

Allied Completes Acquisition of The Landing in Vancouver

TORONTO, APRIL 20, 2020

Allied Properties Real Estate Investment Trust (TSX:AP.UN) announced today that it has closed the acquisition of The Landing, 375 Water Street in Vancouver.

THE LANDING

Widely recognized as one of the best Class I buildings in Vancouver, The Landing will enhance Allied's ability to serve knowledge-based organizations. With the closing, Allied's Vancouver portfolio is now comprised of 12 properties with just over 643,000 square feet of GLA. On completion of 400 West Georgia early next year, Allied's portfolio will grow to 820,000 square feet of GLA, propelling Allied toward its goal of becoming a leading provider of distinctive urban workspace in Vancouver. 400 West Georgia is now 95% pre-leased to leading knowledge-based organizations operating globally.

The Landing is located at the intersection of Vancouver's Central Business District and Gastown, a heritage- and amenity-rich neighbourhood similar to Toronto's King & Spadina and Montréal's International Quarter. It is comprised of 148,355 square feet of office GLA, 27,115 square feet of retail GLA and 53 underground parking spaces. The building is 99.3% leased, primarily to knowledge-based organizations and distinctive retailers. Allied estimates that the current net rents are materially below market. The weighted average lease term at the Property is 3.3 years, which should enable Allied to propel rent growth over the next five years.

The Landing was free and clear of mortgage financing on closing. Allied funded the acquisition with its unsecured line of credit and intends to fund the acquisition on a long-term basis with proceeds from the sale to a Canadian pension fund of a non-managing, undivided 50% interest in two fully stabilized properties in its Montréal portfolio. Allied expects to close the sale in June or July of 2020. The proceeds of the sale will cover most of the purchase price for The Landing.

GLOBAL PANDEMIC AND CONSEQUENT ECONOMIC DISRUPTION

A global pandemic has forced people around the world to confront a sudden and severe public-health crisis. Governments, businesses and citizens have implemented extreme physical-distancing measures in an effort to mitigate the spread of a novel virus, COVID-19. The measures appear to be working, but many human beings have suffered and died as a result of infection. Even more human beings are providing the services needed to care for the afflicted and to provide the essentials of human life. Having taken all necessary physical-distancing measures, the Trustees and employees of Allied express deep gratitude to the men and women providing essential services worldwide, including the building operators, contractors and security personnel protecting Allied's buildings and building users.

The physical-distancing measures necessary to mitigate the spread of the virus have caused severe economic disruption. Governments and central banks worldwide have provided massive economic stimulus to counter the disruption and are likely to provide additional stimulus going forward. While this bodes well for recovery, there is no way to predict at this time the duration or severity of the current economic downturn.

The Allied team prepared well for physical distancing. Team members are communicating within departments and regions and across departments and regions, and are doing so enthusiastically and effectively, all with a view to rising to the occasion for the benefit of Allied and its constituents. This is underpinned by the inter-departmental and inter-regional coordination and accountability that the Allied team has been working on for years now. While the physical distancing is challenging, the Allied team can and will make it work for as long as necessary.

Allied's overriding goal as it works through the global pandemic is to safeguard the well-being of its employees, essential suppliers, customers and communities. A small percentage (approximately 8% by rental revenue) of Allied's customers (mostly established storefront retailers) are in genuine need of financial assistance. Allied intends to assist these customers with temporary rent deferrals one month at a time starting in April. Based on long-standing customer relationships, Management believes these customers are viable enterprises with the potential to operate successfully from Allied's urban retail space once physical-distancing measures are lifted, just as the vast majority of them have done for years now.

LONG-TERM OUTLOOK

The acquisition of The Landing is an important part of Allied's long-term strategy. Allied believes that owning and operating The Landing will be transformative in its effort to become a leading provider of distinctive urban workspace in Vancouver, just as the acquisition of other premiere Class I buildings was transformative in Allied becoming a leading provider of distinctive urban workspace in Montréal, Toronto and Calgary.

Allied continues to have deep confidence in, and commitment to, its strategy of consolidating and intensifying distinctive urban workspace and network-dense urban data centres in Canada's major cities. Allied firmly believes that its strategy is underpinned by the most important secular trends in Canadian and global real estate and that these trends will not be altered in any material way by the global pandemic or its aftermath. Allied also firmly believes that it has the properties, the financial strength, the people and the platform necessary to execute its strategy for the ongoing benefit of its unitholders.

SHORT-TERM OUTLOOK

Allied will report on its first-quarter results in the customary manner on April 29, 2020. At that time, Allied will also provide detailed information on its rent collection for the month of April and on its short-term outlook for the remainder of 2020.

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.

CAUTIONARY STATEMENTS

This press release may contain forward-looking statements with respect to (i) Allied, (ii) its operations, strategy, financial performance and condition and (iii) the expected impact of the global pandemic and consequent economic disruption. 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 the effect of the global pandemic and consequent economic disruption and that the transactions contemplated herein are completed and have the expected impact on funding and earnings. 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.

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