

ALLIED

ALLIED TO OFFER ENTIRE UDC PORTFOLIO FOR SALE

Leading Provider of Distinctive Urban Workspace Reaffirms Mission and Maintains Commitment to Balance Sheet

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, January 16, 2023 - Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") recently completed the initial phase of its exploration of the sale of its network-dense, carrier-neutral, urban-data-centre (UDC) portfolio in Downtown Toronto (the "Portfolio"). Scotiabank acted as Allied's exclusive financial advisor in this regard.

The Portfolio is comprised of freehold interests in 151 Front Street West ("151 Front") and 905 King Street West ("905 King") and a leasehold interest in 250 Front Street West ("250 Front"). Allied has connected the properties through high-count, diverse fibre, enabling the Portfolio to support more telecommunication, cloud and content networks than any other data-centre portfolio in Canada. The Portfolio is unencumbered and does not include 20 York Street, the site for Union Centre.

Allied has drawn the following conclusions from the initial phase of its exploration: (i) that selling the Portfolio in its entirety now is optimal financially and operationally; and (ii) that the sale of the Portfolio in its entirety can best be achieved by implementing a comprehensive sale process through Scotiabank and CBRE Limited as exclusive selling agents.

"Our principal motivation here is two-fold," said Michael Emory, President & CEO. "First, we want to reaffirm our mission and pursue it over the next few years with low-cost capital. Second, we want to supercharge our balance sheet and reduce our dependence on the capital markets going forward." If successful in selling the Portfolio, Allied expects to use a significant portion of the sale proceeds to retire debt and the balance to fund its current development activity. Allied may elect to use a portion of the sale proceeds to buy back units under its NCIB.

Reaffirmation of Mission

Allied is first, foremost and above all an operator of distinctive urban workspace in Canada's major cities. Allied's mission is to serve knowledge-based organizations ever more successfully over time. The sale of the Portfolio will enable Allied to reaffirm its mission and to propel continued growth with low-cost capital. "Our UDC portfolio was connected to our mission from the beginning, but it is not core to our mission in the way urban workspace is," Mr. Emory added. "As a stabilized asset in a currently favoured sector, the portfolio represents a promising and

timely monetization opportunity, one that could enable Allied to grow its business going forward in the most flexible and prudent manner."

Allied continues to have deep confidence in, and commitment to, its strategy of consolidating and intensifying distinctive urban workspace 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.

Commitment to the Balance Sheet

Allied has demonstrated an unwavering commitment to the balance sheet over its life as a public real estate entity. Allied utilized its balance-sheet flexibility and leverage capacity over the past three years to fund upgrade and development activity and to take advantage of compelling in-fill acquisition opportunities that would not have arisen in a stable economic environment, pushing its debt-metrics to the high end of Management's target ranges.

If successful in selling the Portfolio, Allied will bring its debt-metrics squarely within target ranges, establishing a solid basis for further improvement as development completions contribute to earnings over the next few years. Management expects the interest savings to offset fully the decline in earnings resulting from the sale of the Portfolio.

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 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. In particular, this news release contains forward-looking statements pertaining to a possible transaction related to the Portfolio.

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 Allied has no obligation to update such statements.

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.

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