



ALLIED

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES JOINT-VENTURE WITH DIAMOND CORP.
FOR 57 SPADINA AVENUE, TORONTO**

Toronto, October 22, 2012 -- Allied Properties REIT (TSX:AP.UN) today announced that it has entered into a joint-venture with Diamond Corp. to develop a mixed-use building at 57 Spadina Avenue in Toronto.

"In an effort to augment and accelerate the return to our unitholders from our overall intensification activity, we have begun to collaborate with strong organizations that have complimentary capability," said Michael Emory, President & CEO. "As in the case of our ongoing intensification joint venture with RioCan REIT, we want to work with 'best-in-class' organizations for each project. We believe Diamond is just that in relation to the project contemplated at 57 Spadina."

57 Spadina is one of five properties acquired by Allied as part of a portfolio acquisition in April of this year. It is located on the east side of Spadina, just south of the intersection with King Street West. The current building on the property is comprised of 33,302 square feet of GLA and the land component is comprised of 18,115 square feet of area with 84 feet of frontage on Spadina.

Allied has agreed to sell an undivided 50% interest in the property to Diamond for \$6.25 million, effectively creating a 50/50 joint venture. Diamond will oversee the re-zoning of the property for residential, office and retail use. During the re-zoning and predevelopment phase, to a maximum of five years, Allied will receive 100% of the net rental revenue from the property. On completion of the re-zoning, Allied and Diamond intend to engage a partner with condominium development expertise to oversee the development of 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. Allied's actual results and performance 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. 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 Allied's Annual Information Form which is available at www.sedar.com. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has no obligation to update such statements.

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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