



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
CONTINUED EXPANSION IN VANCOUVER AND DISPOSITION OF NON-CORE ASSET**

Toronto, October 22, 2012 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into agreements to purchase the following properties for \$42 million:

Address	Total GLA	Office GLA	Retail GLA	Parking Spaces
1040 Hamilton Street, Vancouver	44,667	37,693	6,974	26
1286 Homer Street, Vancouver	24,723	15,746	8,977	0
Total	69,390	53,439	15,951	26

Allied also announced that it has entered into an agreement to sell a non-core asset in Winnipeg for \$725,000.

"These will be solid additions to our Vancouver portfolio, with each property augmenting an existing holding in Yaletown," said Michael Emory, President & CEO. "Once the acquisitions are closed, our Vancouver portfolio will be comprised of five urban office properties with nearly 300,000 square feet of rentable area."

1040 Hamilton Street, Vancouver

Located on the south side of Hamilton and extending through to and having frontage on Mainland Street, this property is comprised of 44,667 square feet of GLA, all of which is leased to tenants consistent in character and quality with Allied's tenant base. The property is located in close proximity to Allied's property at 948-950 Homer. Built in 1920 as for a paper company, the building was redeveloped for office and retail use in 1988. Management believes that municipal approval can be obtained to add an additional 20,000 square feet of GLA to the building and that such an addition is structurally feasible.

1286 Homer Street, Vancouver

Located on the south side of the Homer and extending through to and having frontage on Hamilton, this property is comprised of 24,723 square feet of GLA, all of which is leased to tenants consistent in character and quality with Allied's tenant base. The property is located in close proximity to Allied's property at 840 Cambie. Built in 1910 for warehouse purposes, the building was redeveloped for office and retail use in 1989. Management believes that municipal approval can be obtained to add an additional 10,000 square feet of GLA to the building and that such an addition is structurally feasible.

Closing and Financing of Acquisitions

The purchase price of \$42 million represents a capitalization rate of 6.2% on the current NOI. The acquisitions are scheduled to close in November of this year, subject to normal conditions. 1040 Hamilton will be subject on closing to a first mortgage in the approximate principal amount of \$11.9 million for a remaining term expiring in December of 2014, bearing interest at approximately 5.4% per year and payable in blended instalments of principal and interest based on a 25-year amortization. 1286 Homer will be free and clear on closing. Allied will place additional mortgage financing on the properties following closing. Allied continues to have a very conservative debt ratio and significant internal liquidity and acquisition capacity.

Southeast Corner, Hargrave Street and Notre Dame Avenue, Winnipeg

An incidental part of a portfolio acquisition completed in late 2006, this is an ancillary parking lot with 76 surface parking spaces that is no longer necessary to meet the parking requirements of the tenants of Allied's core Class I properties in the Exchange District. After negotiation, Allied accepted an unsolicited offer, seeing it as a good opportunity to dispose of a non-core asset. The sale is scheduled to close before the end of the year, subject to normal conditions.

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.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

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