

ALLIED

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST PROVIDES LEASING UPDATE FOR LE NORDELEC AND QRC WEST

Toronto, August 25, 2016 -- Allied Properties REIT (TSX:AP.UN) today provided an update on several recently completed lease transactions. "These leases are particularly important in terms of their impact on two of Allied's higher-profile properties, Le Nordelec and QRC West," said Michael Emory, President & CEO. "They also reflect the depth and breadth of demand for urban office space in our two largest target markets, Montréal and Toronto."

Le Nordelec, Montréal

Allied acquired Le Nordelec on June 1, 2016. At the time, 73% (576,837 square feet) of the total GLA (786,954 square feet) was leased. By June 30, 2016, Allied had increased the leased area to 77% as a result of three expansions aggregating 27,600 square feet of GLA. Allied has now finalized another expansion for 109,000 square feet of GLA. The lease has a term of 15 years and will commence on January 1, 2018. Allied will complete the necessary base-building work over the next six months, enabling the tenant to begin the leasehold-improvement process in the second quarter of 2017. The lease is significant in three respects. First, it increases the leased area of the property to 90%. Second, along with the three other post-closing expansions, it reflects the level of satisfaction of the existing tenants with the workspace solutions afforded by the property. Third, it reflects the growing demand for Class I office space in Montréal's Griffintown neighbourhood.

QRC West, Toronto

Allied completed the construction of QRC West last year. With the recent lease of 8,110 square feet of GLA to a professional services firm for a term of 10 years commencing November 1, 2016, leased area is now just over 97%. Most of the heritage components of the property were initially occupied by ARC Productions, an animation studio put into receivership in early August of this year. With Allied's consent, the receiver has assigned the lease of ARC's space at 364 Richmond West (31,619 square feet of GLA) to a subsidiary of a global content creator. The assignee is obligated to reassign the lease to Allied on July 31, 2017, at which time Allied expects to reassign the lease to multiple tenants, including a retail tenant at grade, at higher levels of rent than currently stipulated in the lease. Allied expects to assign the lease of ARC's space at 134 Peter Street (26,480 square feet) to one or more of the interested replacement tenants at the levels of rent currently stipulated in the lease. These transactions are significant in three respects. First, they will maintain the leased area of the property at just over 97%. Second, they reflect the desirability of both heritage and newly constructed workspace at QRC

West. Third, they reflect the unrelenting demand for office space in Toronto's Downtown West.

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. 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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