



ALLIED

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
ANNOUNCES SALE OF NON-CORE ASSET AND ACQUISITION OF
STRATEGIC CORNER PROPERTY IN TORONTO'S DOWNTOWN WEST**

Toronto, July 28, 2014 -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to sell 860 Richmond Street West in Toronto for \$6.3 million. The sale is expected to close in late November, subject to customary conditions. Allied also announced that it has entered into an agreement to purchase 460 King Street West in Toronto for \$15 million. The purchase is expected to close in August, subject to customary conditions.

860 Richmond Street West

This property was acquired in 2008 as part of a portfolio acquisition that included Allied's King & Spadina intensification properties, 489, 495 & 499 King Street West in Toronto. It is neither strategic to Allied nor particularly well located within the King West submarket for office use. The financial terms of the sale are attractive relative to Allied's initial acquisition cost and the current fair value of the property.

"We continue to evaluate the disposition of non-core assets in our portfolio," said Michael Emory, President & CEO. "Our goal is to improve our return on equity over time by recycling capital into value-creation and consolidation opportunities within our primary target markets, Montreal, Toronto, Calgary and Vancouver."

460 King Street West

Located on the northwest corner of King Street West and Spadina Avenue, this property is comprised of a vacant heritage building with approximately 20,000 square feet of GLA and 4,224 square feet of surplus land. The site is rectangular in shape with 8,960 square feet of area, 70 feet of frontage on King West and 128 feet of frontage on Spadina.

The property is immediately south of Allied's parking lot (11,228 square feet) at 78 Spadina, which is immediately south of two of Allied's Class I office properties, 80-82 Spadina and 96 Spadina. With the property, Allied will own the entire stretch on the west side of Spadina between Adelaide and King West and virtually the entire stretch on the north side of King West between Spadina and Brant.

The building on the property was built as the Richardson House Hotel in 1875. It became the Falconer Hotel in 1906 and the Spadina Hotel in the 1920s. Most recently, it was used by Global Village Backpackers as a

tourist hostel. In 1985, the building was listed on Toronto's Inventory of Heritage Properties.

The property will be free and clear of mortgage financing on closing. Allied plans to restore the property for retail use at grade and office use above grade. During the restoration and leasing process, Allied will carry the property as a Property Under Development for accounting purposes. Allied does not intend to place mortgage financing on the property prior to completion of the restoration process.

"This landmark corner property completes our ownership along the eastern and southern perimeters of one of the most important city blocks in Downtown West," said Michael Emory, President & CEO. "We are sensitive to the heritage value of the property and look forward to restoring it accordingly."

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.

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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FOR FURTHER INFORMATION, PLEASE CONTACT:

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