

ALLIED

ALLIED TO ACQUIRE CLASS I PROPERTY IN VANCOUVER

Toronto, March 17, 2020 -- Allied Properties Real Estate Investment Trust (TSX:AP.UN) announced today that it has entered into an agreement to acquire 375 Water Street in Vancouver. Allied intends to fund the acquisition on a long-term basis with proceeds from the sale of a non-managing undivided 50% interest in two fully stabilized properties in its Montréal portfolio.

Widely recognized as one of the best Class I buildings in Vancouver, 375 Water will enhance Allied's ability to serve knowledge-based organizations. On closing, Allied's Vancouver portfolio will be 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.

375 Water 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 in the near term.

On closing, which is scheduled for early in the second quarter of 2020, 375 Water will be free and clear of mortgage financing. Allied intends to fund the acquisition initially with its unsecured line of credit and on a long-term basis with proceeds from the sale of a non-managing undivided 50% interest in two fully stabilized properties in its Montréal portfolio. To that end, Allied has entered into a non-binding letter of intent with a Canadian pension fund. Allied expects to enter into a binding agreement of purchase and sale and to close the sale in the second quarter of 2020.

Allied will fund the acquisition of 375 Water in the manner described above for the following reasons:

- (i) it will enhance geographic diversification;
- (ii) it will recycle capital to a property with significant near-term potential for rent growth;
- (iii) it will confirm objectively the institutional appeal of stabilized properties in Allied's portfolio; and

(iv) it will represent the first large-scale instance of Allied leveraging its national urban-workspace platform.

"We currently regard this method of funding growth as the exception rather than the norm," said Michael Emory, President & CEO. "However, we do envisage circumstances in the future where recycling capital would be preferable to accessing the public capital markets, and we'll be ready, willing and able when those circumstances arise."

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 and (ii) 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 and have the expected impact on 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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