

ALLIED

ALLIED AND PERIMETER TO PROCEED WITH DEVELOPMENT OF PHASE III OF THE BREITHAUPT BLOCK IN KITCHENER'S INNOVATION DISTRICT

Toronto, June 28, 2019 -- Allied Properties REIT (TSX:AP.UN) today announced final plans to proceed with the development the third phase of The Breithaupt Block in Kitchener's Innovation District. The first two phases of The Breithaupt Block ("Phases I & II") are comprised of 226,399 square feet of GLA, all of which is occupied. Allied and Perimeter Development Corporation (collectively, "the JV") own Phases I & II on a 50/50 basis.

In addition to the land on which Phases I & II sit, the JV owns 106,082 square feet of adjacent land, most of which is currently used as a parking lot. Having obtained zoning for up to 445,000 square feet of GLA on the adjacent land, the JV will develop 64,033 square feet of the adjacent land as an 11-storey urban office building comprising 294,054 square feet of GLA with one storey of underground parking ("Phase III"). The structure comprising Phase III will be registered under the LEED® green building rating system and will target a LEED® Gold certification. The remaining 42,049 square feet of the adjacent land will continue to be used as surface parking and will represent an additional development opportunity over time.

The JV has entered into a lease with a high-calibre user for 294,054 square feet of GLA and all the underground parking in Phase III for a term of 15 years. This represents 100% of the leasable area in Phase III.

In addition to the adjacent land, the JV has acquired two nearby parcels of land aggregating 94,090 square feet of area. The JV will construct a new ancillary five-storey parking structure on the parcels with approximately 700 parking spaces. The ancillary parking structure will support the users of The Breithaupt Block.

Construction in connection with Phase III and the ancillary parking structure is scheduled to commence in October of this year, and to require approximately two and one-half years to complete. The JV estimates that total cost of the construction for Phase III and the ancillary parking structure will be approximately \$157 million.

"Our JV partner, Perimeter, has done an excellent job in establishing the basis for launching Phase III responsibly and with high probability of success," said Michael Emory, President & CEO of Allied. "Kitchener's Innovation District is an important and long-term target-market for Allied, and the launch of Phase III represents significant progression within that target-market."

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.

About Allied

Allied is a leading owner, manager and developer of (i) distinctive urban workspace in Canada's major cities and (ii) network-dense urban data centres in Toronto that form Canada's hub for global connectivity. Allied's business is providing knowledge-based organizations with distinctive urban environments for creativity and connectivity.

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