

# ALLIED

## Allied to Acquire Over One Million Square Feet of Class I Office and Retail Space in Downtown Montréal

TORONTO, MAY 4, 2016

Allied Properties Real Estate Investment Trust (“Allied”) (TSX:APUN) has entered into agreements to acquire the following properties in Montréal (the “Properties”) for \$218 million:

ADDRESS	TOTAL GLA	OFFICE GLA	RETAIL GLA	INDUSTRIAL GLA	PARKING SPACES	BUILDING AREA
Le Nordelec Rental	786,954	734,157	19,914	32,883	520	0
Le Nordelec Development	37,051	0	37,051	0	0	251,000
740 St-Maurice Street	67,869	67,869	0	0	40	0
480 St-Laurent Blvd.	53,530	46,365	7,165	0	75	0
3510 St-Laurent Blvd.	98,824	84,740	14,084	0	72	0
8 Place du Commerce	57,236	40,702	16,534	0	193	0
	1,101,464	973,833	94,748	32,883	900	251,000

“This is a significant and timely series of acquisitions for Allied,” said Michael Emory, President and CEO. “Not only will the in-place rental revenue be meaningfully accretive to our AFFO per unit, Le Nordelec will afford us opportunities to boost rental revenue and value going forward. These opportunities include (i) 235,262 square feet of vacant Class I office and retail GLA that we intend to lease over time (ii) 192,865 square feet of underutilized land that we can intensify in time and (iii) 251,000 square feet of approved residential area that we can construct in time, in all likelihood with a residential partner.”

## **LE NORDELEC, 1751 RICHARDSON STREET, MONTRÉAL**

Located at the intersection of Griffintown, Point-Saint-Charles and the Lachine Canal, Le Nordelec is a landmark property that includes one of the largest and finest Class I buildings in Canada. Built in several phases between 1913 and 1948 for the Northern Electric Company, it is now comprised of 786,954 square feet of GLA and 520 surface and interior parking spaces (the “Rental Component”), along with 37,051 square feet of shell retail space and 251,000 square feet of approved and unbuilt residential area (the “Development Component”).

The Rental Component is 73% leased to tenants consistent in character and quality with Allied’s tenant base. The remaining 27% of the GLA is vacant, affording Allied the opportunity to increase rental revenue meaningfully over time.

Le Nordelec will enable Allied to satisfy the ongoing demand for creative and cost-effective workspace in downtown Montréal. Under Allied’s management, Le Nordelec will continue to evolve as a premiere Class I complex, along with Allied’s Cité Multimédia (which is 98% leased), 5505 St-Laurent (which is 100% leased) and 5445-5455 de Gaspé (which is approaching 85% lease-up).

## **740 SAINT-MAURICE STREET**

Located on the southeast corner of the intersection of Saint-Maurice and Dupré Streets and in relatively close proximity to Allied’s Cité Multimédia, this Class I office property is comprised of 67,869 square feet of GLA and 40 interior parking spaces and is 85% leased to tenants consistent in character and quality with Allied’s tenant base. The building on the property was built in 1910 as a brewery and was fully renovated in 1990.

## **480 SAINT-LAURENT BOULEVARD**

Located on the southwest corner of the intersection of Saint-Laurent Boulevard and Notre-Dame Street and in the heart of Old Montréal, this Class I office-retail property is comprised of 53,530 square feet of GLA and 75 interior parking spaces and is 96% leased to tenants consistent in character and quality with Allied’s tenant base. The principal building on the property was built in 1992 and was integrated with Cullivier-Ostell House, a fully restored three-storey greystone building built in 1836.

## **3510 SAINT-LAURENT BOULEVARD**

Located on the northwest corner of the intersection of Saint-Laurent Boulevard and Milton Street and across the street from Allied’s 3575 Saint-Laurent, this Class I office-retail property is comprised of 98,824 square feet of GLA and 72 interior parking spaces and is 94% leased to tenants consistent in character and quality with Allied’s tenant base. The integrated buildings on the property were built between 1920 and 1995 and fully renovated in 1996.

## **8 PLACE DU COMMERCE**

Located on the north side of Place du Commerce Street on Nun’s Island, this conventional office property is comprised of 57,236 square feet of GLA and 193 surface parking spaces and is 100% leased to tenants consistent in character and quality with Allied’s tenant base. The building on the property was built in 1986. Unlike the properties referred to above, the property does not fit squarely within Allied’s investment and operating focus. Accordingly, Allied may consider offering the property for resale in the near term.

## **CLOSING AND FINANCING**

The acquisitions are expected to close before the end of the second quarter, subject to customary conditions. Le Nordelec will be free and clear of mortgage financing on closing, whereas the other four properties will be subject to first mortgages in the aggregate principal amount of \$33.6 million, having a term expiring in October of 2022, bearing interest at 4.05% and payable in blended instalments of principal and interest based on a 25-year amortization.

Allied intends to fund the acquisitions with unsecured debt financing from two Canadian chartered banks, which will not increase its debt ratio materially. Allied will carry \$178 million of the Properties, which includes the Rental Component of Le Nordelec, in its rental portfolio and the remaining \$40 million, which is comprised of the Development Component of Le Nordelec, as a Property Under Development. The portion of the Properties carried in the rental portfolio will afford an initial unlevered yield of 6%.

On closing, Le Nordelec will become part of Allied's growing pool of unencumbered properties, which was \$1.7 billion at the end of the first quarter and which will approach \$1.9 billion with the acquisition of Le Nordelec. Despite a more rapid pace of acquisitions than anticipated at the outset of the year, Allied's commitment to its balance sheet remains unwavering.

## **ABOUT ALLIED**

Allied 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. For further information, please refer to Allied's website at [www.alliedreit.com](http://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](http://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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