

# ALLIED

**ALLIED ANNOUNCES \$135 MILLION EQUITY OFFERING  
TO FUND A GROWING AND SUCCESSFUL URBAN DEVELOPMENT PIPELINE**

**Toronto, September 17, 2018** -- Allied Properties Real Estate Investment Trust ("Allied") (TSX:AP.UN) announced today that it has entered into an agreement with a syndicate of underwriters led by Scotiabank, RBC Capital Markets and Goldman Sachs Canada Inc., as joint bookrunners, to issue to the public, on a bought-deal basis, 3,086,000 units from treasury at a price of \$43.75 per unit for gross proceeds of approximately \$135 million. Allied has granted the underwriters an option (the "Over-Allotment Option") to purchase up to an additional 462,900 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 26, 2018, and is subject to regulatory approvals.

Allied makes this offering pursuant to its base shelf prospectus dated December 15, 2016. The terms of the offering will be described in a prospectus supplement to be filed with Canadian securities regulators.

Allied will use the net proceeds of the offering to repay all amounts drawn on its operating and acquisition line of credit. These amounts were drawn in recent months to fund mortgage repayments, revenue-enhancing capital expenditures and development costs.

The offering reflects Allied's unwavering commitment to its balance sheet and key debt-metrics. After giving effect to the offering (assuming exercise of the Over-Allotment Option) and the consequent debt retirement, Allied expects that its total indebtedness ratio will be 28.4%, its net debt as a multiple of annualized adjusted EBITDA will be 6.6:1 and its interest coverage ratio will be 3.5:1. Allied's pool of unencumbered investment properties reached \$4 billion on September 1, 2018, with the repayment of the first mortgage on The Chambers in Ottawa. Management considers this commitment particularly appropriate in the context of Allied's growing and successful urban development pipeline.

Allied expects to allocate \$1.2 billion to its urban development program in the five-year period from January 1, 2018, to December 31, 2022, with approximately \$300 million being allocated in each of 2018, 2019 and 2020 and a much smaller amount in each of 2021 and 2022. Allied expects to complete eight urban development projects within that

timeframe with aggregate GLA (at Allied's share) of approximately 2.3 million square feet, 175,000 of which will be in Vancouver, 316,000 of which will be in Calgary, 300,000 of which will be in Montréal and the balance of which (approximately 1.5 million) will be in Toronto.

"Allied deploys large amounts of capital on an annual basis to support its acquisition and development activities and strives to fix the cost of that capital regularly," said Michael Emory, President and CEO. "In this instance, utilizing equity rather than fixed-rate term debt represents optimal capital allocation, as it will reduce our interest expense and strengthen our debt-metrics with only minimal dilution to our FFO and AFFO per unit in the fourth quarter."

**The units have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the units in the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.**

#### **About Allied**

Allied is a leading owner, manager and developer of distinctive urban workspace 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.

#### **Cautionary Statements**

FFO, AFFO and EBITDA are not financial measures defined by International Financial Reporting Standards ("IFRS"). Please see Allied's MD&A for a description of these measures and their reconciliation to financial measures defined by IFRS, as presented in Allied's unaudited condensed consolidated financial statements for the quarter ended June 30, 2018. These statements, together with accompanying notes and MD&A, have been filed with SEDAR, [www.sedar.com](http://www.sedar.com), and are also available on Allied's web-site, [www.alliedreit.com](http://www.alliedreit.com).

This press release may contain forward-looking statements with respect to (i) Allied, (ii) its operations, strategy, financial performance and condition, (iii) its capital investments in 2018 and beyond, (iv) its expected FFO per unit and AFFO per unit following closing of the offering and (v) its debt ratio, net debt as a multiple of annualized adjusted EBITDA and interest coverage ratio following the closing of the offering. 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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