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ALLIED

ALLIED ANNOUNCES $260 MILLION EQUITY OFFERING TO FORTIFY BALANCE SHEET FOR A GROWING AND SUCCESSFUL URBAN DEVELOPMENT PIPELINE

Toronto, June 13, 2018 -- 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, RBC Capital Markets and Goldman Sachs Canada Inc., as joint bookrunners, to issue to the public, on a bought-deal basis, 6,342,000 units from treasury at a price of $41.00 per unit for gross proceeds of approximately $260 million. Allied has granted the underwriters an option (the "Over-Allotment Option") to purchase up to an additional 951,300 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 June 22, 2018, and is subject to regulatory approvals.

Allied makes this offering pursuant to its 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 will use the net proceeds of the offering to retire existing debt obligations on or shortly after closing. Approximately $132 million of the net proceeds will be used to prepay (including a one-time, yield-maintenance cost of approximately $7.7 million) the first mortgage on 151 Front Street West in Toronto, which bears interest at 6.54% and is scheduled to expire on November 1, 2019. The remainder of the net proceeds will be used to reduce amounts drawn on Allied's operating and acquisition line of credit, which Allied used to fund acquisitions, mortgage repayments, revenue-enhancing capital expenditures and development costs thus far in 2018.

The offering reflects Allied's unwavering commitment to its balance sheet and key debt-metrics. After giving effect to the offering and the consequent debt retirement, Allied expects that its total indebtedness ratio will be 30%, its net debt as a multiple of annualized adjusted EBITDA will be 6.9:1 and its interest coverage ratio will be 3.3:1. Allied also expects that its pool of unencumbered investment properties will reach $3.7 billion at that point in time. Management considers this enhanced commitment particularly appropriate in the context of Allied's growing and successful urban development pipeline.

Allied expects to allocate $1.2 billion to its urban development program in the five-year period from January 1, 2018, to December 31, 2022, with approximately $300 million being allocated in each of 2018, 2019 and 2020 and a much smaller amount in each of 2021 and 2022. Allied now expects to complete eight urban development projects within that timeframe with aggregate GLA (at Allied's share) of approximately 2.3 million square feet, 175,000 of which will be in Vancouver, 316,000 of which will be in Calgary, 300,000 of which will be in Montréal and the balance of which (approximately 1.5 million) will be in Toronto. A significant portion of Allied's urban development program in the next five years will be funded with conventional construction financing.

"By using equity to retire a large amount of debt, we'll reduce our interest expense and strengthen our debt-metrics while maintaining expected levels of FFO and AFFO per unit, excluding the one-time yield-maintenance payment we'll make late in the second quarter on prepaying the 151 Front mortgage," said Michael Emory, President and CEO. "The strengthening of our debt-metrics will enable us to execute our development program over the next five years with added financial flexibility and discipline. We expect our development program to contribute meaningfully to our AFFO and NAV per unit growth over that timeframe."

The units have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the units in the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.

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, EBITDA 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 March 31, 2018. 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 (i) Allied, (ii) its operations, strategy, financial performance and condition, (iii) its capital investments in 2018 and beyond, (iv) its expected FFO per unit and AFFO per unit following closing of the offering, (v) its debt ratio, net debt as a multiple of annualized adjusted EBITDA and interest coverage ratio following the closing of the offering and (vi) 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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