



ALLIED

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES
JOINT VENTURE WITH WESTBANK ON 19 DUNCAN STREET, TORONTO**

Toronto, December 10, 2014 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an equal two-way joint venture agreement with Westbank to acquire and redevelop 19 Duncan Street in Toronto and an adjacent laneway (the "Property"). The purchase price for the Property is \$47 million, with Allied's proportionate share being \$23.5 million. Allied will carry its undivided 50% interest in the Property as a Property Under Development for accounting purposes. The acquisition is expected to close on February 10, 2015, subject to customary conditions.

The Property

Located on the southeast corner of Adelaide Street West and Duncan Street, the Property is comprised of a Class I building with 61,911 square feet of GLA and 36 surface parking spaces. The site is rectangular in shape with 24,778 square feet of area, 111 feet of frontage on Duncan and 250 feet of frontage on Adelaide West. The building on the Property was built for light industrial purposes in the early 1900s and was comprehensively renovated in 1999.

The Property will be free and clear of mortgage financing on closing. Allied will provide acquisition financing to the joint venture of approximately \$42.3 million at an average annual interest rate of approximately 7.1% over the term with interest accruing from the date of closing and compounding monthly until repaid. The acquisition financing will be secured by a first charge on the Property.

The Duncan & Adelaide JV

The joint venture (the "Duncan & Adelaide JV") plans to retain and restore a large portion of the existing Class I building and to integrate it with a new structure that will include retail space, office space on at least five floors above grade and rental apartments on the floors above the office space. Westbank will be the development manager for the Duncan & Adelaide JV. Allied will manage the office component of the project on completion, and Westbank will manage the residential component.

"One of the preeminent real estate developers in Canada, Westbank has been an excellent joint-venture partner for us in the TELUS Sky project in Downtown Calgary," said Michael Emory, Allied's President & CEO.

"We're delighted to be embarking on a second joint-venture with Westbank, this time right in the heart of our Downtown Toronto target market."

"We're thrilled to be expanding our relationship with Allied, a company with which we believe we share many values, including a passion for thoughtful city building," said Ian Gillespie of Westbank. "19 Duncan represents an opportunity to invest in a neighbourhood in which, like Allied, Westbank already has a significant stake, with our Shangri-La Hotel, Soho House and Momofuku businesses. We think the site is really interesting from a number of perspectives, but what we are most excited about is contributing to the area's vibrant densification in an architecturally distinct and beautiful manner."

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.

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.

Established in 1992, with over \$25 billion of projects completed or under development, Westbank is active across Canada and the United States with luxury residential, rental apartments, affordable housing, office, retail, and hotels. The main focus of the practice is large mixed-use projects with particular emphasis on architectural and design excellence and sustainability. We have over six million square feet of LEED Platinum projects under development. The goal of the firm is to create a body of work that is improving the communities we practice in while incorporating a high degree of artistry. westbankcorp.com

FOR FURTHER INFORMATION, PLEASE CONTACT:

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