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ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES $192 MILLION ACQUISITION IN TORONTO'S DOWNTOWN WEST AND $125 MILLION PUBLIC EQUITY OFFERING

Toronto, September 14, 2009 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase 151 Front Street West, Toronto, a Class I office property with 325,772 square feet of gross leasable area ("GLA"), 56 surface parking spaces and 750,000 square feet of approved intensification potential. The acquisition is expected to close in October of this year, subject to customary conditions, at which time the Toronto component of Allied's portfolio will represent 56% of the total GLA, the Montreal component 35%, the Winnipeg component 7% and the Quebec City component 3%.

The REIT also announced 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, 7,600,000 units from treasury at a price of $16.50 per unit for gross proceeds of approximately $125 million. The issue will be offered in all provinces of Canada. The units being offered have not been, and will not be, registered under the U.S. Securities Act of 1933 and state securities laws. Closing of the offering is expected to occur on or about October 2, 2009, and is subject to regulatory approvals. The REIT intends to use the net proceeds of the offering to fund a portion of the total consideration for the property, to reduce indebtedness and for general corporate purposes.

Initially known as the Canadian National Express Building and York Teamway, 151 Front Street West is located on the south side of Front Street, at the intersection with Simcoe Street and one building west of the intersection with University Avenue. It is 92% leased to high-quality tenants, some of whom already occupy space in Allied's portfolio. Although it will have no material impact on Allied's lease maturity schedule, the property will meaningfully reduce Allied's exposure to its current top-10 tenants and will improve the overall credit quality of its tenant-base.

The property is a specialized brick-and-concrete office building and is exceptionally well located in the most important component of Allied's Toronto target market, Downtown West. With distinct building attributes and a critical mass of tenants, the property has become a leading location in Canada for telecommunication and IT service providers.

"The property fits within our investment and operating focus, much like our property at 905 King Street West in Toronto and portions of Cité Multimédia in Montreal, which also provide specialized facilities for telecommunications, networking and computer equipment," said Michael Emory, President and CEO. "Because of expected increases in demand for space in the property, we believe we can augment the net operating income over time. We also believe ownership of the property will strengthen the competitive position of our 56 other office properties in Downtown Toronto. Just as the acquisition of underground parking spaces enables us to provide better parking, the acquisition of the property will enable us to offer superior computer-location facilities and internet connectivity to our tenants, something that will become another differentiating factor for the Allied portfolio."

The property includes surplus land on which 750,000 square feet can be developed for specialized and general office use and for ancillary retail use. The land has been rezoned to permit this development. Allied does not intend to pursue this opportunity in the near-term, but believes that it will augment the significant value-creation opportunities present in its Toronto portfolio.

The total consideration of $192 million represents a 10% capitalization rate applied to the in-place annual net operating income from the property. The REIT will finance a portion of the purchase price through mortgage financing in the principal amount of $96 million for a term of ten years, bearing interest at approximately 7.5% and payable in blended instalments of principal and interest based on a 20-year amortization period.

"Not only will this acquisition be meaningfully accretive to our AFFO per unit, the concurrent offering will further reduce our debt ratio, which was 49.3% at the end of the second quarter and will be approximately 47.8% on closing," said Mr. Emory. "The acquisition will also further reduce our AFFO pay-out ratio, which was 82.7% at the end of the second quarter."

Cautionary Statements
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 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 the Annual Information Form of the REIT which is available at www.sedar.com. These cautionary statements qualify all forward-looking statements attributable to the REIT and persons acting on the REIT'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 Canadian generally accepted accounting principles ("GAAP") and does not have any standardized meaning 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 properties 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.

"Net operating income" is not a measure recognized under Canadian GAAP and does not have any standardized meaning prescribed by GAAP. NOI 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. NOI, as computed by the REIT, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to NOI reported by such organizations.

AFFO is not a financial measure defined by Canadian GAAP. Please see Allied's Quarterly Report, June 30, 2009, for a description of these measures and their reconciliation to net income or cash flow from operations, as presented in Allied's consolidated financial statements for the six-month period and quarter ended June 30, 2009. These statements, together with accompanying notes and Quarterly Report, have been filed with SEDAR, www.sedar.com, and are also available on Allied's web-site, www.alliedpropertiesreit.com.

Allied Properties REIT is the leading provider of Class I office space in Canada, with portfolio assets in the urban areas of Toronto, Montréal, Winnipeg, Québec City and Kitchener-Waterloo. Its objectives are to provide stable and growing cash distributions to unitholders and to maximize unitholder value through effective management and accretive portfolio growth.

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