ALLIED

Allied Announces First-Quarter Results

TORONTO, MAY 3, 2017

Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") today announced results for its first quarter ended March 31, 2017. "We achieved our three most important goals for the first quarter," said Michael Emory, President & CEO. "We progressed steadily toward full lease-up at our de Gaspé properties in Montréal, we regained leasing momentum at our cloud-hosting facility in Toronto and we delivered expected short-term results while continuing to grow NAV per unit. In the 12 months ended March 31, 2017, our NAV per unit grew by 9.3% with a significant component deriving from development completions."

RESULTS

The financial results are summarized below:

	AS AT MARCH 31,			
(In thousands except for per unit and % amounts)	2017	2016	CHANGE	% CHANGE
Investment properties	**$5,237,400**	$4,475,162	$762,238	17.0%
Unencumbered investment properties	**$2,388,220**	$1,699,470	$688,750	40.5%
Cost of PUD as a % of GBV	**5.4%**	5.6%	(0.2)%	—
NAV per unit	**$36.19**	$33.12	$3.07	9.3%
Total debt as a % of total assets	**36.7%**	35.8%	0.9%	—
Annualized Adjusted EBITDA	**$239,652**	$222,192	$17,460	7.9%
Net debt as a multiple of annualized Adjusted EBITDA	**8.1x**	7.5x	0.6x	—
Interest-coverage ratio including capitalized interest	**2.8x**	3.1x	(0.3)x	—

(In thousands except for per unit and % amounts)	FOR THE THREE MONTHS ENDED MARCH 31, 2017	2016	CHANGE	% CHANGE
Adjusted EBITDA	**$59,913**	$55,548	$4,365	7.9%
Net income excluding loss on disposal and fair value adjustments	**$36,090**	$34,830	$1,260	3.6%
Net income	**$79,867**	$37,468	$42,399	113.2%
Same asset NOI - rental portfolio	**$53,576**	$51,816	$1,760	3.4%
Same asset NOI - total portfolio	**$55,464**	$53,527	$1,937	3.6%
FFO	**$44,730**	$42,062	$2,668	6.3%
FFO per unit (diluted)	**$0.53**	$0.54	(0.01)	(1.9%)
FFO pay-out ratio	**72.5%**	70.0%	2.5%	—
AFFO	**$34,112**	$31,583	$2,529	8.0%
AFFO - per unit (diluted)	**$0.40**	$0.40	—	—
AFFO - pay-out ratio	**95.1%**	93.2%	1.9%	—

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 THREE MONTHS ENDED MARCH 31, 2017	2016	CHANGE	% CHANGE
Leased area	92.6%	92.2%	0.4%	—
Occupied area	89.9%	91.1%	(1.2)%	—
Average in-place net rent per occupied square foot (period-end)	$21.38	$20.24	$1.14	5.6%
Renewal and replacement rate for leases maturing in the year	34.8%	47.3%	(12.5)%	—
Increase in net rent on maturing leases	29.2%	2.9%	26.3%	—

LEASING

Allied took advantage of a favourable leasing environment in the first quarter. Over the course of the quarter, it increased the occupied area of its rental portfolio by 120 basis points to 90% and the leased area by 50 basis points to 93%. Allied also renewed or replaced leases for 81% of the space that matured in the quarter and 35% of the space scheduled to mature over the course of 2017. This resulted in an overall increase of 29% 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 has progressed steadily toward full lease-up at 5445-5455 Avenue de Gaspé in Montréal. With the recent lease of 30,000 square feet of GLA at 5455 de Gaspé, the properties are now 93% leased to strong tenants at expected levels of net rent.

Allied has regained leasing momentum at its cloud-hosting facility, 250 Front Street West in Toronto. With the establishment of a cloud interconnect node at the facility, Allied initiated the build-up of recurring ancillary rental revenue and improved the prospects for the lease-up of the remaining GLA. With the lease of another 10,000 square feet, Allied increased the leased area to 60% of total GLA.

OUTLOOK

Allied expects its operating and development environment to be generally favourable for the remainder of the year and into 2018. Allied's internal forecast for the year contemplates (i) mid-single-digit percentage growth in same-asset NOI, with rent growth in Toronto and occupancy gains in Montréal, Edmonton and Vancouver more than offsetting erosion in Calgary and (ii) low-to mid-single-digit percentage growth in FFO per unit. Allied's internal forecast is predicated on the continued intensification of the urban core of Canada's major cities and the continued desire on the part of office users to locate in distinctive urban office environments. It is also underpinned by the depth and strength of the Allied team and the team's ability to execute Allied's strategy at all levels.

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 consolidated financial statements for the year ended December 31, 2016. 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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