ALLIED

Allied Announces Third-Quarter Results

TORONTO, NOVEMBER 1, 2017

Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") today announced results for its third quarter ended September 30, 2017. "The Allied story for 2017 has been straightforward and positive," said Michael Emory, President & CEO. "Against the backdrop of a favourable operating environment in Montréal, Toronto and Vancouver, it has been one of predictable organic growth from our rental portfolio, completion of our upgrade properties in Montréal, re-establishment of leasing momentum at our cloud-hosting facility in Toronto, unexpected velocity in our acquisition activity and steady and significant progress in our development portfolio."

RESULTS

The financial results are summarized below:

	AS AT SEPTEMBER 30,			
(In thousands except for per unit and % amounts)	2017	2016	CHANGE	% CHANGE
Investment properties	**$5,534,005**	$4,939,585	$594,420	12.0%
Unencumbered investment properties	**$2,771,891**	$2,031,285	$740,606	36.5%
Cost of PUD as a % of GBV	**5.7%**	3.1%	2.6%	—
NAV per unit	**$37.90**	$34.09	$3.81	11.2%
Total indebtedness ratio	**34.3%**	37.6%	(3.3%)	—
Annualized Adjusted EBITDA	**$250,043**	$228,821	$21,222	9.3%
Net debt as a multiple of annualized Adjusted EBITDA	**7.5x**	8.0x	(0.5)x	—
Interest-coverage ratio including capitalized interest	**2.8x**	2.9x	(0.1)x	—

(In thousands except for per unit and % amounts)	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017	2016	CHANGE	% CHANGE
Adjusted EBITDA	**$64,949**	$58,198	$6,751	11.6%
Net income excluding loss on disposal and IFRS value adjustments	**$37,371**	$35,130	$2,241	6.4%
Net income	**$101,945**	$53,961	$47,984	88.9%
Same asset NOI - rental portfolio	**$58,577**	$55,825	$2,752	4.9%
Same asset NOI - total portfolio	**$62,273**	$58,600	$3,673	6.3%
FFO (1)	**$47,799**	$43,855	$3,944	9.0%
FFO per unit (diluted) (1)	**0.54**	0.54	—	—
FFO pay-out ratio (1)	**72.2%**	70.7%	1.5%	—
AFFO (1)	**$33,897**	$31,813	$2,084	6.6%
AFFO per unit (diluted) (1)	**$0.38**	$0.39	$(0.01)	(2.6%)
AFFO pay-out ratio (1)	**101.7%**	97.4%	4.3%	—

(1) Allied normalized FFO and AFFO in the third quarter of 2016 by excluding a one-time extraordinary item.

(In thousands except for per unit and % amounts)	FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017	2016	CHANGE	% CHANGE
Adjusted EBITDA	**$187,532**	$171,616	$15,916	9.3%
Net income excluding loss on disposal and fair value adjustments	**$110,473**	$105,005	$5,468	5.2%
Net income	**$294,893**	$160,574	$134,319	83.6%
Same asset NOI - rental portfolio	**$161,838**	$156,389	$5,449	3.5%
Same asset NOI - total portfolio	**$170,810**	$163,255	$7,555	4.6%
FFO (1)	**$138,153**	$128,383	$9,770	7.6%
FFO per unit (diluted) (1)	**$1.60**	$1.61	$(0.01)	(0.6%)
FFO pay-out ratio (1)	**72.0%**	70.0%	2.0%	—
AFFO (1)	**$101,596**	$95,827	$5,769	6.0%
AFFO - per unit (diluted) (1)	**$1.18**	$1.20	$(0.02)	(1.7%)
AFFO - pay-out ratio (1)	**97.9%**	93.8%	4.1%	—

(1) Allied normalized FFO and AFFO in the third quarter of 2016 by excluding a one-time extraordinary item.

In the table above, AFFO has been presented in accordance with the "White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS" published by REALpac in February of 2017.

The operating results are summarized below:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,			
	2017	2016	CHANGE	% CHANGE
Leased area	93.3%	91.5%	1.8%	—
Occupied area	92.5%	88.7%	3.8%	—
Average in-place net rent per occupied square foot (period-end)	$21.86	$21.04	$0.82	3.9%
Renewal and replacement rate for leases maturing in the year	73.6%	74.8%	(1.2%)	—
Increase in net rent on maturing leases	19.6%	4.3%	15.3%	—

ORGANIC GROWTH

Allied has returned to stable and predictable same-asset NOI growth, with 4.9% growth in the third quarter and 3.5% growth for the nine-month period ended September 30, 2017. This growth was propelled in large part by occupancy gains in Montréal and Vancouver and rent growth in Toronto. Management expects this stability to continue over the remainder of the year and into 2018.

LEASING

Allied took advantage of a generally favourable leasing environment in the first three quarters of 2017. Over that period, Allied increased the occupied area of its rental portfolio by 380 basis points to 92.5% and the leased area by 120 basis points to 93.3%. It also renewed or replaced leases for 81.9% of the space that matured in the period and 73.6% of the space scheduled to mature over the course of 2017. This resulted in an overall increase of 19.6% in net rent per square foot from the affected space. This unusually large increase stems for the most part from material rent growth for office space in Allied's primary target markets in Toronto.

Allied progressed steadily toward full lease-up of its upgrade properties in Montréal. 5445-5455 Avenue de Gaspé is now 95% leased and 6300 Avenue du Parc is now 90% leased. Allied re-established leasing momentum at its cloud-hosting facility, 250 Front Street West in Toronto. With the establishment of AWS Direct Connect, ancillary rental revenue is beginning to grow. Smaller users are starting to commit to the facility. Two larger users, one with two sequential requirements for 10,000 square feet each and one with a requirement for 5,000 square feet, are expected to commit to the facility before the end of the year.

BALANCE SHEET

Allied is intent on retaining an industry-leading balance sheet. In August, Allied completed a $300 million bought-deal, effectively funding its entire capital program for 2017 with equity. This improved Allied's already conservative balance-sheet metrics and will enhance its financial flexibility going forward.

Allied's ratio of net-debt to annualized EBITDA was at 7.3:1 in the third quarter. Now much closer to its target of 7.0:1, Management expects to reach its target, and possibly even exceed it, in the coming year. Allied's portfolio of unencumbered investment properties continues to grow at a rapid pace and is now approaching $2.8 billion in IFRS value. Management expects this to continue in the coming year.

CAUTIONARY STATEMENTS

FFO, AFFO, NAV, EBITDA, Adjusted EBITDA, total debt and net debt 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, 2017. 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*.

NOI is not a measure recognized under IFRS and does not have any standardized meaning prescribed by IFRS. NOI is presented in this press release because Management of Allied believes that this non-IFRS measure is an important financial performance indicator. NOI, as computed by Allied, may differ from similar computations as reported by other similar organizations and, accordingly, may not be comparable to NOI reported by such organizations.

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. Allied's actual results and performance 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. 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. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its 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, 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.

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