

ALLIED

ALLIED ANNOUNCES \$125 MILLION IN ACQUISITIONS AND UPWARD REFINANCING OF UNSECURED TERM LOAN

Toronto, December 11, 2018 -- Allied Properties Real Estate Investment Trust (TSX:AP.UN) announced today that it expects to close six strategic in-fill acquisitions in the fourth quarter for an aggregate purchase price of \$125 million. Allied also announced that it has upward refinanced an unsecured term loan coming due on December 14, 2018. As a result, Allied expects to start 2019 with very little drawn on its \$400 million unsecured credit facility.

Upward Refinancing of Unsecured Term Loan

On December 14, 2015, Allied entered into an unsecured term loan with a Canadian chartered bank in the amount of \$150 million for a term ending on December 14, 2018. Allied has now secured a commitment from the Canadian chartered bank to upward refinance the unsecured term loan to \$250 million for an effective term ending on January 14, 2026, at bankers' acceptance plus 140 basis points, which was fixed to an all-in interest rate of 3.992%.

Strategic In-Fill Acquisitions in Toronto, Montréal, Calgary and Vancouver

By year-end, Allied expects to have closed six strategic in-fill acquisitions in the fourth quarter, one in Toronto, one in Montréal, one in Calgary and three in Vancouver, for an aggregate purchase price of \$125 million. \$18 million of the aggregate purchase price was payable by mortgage assumption and the balance of \$107 million was or will be payable in cash.

Located immediately west of Allied's 662 King West and on the northeast corner of King and Bathurst in Toronto, 668 King West is a strategic acquisition that gives Allied control of an underutilized corner site comprised of 17,400 square feet of land with 149 feet of frontage on King West. 668 King West includes a two-storey building with 6,934 square feet of GLA, all of which is leased. The assembly has material intensification potential, though Allied does not intend to pursue this potential in the near term. This acquisition closed earlier in the fourth quarter.

Located in Saint-Henri, an emerging mixed-use neighbourhood in Montréal directly west of Griffintown and south of Westmount, 644 Courcelle Street is comprised of 77,289 square feet of land, 184,294 square feet of GLA in a large four-storey brick-and-beam structure and a surface parking lot for 64 cars. The building is 83% leased to users consistent in character and quality with Allied's user-base. While it provides a stable level of

rental revenue today, 644 Courcelle Street represents a meaningful upgrade opportunity over the next three to five years. This acquisition is scheduled to close on December 31, 2018.

Located on the Beltline, adjacent to GM Glenbow and Webster Galleries (a Calgary joint venture with First Capital) and just opposite Allied's Cooper Block, 802 11th Avenue SW is a strategic acquisition that gives Allied and First Capital control of an entire half-block fronting on 11th Avenue SW and bounded on the west by 8th Street SW and on the east by 7th Street SW. 802 11th Avenue SW includes a single-storey building with 7,319 square feet of GLA and 19 surface parking spaces, all of which is leased. The assembly has material intensification potential, though Allied and First Capital do not intend to pursue this potential in the near term. This acquisition closed earlier in the fourth quarter.

Located in Vancouver's Yaletown and Gastown submarkets, 1220 Homer Street, 151 West Hastings Street and 342 Water Street are excellent Class I properties with an aggregate of 81,529 square feet of GLA, all of which is leased. They represent a significant addition to Allied's portfolio at a time when urban Vancouver is transitioning into a primary Canadian office market. Although they have neither upgrade nor intensification potential, the properties are very well leased to users consistent in character and quality with Allied's user-base pursuant to net leases with regular rent escalations. These acquisitions closed earlier in the fourth quarter.

"Despite a wall of capital pursuing limited high-quality opportunities in Canada's urban real estate markets, we expect to complete six meaningfully strategic in-fill acquisitions in the fourth quarter, five of which are now complete," said Michael Emory, President and CEO. "We're particularly delighted to have achieved meaningful penetration in urban Vancouver at a time when it's clearly transforming into a primary Canadian office market."

Commitment to Balance Sheet and Urban Development Program

The upward refinancing of the unsecured term loan reflects Allied's unwavering commitment to its balance sheet and key debt-metrics. By year-end, Allied expects that its total indebtedness ratio will be 29%, its net debt as a multiple of annualized adjusted EBITDA will be 7:1 and its interest coverage ratio will be 3.2:1. Allied also expects that its pool of unencumbered investment properties will reach \$4.3 billion at that point in time. Management considers these debt metrics particularly appropriate in the context of Allied's growing and successful urban development pipeline.

Allied expects to allocate \$830 million to its urban development program in the next four years with approximately \$300 million being allocated in 2019, \$230 million in each of 2020 and 2021 and \$70 million in 2022. Allied does not currently expect to allocate capital to development in 2023, though that could change in the intervening period. Allied expects to complete 10 urban development projects in the next four years with aggregate GLA (at Allied's share) of approximately 2.3 million square

feet, 175,000 of which will be in Vancouver, 311,000 of which will be in Calgary, 300,000 of which will be in Montréal and the balance of which (approximately 1.53 million) will be in Toronto.

"We're very pleased with the financial terms and duration of the upward refinancing," said Cecilia Williams, Executive Vice President and CFO. "In addition to funding our acquisitions in the fourth quarter, it will assist us in pursuing our development program over the next four years with financial flexibility and discipline. We expect our development program to contribute meaningfully to our AFFO and NAV per unit growth over that timeframe."

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

AFFO, EBITDA and NAV are not financial measures defined by International Financial Reporting Standards ("IFRS"). Please see Allied's MD&A for a description of these measures and their reconciliation to financial measures defined by IFRS, as presented in Allied's unaudited condensed consolidated financial statements for the quarter ended September 30, 2018. These statements, together with accompanying notes and MD&A, have been filed with SEDAR, www.sedar.com, and are also available on Allied's web-site, www.alliedreit.com.

This press release may contain forward-looking statements with respect to (i) Allied, (ii) its operations, strategy, financial performance and condition, (iii) its capital investments in 2018 and beyond, (iv) its expected AFFO per unit following closing of the offering, (v) its debt ratio, net debt as a multiple of annualized adjusted EBITDA and interest coverage ratio following the closing of the offering and (vi) expected growth in NAV per unit. 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

speaking only as of the date of this press release and the parties have no obligation to update such statements.

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