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**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES  
STRATEGIC ACQUISITION IN TORONTO'S DOWNTOWN WEST  
AND \$150 MILLION BOUGHT-DEAL**

**Toronto, August 12, 2014** -- Allied Properties REIT (TSX:AP.UN) announced today that it has entered into an agreement to purchase 555 Richmond Street West in Toronto (the "Property") for \$100 million. "Adjacent to a cluster of four properties we already own on the southeast corner of Bathurst and Richmond Streets, 555 Richmond West will give us a cost-effective, large-floor-plate alternative for office users in the supply-constrained Downtown West sub-market, along with significant surplus land," said Michael Emory, President & CEO. "In addition to being accretive to our AFFO per unit, the property will be an excellent addition to our large inventory of future intensification opportunities."

Allied also announced that it has entered into an agreement with a syndicate of underwriters led by Scotia Capital Inc. to issue to the public, on a bought-deal basis, 4,250,000 units from treasury at a price of \$35.30 per unit for gross proceeds of approximately \$150 million. Allied has granted the underwriters an option to purchase up to an additional 637,500 units on the same terms and conditions, exercisable at any time, in whole or in part, for a period of 30 days following the closing of the offering. The issue will be offered in all provinces of Canada. The units being offered have not been, and will not be, registered under the U.S. Securities Act of 1933 and state securities laws. Closing of the offering is expected to occur on or about September 3, 2014, and is subject to regulatory approvals. Allied intends to use the net proceeds of the offering to fund the acquisition of the Property on an all-cash basis and for general trust purposes.

In compliance with regulatory restrictions on an issuer's ability to market its securities during the offering process, Allied has cancelled the conference call scheduled for 12:00 noon (ET) on Wednesday, August 13, 2014. Provided there are no regulatory restrictions to doing so, Allied will, going forward, continue its practice of holding a conference call on the day following the day on which it releases quarterly or annual results.

**The Property**

Extending from the south side of Richmond West through to the north side of Adelaide West, the Property is comprised of 297,294 square feet of GLA, 220 underground parking spaces and 38 surface parking

spaces on 21,000 square feet of surplus land. The Property is immediately east of a cluster of four properties Allied owns--141 Bathurst, 159-161 Bathurst, 579 Richmond West and 589-591 Richmond West (collectively, the "Bathurst and Richmond Properties"). The Bathurst and Richmond Properties include 28,000 square feet of land that is currently underutilized.

The building on the Property is 94.7% leased to tenants consistent in character and quality with Allied's tenant base. The large floor plates, good ceiling height, favourable column spacing and extraordinary parking capacity, combined with low total occupancy cost, make the building a compelling solution for office users wanting to locate in Toronto's Downtown West sub-market, which continues to be supply-constrained.

### **Closing and Financing**

The acquisition is scheduled to close on August 28, 2014, subject to customary conditions. The purchase price for the Property represents a capitalization rate of approximately 6.4% applied to the anticipated year-one net operating income ("NOI") and a cost per square foot of GLA below \$300 after attribution of value to both the surplus land and the underground parking spaces. The Property will be free and clear of mortgage financing on closing, and Allied plans to include the Property in its pool of unencumbered properties going forward.

### **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.

"Capitalization rate" is not a measure recognized under International Financial Reporting Standards ("IFRS") and does not have any standardized meaning prescribed by IFRS. Capitalization rate is presented in this press release because management of Allied believes

that this non-IFRS measure is relevant in interpreting the purchase price of the properties being acquired. Capitalization rate, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to capitalization rate reported by such organizations.

NOI is not a measure recognized under IFRS and does not have any standardized meaning prescribed by IFRS. NOI is presented in this press release because management of Allied believes that this non-IFRS measure is relevant in interpreting the purchase price of the property being acquired. NOI, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to NOI reported by such organizations.

*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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