

Allied to Expand Operating Capability In Montréal, Toronto and Vancouver

Enters into Agreement with Choice Properties to Acquire Urban Office Portfolio for \$794 Million and to Issue Exchangeable LP Units at NAV per Unit for 75% of Purchase Price

This news release constitutes a “designated news release” for the purposes of Allied’s prospectus supplement dated November 12, 2021, to its short form base shelf prospectus dated June 2, 2021, as amended on November 11, 2021.

TORONTO, MARCH 7, 2022

Allied Properties Real Estate Investment Trust (“Allied”) (TSX:AP.UN) announced today that it has entered into an agreement with Choice Properties Real Estate Investment Trust (“Choice Properties”) (TSX:CHP.UN) to acquire the following six urban office properties for \$794 million:

PROPERTY	GLA @ SHARE	OCCUPANCY	UNDERGROUND PARKING STALLS	CERTIFICATION	PRINCIPAL TENANT
1010 Sherbrooke Street West, Montréal (100% Freehold)	328,354	94.9%	276	BOMA Best Silver	McGill University
110 Yonge Street, Toronto (Managing 50% Freehold)	80,384	89.7%	72	BOMA Best Silver	S.I. Systems
525 University Avenue, Toronto (100% Freehold)	202,111	99.0%	178	BOMA Best Gold	Hospital for Sick Children
175 Bloor Street East, Toronto (Managing 50% Freehold)	304,731	80.9%	264	LEED O+M Gold	Klick Inc.
1508 West Broadway, Vancouver (100% Leasehold)	147,376	95.1%	265	BOMA Best Gold	Nicola Wealth
1185 West Georgia Street, Vancouver (100% Freehold)	165,855	91.2%	157	BOMA Best Gold	Fluor Canada
Total	1,228,811	91.3%	1,212		

“This is an extraordinary win-win transaction for Choice and Allied,” said Michael Emory, Allied’s President and CEO. “It represents an important and compelling strategic refinement for Choice and a significant expansion of operating capability for Allied. By using Allied’s units as currency for 75% of the purchase price and a promissory note for the balance, each of Choice and Allied will achieve important capital-allocation objectives.”

Allied will pay \$594 million of the purchase price by issuing to Choice Properties 11,809,145 Class B LP Units of a subsidiary limited partnership (the “Class B Units”) at \$50.30 per unit. The Class B Units will be exchangeable for Allied Units on a one-to-one basis and will be subject to certain lock-up and standstill provisions, including a lock-up for a period of 24 months with 25% of the Class B Units or Allied Units, as the case may be, being released from lock-up every three months following the first anniversary of closing. Each Class B Unit will be accompanied by one non-participating special voting unit of Allied (“Special Voting Unit”). Allied’s Declaration of Trust was amended and restated to provide for the creation and issuance of the Special Voting Units. Allied will pay the balance of the purchase price by granting to Choice Properties a \$200 million promissory note for a term expiring on December 31, 2023, and bearing interest at 1% per year in 2022 and 2% per year in 2023, payable quarterly in arrears.

FFO and AFFO per unit accretion from the transaction is expected to be modest at the outset and to increase over time as Allied integrates the properties into its urban office portfolios in Montréal, Toronto and Vancouver. The transaction will improve Allied’s total indebtedness ratio and net debt as a multiple of Adjusted EBITDA.

The transaction is expected to close before the end of the second quarter of 2022, subject to the approval of the Toronto Stock Exchange and Competition Act clearance. Goldman Sachs Canada, Scotiabank and Aird & Berlis advised Allied in connection with the transaction. RBC Capital Markets and Torys advised Choice Properties in connection with the transaction.

OPERATING CAPABILITY

“Our overriding objective in making this acquisition is to expand our operating capability in Montréal, Toronto and Vancouver,” said Tom Burns, Allied’s Executive Vice President and COO. “In particular, the acquisition will expand our ability to serve the biotech and life-sciences, education and TAMI sectors. It will also further our objective of becoming a leading provider of distinctive urban workspace in Vancouver.”

