

ALLIED

ALLIED EXPANDS ASSEMBLY BETWEEN FRONT AND THE ESPLANADE IN TORONTO'S ST. LAWRENCE MARKET AREA

Toronto, September 25, 2017 -- Allied Properties Real Estate Investment Trust ("Allied") (TSX:AP.UN) announced today that it has entered into an agreement to acquire 70 The Esplanade in Toronto (the "Property") for \$17 million. "The property is immediately adjacent to 56 The Esplanade, which we acquired in June," said Michael Emory, President and CEO. "It affords us an accretive current yield and further augments a large assembly we've made over time in the St. Lawrence Market area."

70 The Esplanade, Toronto

Located on the north side of The Esplanade, the Property is a Class I building situated on 8,945 square feet of land. Built in 1880 for the manufacturing of flour milling equipment, the building on the Property was renovated and retrofitted over the past three decades. It is comprised of 25,699 square feet of GLA, 6,109 of which is retail space at grade and 19,590 of which is office space above grade. The building is 88% leased to tenants consistent in character and quality with Allied's tenant base. The retail space yields a high level of net rent, whereas the office space is leased at net rents well below market rates.

The Property will augment Allied's ownership of an already large and strategic assembly in the St. Lawrence Market area (the "Assembly"). With the Property, the Assembly will be comprised of seven income-producing Class I buildings, 35-49 Front East and 56-70 The Esplanade. It will include 227 feet of uninterrupted frontage on the south side of Front East, 251 feet of uninterrupted frontage on the north side of The Esplanade and 57,093 square feet of underlying land.

The Assembly represents a large intensification opportunity that Allied can pursue, in large part because of the low-rise components (one to two storeys) of 41-49 Front East and 56 The Esplanade, which have no heritage value. These components can be replaced with substantial new structure and integrated with the heritage components of the Assembly that run along Front East and The Esplanade. Allied does not expect to pursue this intensification opportunity in the near term.

Closing and Financing

The Property will be free and clear of mortgage financing on closing, which is scheduled for early October, 2017. Allied will finance the acquisition by utilizing a portion of the proceeds from its most recent equity financing. Allied expects the acquisition to be modestly accretive to its AFFO per unit at the outset and to become more accretive to its AFFO per unit during the first five years of ownership as the office net rents are increased to current market levels.

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. For further information, please refer to Allied's website at www.alliedreit.com.

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.

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