	87.5%	(4.8%)	
Funds from operations	4,786	2,772	2,014	72.7%
Funds from operations per unit (basic)	\$0.395	\$0.388	\$0.007	1.7%
Funds from operations per unit (diluted)	\$0.388	\$0.386	\$0.002	0.4%
Net operating income	7,219	4,074	3,145	77.2%
Net income per unit (basic)	\$0.206	\$0.258	(\$0.052)	(20.2%)
Net income per unit (diluted)	\$0.203	\$0.257	(\$0.054)	(21.2%)
Total assets	284,741	165,809	118,932	71.7%
Total debt (excludes premium on assumed debt)	147,418	87,207	59,929	67.8%
Debt to GBV	50.0%	52.7%	(2.7%)	
Total GLA (square feet)	1,703	1,042	661	63.4%
Leased GLA (square feet)	1,687	1,017	670	65.9%
Leased GLA (% total GLA)	99.1%	97.6%	1.5%	

<sup>1</sup> Distributable Income, which is not defined within Canadian generally accepted accounting principles, has been calculated in accordance with the terms of the Declaration.

## Outlook

The REIT's target markets are stable, with little new supply of office space generally and Class I office space in particular. Combined with the operating advantages stemming from the size and quality of the REIT's portfolio, the stable markets afford management a reasonable basis for confidence in the REIT's near-term performance and in the REIT's ability to sustain a manageable rate of growth.

The REIT intends to continue the consolidation process in its Toronto target market and to expand the strategic foothold it has established in its Montreal target market. In doing so, it will continue to focus on its competitive strengths -- convenient locations, distinctive internal and external environments and significantly lower overall occupancy costs. It will also continue to work with existing and prospective tenants to remain a preferred provider of office space in its target markets.

The REIT is working actively toward the internalization of the property management function with a view to completing the internalization process by the end of June of this year. The Trustees of the REIT have established an Independent Committee to evaluate and make a recommendation in this

regard. The Independent Committee has retained Desjardins Securities Inc. to assist it in formulating a recommendation.

**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 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, including that the transaction contemplated herein is completed. 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.

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