

Allied Announces Strategic Toronto Acquisitions for \$101 Million

TORONTO, AUGUST 3, 2016

Allied Properties Real Estate Investment Trust (“Allied”) (TSX:APUN) announced today that it has entered into agreements to acquire the following properties in Toronto (the “Properties”) for \$101 million:

ADDRESS	TOTAL GLA	OFFICE GLA	RETAIL GLA	PARKING SPACES
461 King Street West	81,091	43,771	37,320	35
642 King Street West (Undivided 50% with RioCan)	14,916	14,275	641	—
47 Front Street East	15,127	6,380	8,747	—
	111,134	64,426	46,708	35

“These are very strategic acquisitions for Allied, in that they complete or augment large assemblies that fall squarely within our investment and operating focus,” said Michael Emory, President and CEO. “Each property affords us the opportunity to boost rental revenue and value within 24 months of acquisition. There’s also a large property-specific intensification opportunity at 461 King West and a larger and more general intensification opportunity in conjunction with the properties we own to the east and west of that property. The value of these intensification opportunities will be enhanced by construction of The Well to the south, which is expected to commence next year, and construction of King’s Crown to the west, which is expected to commence in 2018.”

461 KING STREET WEST

Located between Allied's 425-455 King West and 469-539 King West and also to the east of its 420 Wellington West, this property is a tier-one Class I building situated on 40,152 square feet of land. Built in 1901 for Toronto Lithographing Co., the building was renovated and retrofitted in 2007. It is comprised of 81,091 square feet of GLA that is fully leased to tenants consistent in character and quality with Allied's tenant base. 37,320 square feet of GLA in the building is leased to retail users.

The property will complete Allied's ownership of a large and strategic assembly, 425-539 King West, which will be comprised of 970 feet of uninterrupted frontage and 233,404 square feet of underlying land. Allied has owned 425-455 King West since its IPO in 2003, 469 King West since 2005, 489-499 King West since 2008 and 511-539 King West since last year. 489-539 King West is being intensified on a 50/50 basis with Westbank.

The property affords a specific intensification opportunity made possible by the fact that there is surplus land to the east of the site. The intensification plan was inspired by QRC West and involves the creation of new office space above the existing Class I building. Management believes it is socially and financially compelling. Given its current intensification activity in the immediate area, Allied does not envisage pursuing this opportunity in the near term. The property also affords a considerably larger intensification opportunity made possible by the fact that Allied will, on closing of the acquisition, gain full and unencumbered ownership of the laneways running between the property and 469 King West and the property and 455 King West. Also inspired by QRC West, the plan would involve the creation of new office space above 455 to 469 King West, the maintenance of the existing laneways and the preservation of the existing Class I structures. While further study is certainly required, Management believes such a plan would be socially and financially compelling.

642 KING STREET WEST

This property is comprised of a tier-one Class I building situated on 13,939 square feet of land. Built in 1894 for the Mason & Risch Piano Company, the building was renovated and retrofitted in the late 1990s. It is comprised of 29,833 square feet of total GLA and will be vacant on or shortly after closing.

The property is located in close proximity to King Portland Centre, a large-scale intensification project launched by Allied and RioCan earlier this year. Although slightly west of the project, the property is connected to it by a laneway at the rear. Allied and RioCan have acquired the property jointly and intend to upgrade and re-lease it within the next 24 months.

47 FRONT STREET EAST

Located between Allied's 35-45 Front East and 49 Front East, this property is comprised of a tier-one Class I building situated on 4,791 square feet of land. Built in 1872 for the Beardmore Tannery, the building was renovated and retrofitted in 1954 and is historically designated under the Ontario Heritage Act. It is comprised of 15,127 square feet of GLA and will be vacant on or shortly after closing. Allied intends to upgrade and re-lease the Property within the next 24 months.

The property will complete Allied's ownership of a large and strategic assembly, 35-49 Front East, which will be comprised of 230 feet of uninterrupted frontage and 39,203 square feet of underlying land. Allied has owned 35-45 Front East since its IPO in 2003 and 49 Front East since 2013.

CLOSING AND FINANCING

The acquisitions will be closed by August 31, 2016. 642 King West and 47 Front East are free and clear of mortgage financing. 461 King West is subject to a small first mortgage (\$13.5 million) with just over a year left on the term. Allied intends to repay the mortgage when it comes due in September of 2017.

Allied will finance the acquisitions by assuming the mortgage on 461 King West and utilizing its unsecured credit facility. Allied expects the acquisitions to be slightly dilutive to its FFO per unit in the next 24 months and modestly accretive to its FFO per unit thereafter.

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.

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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