

Allied Joins Jesta Group in Completing Iconic Place Gare Viger Project in Montréal

TORONTO, JULY 19, 2021

Allied Properties Real Estate Investment Trust (“Allied”) (TSX:AP.UN) announced today that it will acquire the urban office component of Jesta Group’s Place Gare Viger in Montréal. Place Gare Viger is an exceptional mixed-use development located at the intersection of Old Montréal, Viger Square and the recently completed Centre Hospitalier de l’Université de Montréal (CHUM). Over the last decade, Jesta Group has transformed Gare Viger, one of the finest heritage properties in Canada, into a distinctive urban office, residential and hotel complex. Allied has entered into an agreement with Jesta Group to acquire the urban office component of the complex. Jesta Group will retain the urban residential and hotel components of the complex.

Allied and Jesta Group were brought together by CBRE Limitée. “We’re sincerely grateful to Jesta and CBRE for making this collaboration possible,” said Michael Emory, Allied’s President & CEO. “It will enhance Allied’s ability to provide distinctive urban workspace to knowledge-based organizations in Montréal and other Canadian cities, which is our mission in life. I also believe it will contribute to making Place Gare Viger one of the finest mixed-use urban neighbourhoods in our country.”

ACQUISITION OF GARE VIGER (ALSO KNOWN AS THE CHATEAU)

Located at 700 Rue Saint-Antoine East and 755 Rue Berri, Gare Viger is a landmark property that includes one of the finest heritage buildings in Canada. Completed in 1898 by Canadian Pacific Railway, Gare Viger was built in the format of a traditional British railway hotel where the rail lines run directly into the lobby area. The structure is now comprised of 122,643 square feet of office and retail GLA adjacent to 21 surface parking spaces. The Chateau is 95.7% leased to users consistent in character and quality with Allied’s user base. The Chateau will continue to evolve as a premiere Class I property under Allied’s management, along with 425 Viger, Nordelec, 5505 St-Laurent, 5445-5455 de Gaspé and others in Montréal and across Canada.

ACQUISITION OF ADJACENT DEVELOPABLE LAND

Located at 810 Rue Saint-Antoine East, across Rue Saint-Hubert and immediately to the east of Gare Viger, this property is currently owned by Jesta Group and includes 75,672 square feet of land with a small office structure (43,500 square feet of GLA) and surface parking for up to 132 vehicles. In the near-term, Allied will use the office structure as swing-space and continue to operate the parking facility. Allied's plan for the property in the longer term is to develop a new building suitable for use by biotech and life-science users.

CLOSING AND FUNDING OF GARE VIGER AND ADJACENT DEVELOPABLE LAND

The acquisition of Gare Viger and adjacent developable land is expected to close in late August 2021, subject to customary conditions. The aggregate purchase price for the two properties is \$128.2 million. On closing, Allied will assume an existing first mortgage on Gare Viger in the principal amount of \$51.75 million, bearing interest at 2.8%, having a remaining term of just over three years and payable in blended instalments of principal and interest based on a 25-year amortization. Allied expects to fund the remaining \$76.45 million initially with Allied's operating line of credit and on a permanent basis with the proceeds from the sale of a small, non-core property in each of Montréal and Toronto.

FORWARD PURCHASE OF URBAN OFFICE BUILDING UNDER CONSTRUCTION

Jesta Group is completing the development of a new office building at 700 Rue Saint-Hubert, just behind Gare Viger. The building is scheduled for completion in the second half of 2022. It will be comprised of approximately 145,743 square feet of GLA and 145 underground parking spaces and is approximately 24% pre-leased to Novartis Pharmaceuticals Canada. The purchase price for the property will be \$121.4 million. The forward purchase is expected to close in the second half of 2022, subject to various conditions of closing.

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.

ABOUT JESTA GROUP

Jesta Group is an active investor and developer of iconic real estate assets world-wide with major developments and investments in hotel, residential, retail and industrial properties in some of the world's most sought-after locations, including London, Paris, Berlin, Montréal, Miami, Houston, Cannes and Juan-Les Pins. For more information, please consult www.jesta.com.

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. 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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