



ALLIED

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
CONTINUED EXPANSION IN CALGARY**

Toronto, September 14, 2012 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into agreements to purchase the following properties for \$27.3 million:

Address	Total GLA	Office GLA	Retail GLA	Parking Spaces
Demcor Building, Calgary	39,440	39,440	0	43
Chamber of Commerce Building, Calgary	33,874	33,874	0	0
Total	73,314	73,314	0	43

"These will be solid additions to our Calgary portfolio, with each property augmenting an existing concentration within the inner-city," said Michael Emory, President & CEO. "Once the acquisitions are closed, our Calgary portfolio will be comprised of 14 urban office properties with 607,344 square feet of rentable area."

Demcor Building

Located on the southwest corner of the intersection of 10th Avenue SE and Macleod Trail SE, the Demcor Building is comprised of 39,440 square feet of GLA, all of which is leased to tenants consistent in character and quality with our tenant base. Built in 1906 for warehouse purposes, the building was redeveloped for office use in the early 1990s. It is on the Inventory of Evaluated Historic Resources maintained by the City of Calgary.

Chamber of Commerce Building

The Chamber of Commerce Building is located on the northwest corner of 6th Avenue SW and Centre Street SW, directly across from The Bow and in close proximity to two of Allied's properties, the Lougheed Building and the Telephone Building. It is comprised of 33,874 square feet of GLA, all of which is leased to a high quality tenant for a term of 10 years commencing on April 1, 2013. Built in 1912, the building was acquired and renovated by the Chamber of Commerce in 1978. It is designated by the Province of Alberta as a historic resource under the Historic Resource Act.

Closing and Financing of Acquisitions

The acquisitions are expected to close in October and November of 2012, subject to customary conditions. The purchase price for the two properties represents a capitalization rate of 7% applied to the annual NOI. On closing, the Chamber of Commerce Building will be free and clear of mortgage financing and the Demcor Building will be subject to a first

mortgage in the approximate principal amount of \$7 million, having a term of 10 years, bearing interest at an annual rate of approximately 4.25% and payable in blended instalments of principal and interest based on a 25-year amortization. Allied intends to place first mortgage financing on the Chamber of Commerce Building early in 2013. On closing, Allied will continue to have a very conservative debt ratio and significant internal liquidity and acquisition capacity.

Cautionary Statements

This press release may contain forward-looking statements with respect to Allied, 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 Allied 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 transactions contemplated herein are 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 Allied's Annual Information Form, which is available at www.sedar.com. These cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on Allied's 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.

"Capitalization rate" is not a measure recognized under International Financial Reporting Standards ("IFRS") and does not have any standardized meaning prescribed by IFRS. Capitalization rate is presented in this press release because management of Allied believes that this non-IFRS measure is relevant in interpreting the purchase price of the properties being acquired. Capitalization rate, as computed by Allied, 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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Allied Properties REIT is a leading owner, manager and developer of urban office environments that enrich experience and enhance profitability for business tenants operating in Canada's major cities. Its objectives are to provide stable and growing cash distributions to unitholders and to maximize unitholder value through effective management and accretive portfolio growth.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Michael R. Emory
President and Chief Executive Officer
(416) 977-0643
memory@alliedpropertiesreit.com