Allied will integrate 1010 Sherbrooke into its Montréal portfolio, increasing the portfolio to 32 properties with over 7 million square feet of GLA. Allied will integrate 110 Yonge, 525 University and 175 Bloor East into its Toronto portfolio, increasing the portfolio to 108 properties with 5.4 million square feet of GLA. Allied will integrate 1508 West Broadway and 1185 West Georgia into its Vancouver portfolio, increasing the portfolio to 15 properties with just over 1 million square feet of GLA.

BIOTECH AND LIFE SCIENCES

Allied signaled its intention to serve biotech and life-sciences users in August of 2021 as part of its acquisition of the office component of Place Gare Viger in Montréal. 525 University and 175 Bloor East will enable Allied to begin serving biotech and life-sciences users in Toronto, just as the acquisition of Place Gare Viger did in Montréal. Hospital for Sick Children occupies 60% of 525 University, while Klick occupies 25% of 175 Bloor East. Among other things, Klick is the world’s largest independent commercialization partner for life sciences, focusing on developing, launching and supporting life-sciences brands to maximize their full market potential. Looking forward, Allied intends to operate both properties with a view to serving biotech and life-sciences users more fully.

EDUCATION

Educational users represent a significant element of ongoing demand for Allied’s distinctive urban workspace. George Brown College has occupied 73,542 square feet of space at Allied’s 230 Richmond Street East in Toronto since 2007. Farleigh Dickenson University has occupied 37,075 square feet of GLA in Allied’s 840 Cambie Street in Vancouver since 2007. A leading American university has pre-leased all of the leasable area at QRC West, Phase

II, in Toronto (estimated to be 93,134 square feet). McGill University occupies 22% of 1010 Sherbrooke West in Montréal. Looking forward, Allied intends to operate this property, along with 1001 Robert Bourassa, with a view to serving educational users, TAMI users and related business accelerators and incubators more fully.

TAMI (TECHNOLOGY, ADVERTISING, MEDIA AND INFORMATION)

Allied has served TAMI users since going public in 2003. According to Cushman & Wakefield, Allied completed 29% of all leasing transactions (by area) with tech users in Toronto's downtown market between March 1 of 2020 and January 31 of 2022, even though Allied owned 5% of Toronto's downtown office inventory during that timeframe. The Montréal and Toronto properties to be acquired from Choice Properties currently serve a wide range of TAMI users. Looking forward, Allied intends to operate these properties with a view to serving knowledge-based organizations more fully. With column-free floor plates and direct access to Toronto's PATH network, 110 Yonge is particularly well suited to ongoing transformation for TAMI users.

VANCOUVER

In 2017, as Downtown Vancouver was transforming into a primary Canadian office market, Allied made it part of its mission to become a leading provider of distinctive urban workspace in that city. Allied's portfolio has grown from five properties comprising 285,476 square feet of GLA at the end of 2016 to 13 properties comprising 714,113 square feet of GLA at the end of 2021. With the acquisition of 1508 West Broadway and 1185 West Georgia, Allied's portfolio will grow to 15 properties comprising 1,027,344 square feet of GLA. These properties serve a combination of knowledge-based organizations, including TAMI, engineering and financial-services users. Looking forward, Allied intends to operate these properties with a view to serving knowledge-based organizations more fully.

ABOUT CHOICE PROPERTIES

Choice Properties is a leading Real Estate Investment Trust that creates enduring value through the ownership, operation and development of high-quality commercial and residential properties. Choice Properties believes that value comes from creating spaces that improve how its tenants and communities come together to live, work, and connect. Choice Properties strives to understand the needs of its tenants and manage its properties to the highest standard. Choice Properties aspires to develop healthy, resilient communities through its dedication to social, economic, and environmental sustainability.

ABOUT ALLIED

Allied is a leading operator of distinctive urban workspace in Canada's major cities and network-dense UDC space in Toronto. Allied's mission is to provide knowledge-based organizations with workspace and UDC space that is sustainable and conducive to human wellness, creativity, connectivity and diversity. Allied's vision is to make a continuous contribution to cities and culture that elevates and inspires the humanity in all people.

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 closing and expected impact of the transactions contemplated in this press release. 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 funding and earnings. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, 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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