ALLIED

ALLIED PROPERTIES REIT ANNOUNCES STRONG THIRD-QUARTER RESULTS AND CONTINUING LEASING MOMENTUM

TORONTO, NOVEMBER 3, 2015

Allied Properties REIT (TSX:"AP.UN") today announced results for its third quarter ended September 30, 2015. "We had a strong third quarter with FFO per unit up 2% from the comparable quarter and NAV per unit up more than 8%," said Michael Emory, President and CEO. "Continuing leasing momentum in the quarter laid the groundwork for strong results going forward."

The results are summarized below:

	AS AT			
(In thousands except for per unit and % amounts)	**SEPTEMBER 30, 2015**	SEPTEMBER 30, 2014	$ CHANGE	% CHANGE
Investment properties	**$4,140,059**	$3,625,043	$515,016	14.2%
Unencumbered investment properties	**$1,575,085**	$711,290	$863,795	121.4%
Cost of PUD as a % of GBV	**3.9%**	4.0%	(0.1)%	—
NAV per unit	**$32.83**	$30.29	$2.54	8.4%
Total debt as a % of total assets	**35.3%**	34.6%	0.7%	—
Net debt as a multiple of annualized Adjusted EBITDA	**7.1x**	6.7x	0.4x	—
Interest-coverage ratio including capitalized interest	**3.1x**	3.0x	0.1x	—
Interest-coverage ratio excluding capitalized interest	**4.0x**	3.8x	0.2x	—

(In thousands except for per unit and % amounts)	THREE MONTHS ENDED SEPTEMBER 30, 2015	SEPTEMBER 30, 2014	$ CHANGE	% CHANGE
Net income excluding IFRS value adjustments	**$36,328**	$34,264	2,064	6.0%
Net income including IFRS value adjustments	**$85,889**	$35,272	50,617	143.5%
Same-asset NOI - rental portfolio	**$48,322**	$50,687	(2,365)	(4.7%)
Same-asset NOI - total portfolio	**$51,271**	$51,464	(193)	(0.4%)
Funds from operations ("FFO")	**$42,915**	$38,229	4,686	12.3%
Adjusted FFO ("AFFO")	**$34,975**	$34,161	814	2.4%
FFO per unit (diluted)	**0.55**	0.54	0.01	1.9%
AFFO per unit (diluted)	**0.45**	0.48	(0.03)	(6.3%)
FFO pay-out ratio	**66.3%**	65.6%	0.7%	—
AFFO pay-out ratio	**81.4%**	73.5%	7.9%	—

FINANCIAL PERFORMANCE MEASURES

The growth in FFO per unit was driven by rising net rent per occupied square foot, occupancy gains and increasing NOI as a result of ongoing development activity. It was tempered by (i) an equity issuance early in the year that enabled Allied to de-lever its balance sheet even further, (ii) acquisitions with long-term value-creation potential but no short-term accretion and (iii) lower than forecast same-asset NOI as a result of isolated office-tenant failures in Vancouver, lingering retail vacancies in Calgary and arranged vacancies in Montreal as part of the upgrade of 6300 Avenue du Parc and 5445-5455 de Gaspé. The decline in AFFO per unit was driven by higher than normal regular leasing costs in the quarter (as the result of a single long-term lease to an institutional tenant in Montréal) compared to lower than normal regular leasing costs in the comparable quarter.

NAV per unit in the third quarter was $32.83, up 8.4% from the comparable quarter. Excluding acquisitions, transfers to and from PUD and capital expenditures, the IFRS value of Allied's investment properties increased by $53 million in the third quarter, primarily as a result of declining capitalization rates in downtown Toronto. The weighted average capitalization rate for Allied's portfolio declined from 6.3% in the second quarter to 6.1% in the third quarter.

In the first three quarters of 2015, Allied repaid $71 million in first mortgage financing, acquired $136 million of property without mortgage financing, advanced $21 million to a joint-venture partner and increased the size of its pool of unencumbered properties to $1.6 billion, all while maintaining strong balance sheet metrics. On September 30, 2015, Allied's total debt was 35.3% of total assets, and its net debt was 7.1 times year-to-date annualized Adjusted EBITDA. Allied's interest coverage ratio at the end of it's third quarter was 3.1:1 including capitalized interest and 4.0:1 not including capitalized interest.

The ongoing bolstering of Allied's balance sheet was facilitated by an equity issuance in January ($86 million), by its inaugural issuance of unsecured debentures in May ($150 million) and by its reopening in August ($75 million). Allied's commitment to maintaining these balance sheet metrics remains unwavering because of the defensive and offensive benefits that flow from conservative financial management.

LEASING

Leasing momentum remained strong in the third quarter. Allied recently leased space at 250 Front Street and 905 King Street in Toronto to the Toronto Internet Exchange (Torix), an internet exchange point that is currently present in Allied's facility at 151 Front Street in Toronto. While the amount of area leased is small, Torix' presence in Allied's other two facilities will significantly enhance their functionality for certain types of users. At 250 Front, Allied leased 6,000 square feet to two strategic users, both of which Allied expects to expand in time. In light of recent activity, Allied provided the following revised schedule of rent commencement for 250 Front:

COMMENCEMENT DATE	GLA	% OF TOTAL GLA
At September 30, 2015	29,000	17%
October 1, 2015	25,000	14%
December 1, 2015	6,000	3%
January 1, 2016	4,000	2%
February 1, 2016	2,000	1%
May 1, 2016	25,000	14%
Total	91,000	51%

At 905 King, Allied is well advanced in negotiating the lease of another 20,000 square feet of space. If successfully completed, this will bring the leased area of the building to 87%.

QRC West, Phase I, is now vitalized and validated, with occupied area at 81% and leased area at 93%. Allied leased the two retail areas at the base of the complex to a European restaurant and wine bar that will make use of the ground floor of the original structure at 134 Peter and the elevated area in the northwest corner of the lobby. The food and beverage operations are scheduled to commence in mid-2016.

With QRC West, Phase I, nearing full lease-up, Allied has no large blocks of office space to lease in its Toronto rental portfolio. Leased area at the end of the third quarter was 96%. Demand in the downtown Toronto market remains strong and deep, as existing office users continue to expand and office users from the suburbs continue to migrate downtown. Allied will strive to satisfy this demand by securing the pre-leasing commitments necessary to initiate construction of QRC West, Phase II, King & Portland, Adelaide & Duncan, 410 Front at The Well and Union Centre.

Although the overall Montréal office market has weakened over the course of 2015, the demand among TAMI ("technology, advertising, media and information") office users for large blocks of affordable space remains high. This is exactly the kind of space Allied has available at 6300 Avenue du Parc and 5445-5455 de Gaspé. Tenant expansion continues at 5455 de Gaspé Allied is well advanced in negotiations with a large new tenant at 5445 de Gaspé, and Cité Multimédia is now 98% leased.

OUTLOOK

Allied remains well positioned to deliver above-average growth in FFO and AFFO per unit, with "above average" typically being defined as high single-digit to low double-digit growth year over year. In 2015, Management expects growth to be in the mid single-digit range. In 2016, Management expects it to be solidly within the range. Allied's growth will be propelled by rising net rent per occupied square foot, occupancy gains and increasing NOI as a result of ongoing development activity.

CAUTIONARY STATEMENTS

FFO, AFFO, 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 condensed consolidated financial statements for the quarter ended September 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.

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