



ALLIED

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
ACQUISITION OF CLASS I OFFICE COMPLEX IN KITCHENER**

Toronto, May 16, 2012 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase the following property for \$61.75 million:

Address	Total GLA	Office GLA	Retail GLA	Parking Spaces
Lang Tannery, Kitchener	340,150	291,763	48,666	345

"In addition to being immediately accretive, the complex will be a strong complement to our properties on Victoria and Breithaupt Streets," said Michael Emory, President & CEO. "The three properties together form the core of the Class I office component of Kitchener's Warehouse District, which is rapidly becoming both a transportation and technology hub for the surrounding region."

With the acquisitions announced today, Allied has completed or announced nine acquisitions in 2012 for \$150 million, one in Victoria, one in Calgary, five in Toronto, one in Kitchener and one in Montréal. Each acquisition continues Allied's efforts to consolidate the ownership and operation of Class I properties in the downtown area of major Canadian cities.

Occupying two entire city blocks, bounded by Charles on the north, Victoria on the west, Oak on the south and Linden and Francis on the east, the Lang Tannery (121 & 151 Charles Street, 189 Joseph Street and 101 Victoria Street South) is comprised of 340,150 square feet of GLA, 95% of which is leased to tenants consistent in character and quality with Allied's tenant base, including Google, Desire2Learn and Communitech, and 345 surface parking spaces. The complex is located in close proximity to Allied's properties at 72 Victoria Street and 20-24 & 51 Breithaupt Street.

Built in 1894 and 1904 as a facility for the production of leather shoe-soles, the complex was redeveloped for office and retail use over the last four years. It is comprised of four buildings, two of which are single-storey and two of which are multi-storey. The buildings have very good Class I attributes and have been integrated internally to a considerable degree.

The acquisition is expected to close on August 1, 2012, subject to customary conditions. The purchase price for the complex represents a capitalization rate in excess of 7% on the current annual net operating income ("NOI"). The property will be free and clear of mortgage financing for closing. On or shortly after closing, Allied intends to place first mortgage financing on the property.

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.

NOI is not a measure recognized under IFRS and does not have any standardized meaning prescribed by IFRS. NOI 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 property being acquired. NOI, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to NOI reported by such organizations.

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.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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