



**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES  
ACQUISITION OF CLASS I PORTFOLIO IN TORONTO FOR \$42 MILLION  
AND \$90 MILLION PUBLIC EQUITY OFFERING**

**Toronto, March 15, 2012** -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into agreements to purchase the following portfolio of properties for \$42 million:

<b>Address</b>	<b>Total GLA</b>	<b>Office GLA</b>	<b>Retail GLA</b>	<b>Parking Spaces</b>
<b>57 Spadina Avenue</b>	33,302	16,170	17,132	0
<b>78 Spadina Avenue</b>	0	0	0	45
<b>80-82 Spadina Avenue</b>	69,112	53,103	16,009	0
<b>379 Adelaide Street West</b>	36,125	36,125	0	0
<b>383 Adelaide Street West</b>	7,500	2,500	5,000	0
<b>Total</b>	<b>146,039</b>	<b>107,898</b>	<b>38,141</b>	<b>45</b>

Allied 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, 3,475,000 units from treasury at a price of \$26.00 per unit for gross proceeds of approximately \$90 million. Allied has granted the underwriters an option to purchase up to an additional 375,000 units on the same terms and conditions, exercisable at any time, in whole or in part, for a period of 30 days following the closing of the offering. 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 April 11, 2012, and is subject to regulatory approvals. Allied intends to use the net proceeds of the offering to fund a portion of the purchase price for the properties and for general trust purposes.

"This portfolio is very strategic for us, given its location in the heart of King & Spadina and its significant upgrade and intensification potential," said Michael Emory, President & CEO. "We see an opportunity to add value to three of the properties in the next few years through mark-to-market re-leasing and an opportunity to intensify the use of the other two properties over a longer time-frame."

With the acquisitions announced today, Allied has announced eight acquisitions in 2012 for \$89 million, two in Western Canada, five in Toronto and one in Montréal. Each of the eight acquisitions continues Allied's efforts to consolidate the ownership and operation of Class I properties in the downtown area of major Canadian cities.

## **The Portfolio**

Located on the east side of Spadina Avenue, just south of the intersection with King Street West, 57 Spadina is a Class I property comprised of 33,302 square feet of GLA. It is 92% leased to tenants consistent in character and quality with Allied's tenant base, the most notable being Winners. Built in the early 1900s as a book bindery, the property was renovated for office and retail use in the 1960s. The building sits on 18,115 square feet of land with 84 feet of frontage on Spadina and has significant redevelopment potential.

Located on the west side of Spadina, just north of the intersection with King, 78 Spadina is a parking lot comprised of 11,228 square feet of land with 55 feet of frontage on Spadina. It has approximately 45 surface parking stalls and is operated as a commercial parking lot. The property has significant development potential, alone or in conjunction with other properties in Allied's portfolio.

Located on the west side of Spadina, adjacent to the north of 78 Spadina and adjacent and south of Allied's existing property at 96 Spadina, 80-82 Spadina is a Class I property comprised of 69,112 square feet of GLA. It has a long history of serving art galleries and is 87.3% leased to galleries and Home Sense. Built in the early 1900s for use in wholesaling books and stationary, the property was renovated for office and retail use in the 1980s and again last year.

Located on the south side of Adelaide Street West, adjacent to the east of 96 Spadina, 379 Adelaide is a Class I property comprised of 36,125 square feet of GLA. It is 79.5% leased to tenants consistent in character and quality with Allied's tenant base. Built in the early 1900s as a book bindery, the property was renovated for office use in the 1960s and again in the 1990s.

Located on the south side of Adelaide, adjacent to the east of 379 Adelaide, 383 Adelaide is a Class I property comprised of 7,500 square feet of GLA. It is 100% leased to tenants consistent in character and quality with Allied's tenant base. Built in the early 1900s for general commercial use, the property was renovated for office and retail use in the 1960s and again in 2005.

## **Closing, Operation and Financing**

The acquisitions are expected to close in April of 2012, subject to customary conditions. The purchase price for the five properties represents an initial capitalization rate of approximately 5% applied to the current annual net operating income ("NOI") from the portfolio. On closing, the properties will be free and clear of mortgage financing.

Allied intends to operate 57 Spadina as a rental property in the near-term. Accordingly, it will place first mortgage financing on the property

for a term of five to 10 years. Allied intends to upgrade 80-82 Spadina, 379 Adelaide and 383 Adelaide over the next two to three years by taking advantage of significant mark-to-market leasing opportunities and boosting NOI in the process. Accordingly, Allied will place first mortgage financing on each property for a term of approximately three years, enabling it to refinance at a higher level upon completion of the upgrade process. With a view to maintaining redevelopment flexibility, Allied will not place any term financing on 78 Spadina.

### **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](http://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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