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ALLIED

ALLIED ANNOUNCES $270 MILLION EQUITY OFFERING

Toronto, August 8, 2017 -- Allied Properties Real Estate Investment Trust (“Allied”) (TSX:AP.UN) announced today that it has entered into an agreement with a syndicate of underwriters led by Scotiabank and RBC Capital Markets to issue to the public, on a bought-deal basis, 6,925,000 units from treasury at a price of $39.00 per unit for gross proceeds of approximately $270 million. Allied has granted the underwriters an option (the “Over-Allotment Option”) to purchase up to an additional 770,000 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 August 17, 2017, and is subject to regulatory approvals.

The offering is being made pursuant to Allied's base shelf prospectus dated December 15, 2016. The terms of the offering will be described in a prospectus supplement to be filed with Canadian securities regulators.

Allied expects to fund approximately $500 million of capital investment over the course of 2017. Approximately $160 million relates to acquisitions and the investment in 400 West Georgia in Vancouver, approximately $170 million to mortgage repayment, approximately $80 million to revenue-enhancing capital expenditures on upgrade properties and mission-critical facilities and approximately $90 million to five development properties in Toronto, 180 John Street, 47 Front Street East, 19 Duncan Street, King Portland Centre and The Well, and a development property in Kitchener, 189 Joseph Street.

Allied completed an unsecured debenture financing on April 21, 2017, which funded $200 million of the expected $500 million of capital investment in 2017. Allied intends to use the net proceeds of this offering to fund the balance, in particular to repay amounts drawn on its unsecured line of credit, to fund capital investment over the remainder of 2017 and for general trust purposes. After giving effect to the offering, Allied expects to have a debt ratio of approximately 33% at year-end if the Over-Allotment Option is exercised in full.

The offering reflects Allied’s unwavering commitment to its balance sheet and key debt metrics. After giving effect to the offering, Allied expects that its FFO and AFFO per unit will be reduced by approximately 1.5 cents in the third quarter and approximately three cents in the fourth quarter of 2017 if the Over-Allotment Option is exercised in full.

"Given our occupancy gains and rent growth in the first half of 2017, I remain confident that we'll achieve mid-single-digit growth in same-asset NOI for the year as a whole," said Michael Emory, President and CEO. "I also remain confident that we'll achieve continued strong NAV per unit growth in the second half of 2017. In approving this offering, Management and the Board deepened Allied's commitment to the balance sheet in the context of solid and reliable organic growth and an active, successful and expanding development program."

About Allied

Allied is a leading owner, manager and developer of distinctive urban workspace 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.

Cautionary Statements

FFO, AFFO and NAV are not financial measures defined by International Financial Reporting Standards ("IFRS"). Please see Allied's MD&A for a description of these measures and their reconciliation to financial measures defined by IFRS, as presented in Allied's unaudited condensed consolidated financial statements for the quarter ended June 30, 2017. These statements, together with accompanying notes and MD&A, have been filed with SEDAR, www.sedar.com, and are also available on Allied's web-site, www.alliedreit.com.

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 an important financial performance indicator. 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.

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition, including statements regarding Allied's capital investments over the course of 2017, expected debt ratio, FFO per unit and AFFO per unit following closing of the offering, and expected growth in same-asset NOI and NAV per unit. 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.

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