

# ALLIED

## ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST PROVIDES LEASING UPDATE ON 287,000 SQUARE FEET OF GLA

**Toronto, January 25, 2016** -- Allied Properties REIT (TSX:AP.UN) today provided a leasing update on several recently completed lease transactions. "While significant individually, the new leases are particularly important cumulatively," said Michael Emory, President & CEO. "They reflect the depth and breadth of demand for urban office space in several of our target markets across the country."

### **5445 de Gaspé, Montréal**

The upgrade of this property is nearing completion. The building has Class I attributes, favourable column spacing and large floor plates. Allied has upgraded the top floor of the building to accommodate Sun Life Financial. The lease includes 44,356 square feet of GLA, has a term of 10 years and six months and is scheduled to commence on March 1, 2016. The lease is significant in three respects. First, it increases the leased area of the property to 70%. Second, Sun Life Financial represents an expansion from the TAMI (technology, advertising, media and information) tenants that Allied and the property typically serve. Third, it reflects the depth and breadth of demand for Class I office space in Montréal's Mile-End neighbourhood.

Two tenants of Allied's adjacent property, 5455 de Gaspé, have agreed in principle to expand into 89,000 square feet of GLA at the property, and a new restaurant has agreed in principle to occupy the remaining 6,000 square feet of GLA on the ground floor. On finalization, the three leases will have a term of 10 years and commence in the fourth quarter of 2016. These leases will be significant in three respects. First, they will increase the leased area of the property to 90%. Second, the lease on the ground floor will complete the lease-up of retail space at the property. Third, they reflect the depth of demand for Class I space in Mile-End.

### **5455 de Gaspé, Montréal**

The upgrade of this property is also nearing completion. The building has Class I attributes, favourable column spacing and large floor plates. A fitness facility and sports clinic has agreed in principle to occupy the remaining 23,947 square feet of GLA on the ground floor. On finalization, the lease will have a term of 10 years and eight months and commence on March 1, 2016. The lease will be significant in three respects. First, it will increase the leased area of the property to 72%. Second, it will complete the lease-up of retail space at the property. Third, it reflects the depth of demand for Class I space in Mile-End.

### **555 Richmond Street West, Toronto**

This large property was acquired in the third quarter of 2014 with 15,000 square feet of vacant GLA and a large number of smaller tenants occupying space on month-to-month or other short-term leases. Allied's goal was to rationalize the utilization of space in the property by taking better advantage of the demand for large floor plates, generous ceiling height and favourable column spacing. Allied has now completed the reconfiguration process. Among other things, this has enabled Synaptive to expand its premises by 26,000 square feet for a term commencing on August 1, 2016, and expiring on March 31, 2022. The lease is significant in two respects. First, it completes the reconfiguration initiated on acquisition and boosts the leased area of the property to 100%. Second, it reflects the depth of ongoing demand for large floor plates in Toronto's Downtown West submarket.

### **485 King Street West, Toronto**

This property is being fully restored. The building was built in 1896, has Class I attributes and has been carried as a Property Under Development ("PUD") since Allied acquired it in late 2014. Allied is completing the restoration of the building to accommodate a restaurant and event venue that will be operated by Uniq Lifestyle Entertainment Group, an organization with which Allied has had a long and mutually beneficial relationship in the King & Spadina area. The lease includes 13,240 square feet of GLA, has a term of 10 years and nine months and is scheduled to commence on April 1, 2016. The lease is significant in three respects. First, it will enable Allied to create value within a year of acquisition. Second, it reflects the depth and breadth of demand for Class I space in Downtown West. Third, by restoring rather than demolishing this building, Allied expects to secure additional density on its adjacent properties to the west.

### **250 Front Street West, Toronto**

This facility was 51% leased at the end of 2015. Allied has since leased 4,000 square feet of GLA to two global technology firms, each of which is expected to expand and attract additional tenants to the facility. The current tenants of the facility have been very successful in marketing their cloud-based services in Canada, which bodes well for ongoing expansion within the facility.

### **1286 Homer Street, Vancouver**

This Class I property was 51% vacant throughout 2015. Allied has now leased the vacant GLA (12,683 square feet) for a term of five years and four months commencing on January 1, 2016. While relatively small, this lease is significant in that it increases the occupied area to 100% and will reverse the drag on same-asset net rental income from the property caused by the vacancy in 2015.

### **128 West Pender Street, Vancouver**

This Class I property was nearly 20% vacant throughout 2015. Allied has now leased the vacant GLA (14,580 square feet) for a term of five years and three months commencing on December 1, 2015. While relatively small, this lease is significant in that it increases the occupied area to 100% and will reverse the drag on same-asset net rental income from the property caused by the vacancy in 2015.

### **180 John Street, Toronto**

This property is currently comprised of 36,173 square feet of GLA, most of which is leased to month-to-month tenants. The building has Class I attributes and was transferred to PUD on October 1, 2015. Allied has initiated the restoration and expansion (two floors) of the building to accommodate an existing tenant that has agreed in principle to lease the entire building. On finalization, the lease will include approximately 50,000 square feet of GLA, have a term of 10 years and commence in the first quarter of 2017. The lease will be significant in two respects. First, it will enable Allied to create value within two years of acquisition. Second, it reflects the depth of demand for Class I office space in Downtown West.

### **195 Joseph Street, Kitchener**

This property is currently an unused warehouse building on a parking lot that forms part of The Tannery in Kitchener. The building has Class I attributes, has not been included in Allied's total GLA and was transferred to PUD on October 1, 2015. Allied has initiated the adaptive reuse of the warehouse building to accommodate the office requirements of Deloitte Management Services in Kitchener. The lease includes 23,737 square feet of GLA, has a term of 17 years and five months and is scheduled to commence on May 1, 2017. The lease is significant in three respects. First, it will enable Allied to create meaningful value by adaptively reusing a structure to which no value is currently attributed. Second, Deloitte represents an expansion from the TAMI tenants that Allied and The Tannery typically serve. Third, Deloitte's commitment reflects the depth and breadth of demand for Class I office space in the burgeoning Toronto-Kitchener tech corridor.

### **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. Allied's actual results and performance 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). The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has 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.*

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