ALLIED

ALLIED PROPERTIES REIT ANNOUNCES STRONG SECOND-QUARTER RESULTS

TORONTO, AUGUST 4, 2015

Allied Properties REIT (TSX:"AP.UN") today announced results for its second quarter ended June 30, 2015. The results are summarized below:

	THREE MONTHS ENDED			
(In thousands except for per unit and % amounts)	JUNE 30, 2015	JUNE 30, 2014	CHANGE	% CHANGE
Investment properties	4,008,398	3,456,310	552,088	16.0%
Unencumbered investment properties	1,423,535	560,620	862,915	153.9%
Cost of PUD as a % of GBV	3.8%	4.5%	(0.7%)	-
NAV per unit	$32.3	$30.0	$2.3	7.7%
Net income excluding IFRS value adjustments	37,130	31,449	5,681	18.1%
Net income including IFRS value adjustments	126,942	18,654	108,288	580.5%
Same-asset NOI - rental portfolio	46,106	46,852	(746)	(1.6%)
Same-asset NOI - total portfolio	50,313	47,636	2,677	5.6%
Funds from operations ("FFO")	41,959	35,273	6,686	19.0%
Adjusted FFO ("AFFO")	33,332	29,886	3,446	11.5%
FFO per unit (diluted)	$0.54	$0.51	$0.03	5.9%
AFFO per unit (diluted)	$0.43	$0.43	-	-
FFO pay-out ratio	67.7%	69.5%	(1.8%)	-
AFFO pay-out ratio	85.2%	82.0%	3.2%	-
Total debt as a % of total assets	35.1%	36.9%	(1.8%)	-
Net debt as a multiple of annualized Q2 EBITDA	6.6 x	6.9 x	(0.3 x)	-
Interest-coverage ratio excluding capitalized interest	3.9 x	3.9 x	-	-
Interest-coverage ratio including capitalized interest	3.1 x	3.0 x	0.1 x	-

The growth in FFO per unit was driven by acquisitions and by upgrade and development projects. It was tempered by an equity issuance early in 2015 that enabled Allied to push its debt ratios even lower while deploying a large amount of capital in the first half of the year. Allied continues to expect above-average growth in FFO and AFFO per unit in 2015, with "above average" being defined as high single-digit to low double-digit growth year over year.

Leasing momentum remained strong in the second quarter. Excluding the three properties transferred from Allied's development portfolio to its rental portfolio on June 30, 2015, occupied area was 91.3%, up 270 basis points from the comparable quarter last year and 300 basis points from the previous quarter. Committed area of 75,397 square feet brought Allied's leased area to 92.1%, up 130 basis points from the comparable quarter and 70 basis points from the previous quarter.

Having leased 675,982 square feet of GLA in the first half of the year, Allied extended the weighted average term to maturity of its leases to 5.6 years at the end of the second quarter, up from five years at the end of the first quarter. Allied also renewed or replaced leases for 79.5% of the GLA that matured in the first half and 55.3% of the GLA that matures over the course of the entire year. This resulted in an overall increase of 4.8% in net rental income per square foot from the affected space.

Occupancy of QRC West, Phase I, is now increasing steadily and is expected to reach 90% by year-end. Occupancy of 250 Front Street West is beginning to increase meaningfully. While Allied has leased 86% of the GLA at 250 Front West, Management now has reason to doubt the viability of a lease for 60,000 square feet, one-third of which is scheduled to commence in late 2015 and the balance in late 2016. The doubt does not arise from non-performance on Allied's part, but rather because of the non-enforceability of a master services agreement between Allied's tenant and a third party. Management will re-lease this space on comparable terms and within comparable timeframes if the lease proves not to be viable. This does not affect Allied's financial outlook for 2015 or 2016.

Allied's balance sheet continued to grow and strengthen in the second quarter. At quarter end, the IFRS value of its investment properties was $4 billion, up 16% from the comparable quarter last year through a combination of acquisitions ($258 million), capital additions ($198 million) and value appreciation ($109 million), offset somewhat by dispositions ($13 million). Allied's total debt was 35.1% of total assets and is comprised largely of first mortgages with a weighted average term of 5.7 years and a weighted average interest rate of 4.7%. Its immediate liquidity was $219 million, assuming exercise of the accordion feature on its unsecured line of credit. At the end of the quarter, it had $1.4 billion in unencumbered properties, up 154% from the end of the comparable quarter last year.

FFO, AFFO and 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 condensed consolidated financial statements for the quarter ended June 30, 2015. 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.

Allied Properties REIT is a leading owner, manager and developer of urban office environments that enrich experience and enhance profitability for business tenants operating 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 contact:

MICHAEL R. EMORY
President & Chief Executive Officer

416.977.9002 | memory@alliedreit.com

CECILIA C. WILLIAMS
Vice President & Chief Financial Officer

416.977.9002 | cwilliams@alliedreit.com