



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
AGREEMENT TO ACQUIRE CLASS I OFFICE PROPERTY IN TORONTO**

Toronto, June 9, 2005 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement with Allied Canadian Corporation and its development partners to purchase 602-606 King Street West, a Class I office building located in downtown Toronto. The purchase price for the property was established by an independent appraiser at \$11.27 million, representing a capitalization rate of 8.5%. The property is comprised of 59,463 square feet of gross leasable area (GLA) and is 97.2% leased to tenants consistent in character and quality with the REIT's existing tenant base. The principal tenant, Scholastic Books, occupies over half the GLA in the property pursuant to 10-year lease.

"This is another premier Class I property that combines very well with our existing properties at King West Central", said Michael Emory, President and CEO. "On completion of what will be the third acquisition from our development pipeline, we will control nearly 700,000 square feet of GLA in this vibrant area of Toronto's inner city".

The acquisition is expected to close on or about July 1, 2005, subject to customary conditions. The property will be free and clear on closing, and the REIT will finance the acquisition initially with a portion of the proceeds from a concurrent long-term mortgage financing on another of its properties.

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

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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