

Allied Closes Sale of UDC Portfolio, Reaffirms Mission and Fortifies Balance Sheet

TORONTO, AUGUST 16, 2023

Allied Properties Real Estate Investment Trust (“Allied”) (TSX: “AP.UN”) today announced that it has closed the sale of its UDC portfolio in Downtown Toronto (the “Portfolio”) to KDDI Canada, Inc., a wholly owned subsidiary of KDDI Corporation, for \$1.35 billion.

The Portfolio was comprised of freehold interests in 151 Front Street West and 905 King Street West and a leasehold interest in 250 Front Street West. The Portfolio was unencumbered and did not include 20 York Street and Skywalk, the 2.5-acre site for Union Centre that is now zoned for just over 1.3 million square feet of urban workspace.

The sale of the Portfolio will result in a significant increase in taxable income for fiscal 2023, requiring Allied to declare and pay a special distribution to all Unitholders of record as at December 31, 2023. Allied will determine how best to make the special distribution as the year unfolds.

USE OF PROCEEDS

Allied used \$755 million of the proceeds from the sale of the Portfolio to repay all amounts drawn on its unsecured credit facility (the “Facility”). Allied also set aside \$200 million of the proceeds to repay a secured promissory note payable on December 31, 2023, and another \$49 million to repay its remaining first mortgages on fully owned properties next year. Allied will use the balance of the proceeds to fund its development and upgrade activity over the remainder of 2023 and into 2024.

REAFFIRMATION OF MISSION

Allied is an owner-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 enables Allied to reaffirm its mission and to pursue continued growth in NOI and IFRS value in a more focused and prudent manner.

Over the past two decades, Allied assembled the largest and most concentrated portfolio of economically-productive, underutilized urban land in Canada (frequently referred to today as “covered land”), one that affords extraordinary mixed-use intensification potential in major cities going forward. Allied believes deeply in the continued success of Canadian cities and has the operating platform and the breadth of funding relationships necessary to drive value from its existing portfolio in the coming years and decades for the benefit of its constituents.

FORTIFICATION OF BALANCE SHEET

Allied has demonstrated commitment to the balance sheet over its life as a public real estate entity. With the completion of the sale of the Portfolio and the utilization of the proceeds as described above, Allied expects that its net debt as a multiple of Annualized Adjusted EBITDA at the end of the third quarter will be approximately 8.0x. Allied also expects that its net debt as a multiple of Annualized Adjusted EBITDA will decline steadily over the next three years as the current large-scale developments are completed and generate material amounts of EBITDA.

Allied is nearing completion of the large-scale development and upgrade activity to which it is committed and does not expect to initiate new activity in the near-term. Accordingly, Allied does not expect to use the Facility to any material extent in the coming five years, with the result that it will have approximately \$900 million in liquidity through that timeframe. Allied has a favourable debt-maturity schedule and an unencumbered, income-producing portfolio valued in excess of \$8.4 billion.

CAUTIONARY STATEMENTS

NOI and net debt as a multiple of Annualized Adjusted EBITDA are not financial measures defined by International Financial Reporting Standards (“IFRS” or “GAAP”). Non-GAAP measures do not have any standardized meaning prescribed under IFRS, and therefore, may not be comparable to similarly titled measures presented by other publicly traded entities, and should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Refer to the Non-GAAP Measures section in Allied’s most recent MD&A for an explanation of the non-GAAP measures used in this press release, their usefulness for readers in assessing Allied’s performance and their reconciliation to financial measures defined by IFRS as presented in Allied’s most recent financial statements. Such explanation is incorporated by reference herein. These statements, together with accompanying notes and MD&A are available on SEDAR+, www.sedarplus.ca, and are also available on Allied’s website, www.alliedreit.com.

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. 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 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.sedarplus.ca. 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 owner-operator of distinctive urban workspace in Canada's major cities. Allied's mission is to provide knowledge-based organizations with workspace 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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

MICHAEL EMORY

Founder & Executive Chair

(416) 977-9002

memory@alliedreit.com

CECILIA C. WILLIAMS

President & Chief Executive Officer

(416) 977-9002

cwilliams@alliedreit.com