

ALLIED

ALLIED TO ACQUIRE UNDIVIDED 50% INTEREST IN WESTBANK'S LATEST VANCOUVER OFFICE PROJECT

Toronto, July 27, 2017 -- Allied Properties Real Estate Investment Trust ("Allied") (TSX:AP.UN) announced today that it has entered into a transaction with Westbank to acquire an undivided 50% interest in Westbank's office project at 400 West Georgia in Vancouver (the "Property"). "In addition to deepening our relationship with Westbank and ultimately expanding our Vancouver GLA by 60%, this transaction will enable us to generate an accretive return on our investment from the outset," said Michael Emory, President and CEO. "It will also enable us to acquire an undivided 50% interest in a distinctive urban office property, giving rise to a high levered yield, material accretion and significant value creation."

400 West Georgia Street, Vancouver

Located on West Georgia, between Homer and Richards Streets, the Property is comprised of 20,922 square feet of land. It is between Allied's Yaletown and Crosstown portfolios and sits squarely within the area toward which the heart of Downtown Vancouver is gravitating. Westbank intends to construct an office building on the Property comprising approximately 345,000 square feet of GLA with completion scheduled for early 2020.

Allied's initial investment will take the form of a first mortgage on the Property (the "Mortgage") of up to \$100 million for a fixed term. The Mortgage will be guaranteed by Westbank. The amounts periodically advanced under the Mortgage will bear interest between 5% and 6.75% per annum in year one and 6.75% per annum in each year thereafter. The advances will be used to fund the acquisition of the Property, pre-development costs and initial construction costs, if necessary. Interest will accrue monthly and be added to the principal until the Mortgage is repaid. On placement of conventional construction financing, the Mortgage will be secured by a second charge and Westbank's covenant with the construction lender having the first charge.

On substantial completion of the development of the Property, which is expected to occur in early 2020, the Mortgage will be repaid from the proceeds of permanent mortgage financing and any necessary equity contributions, at which time Allied will acquire an undivided 50% interest in the Property at a purchase price equal to 50% of Westbank's total cost, estimated to be \$280 million. Westbank will manage the Property on completion.

Closing and Financing

The Mortgage transaction is scheduled to close on August 1, 2017. Allied's acquisition of an undivided 50% interest in the Property is expected to close in early 2020.

Allied will finance its investment in the Mortgage with its unsecured line of credit, a very substantial amount of which remains undrawn as a result of its recent unsecured debenture financing. Allied expects the investment in the Mortgage to be accretive to its FFO per unit at the outset and to become more accretive in the second year of the term of the Mortgage and beyond. Allied expects its investment in an undivided 50% interest in the Property to be accretive to both FFO per unit and NAV per unit.

About Allied

Allied is a leading owner, manager and developer of distinctive urban workspace in Canada's major cities. Its objectives are to provide stable and growing cash distributions to unitholders and to maximize unitholder value through effective management and accretive portfolio growth. For further information, please refer to Allied's website at www.alliedreit.com.

Cautionary Statements

This press release may contain forward-looking statements with respect to Allied, 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. 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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