



ALLIED

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST COMMENCES FULL CONSTRUCTION OF PHASE I OF QRC WEST

First Phase of Large-Scale Intensification Project to become Canadian Head Office of Sapient Corporation

Toronto, December 12, 2012 -- Allied Properties REIT (TSX:AP.UN) today announced that it has initiated the full construction process for Phase I of QRC West, an intensification project in Toronto's rapidly transforming downtown area. Extending along the west side of Peter Street, from Queen Street to Richmond Street, QRC West is an office-retail development that Allied will complete in two phases. The first phase ("Phase I") will integrate a restored brick-and-beam building, 134 Peter Street, with a new, 11-storey office structure having approximately 250,000 square feet of rentable area that Allied plans to complete to a LEED Gold Standard. Completion of the first phase is scheduled for early 2015. The second phase, which is now well advanced in the municipal approval process, is expected to include a large retail component on the southwest corner of Queen and Peter Streets.

"In our view, QRC West is the next step in the evolution of inner-city office space," said Michael Emory, President & CEO of Allied. "By integrating a distinctive part of Toronto's built legacy with new, LEED-certified structures, it will provide business tenants with creative, efficient and environmentally responsible workspace in one of the most vibrant, mixed-use areas of downtown Toronto."

Allied also announced that it has entered into a lease with Sapient Corporation for approximately 50,000 square feet of office space comprising the 8th and 9th floors of Phase I for a term of 10 years commencing on March 1, 2015. This space will serve as the Canadian head office of Sapient Corporation upon completion.

"We're pleased with all aspects of this initial lease transaction," continued Mr. Emory. "As importantly, we're in discussions with several other high-calibre office tenants having requirements between 50,000 and 100,000 square feet, which should assist us in completing the lease-up of the new component with an optimal tenant-mix. We don't plan to lease the space in the restored component, which includes the most valuable retail space in the project, until the lease-up of the new office component is closer to completion."

Sweeny Sterling Finlayson & Co Architects is the architect of the project, and Eastern Construction is the construction manager. Allied and Eastern are well advanced in tendering the construction work for Phase I and expect to have approximately 95% of the construction costs fixed

within a short time. Allied has also received financing proposals from several Canadian financial institutions to provide interim construction financing for Phase I on favourable terms.

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.

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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