ALLIED

Allied Announces Second-Quarter Results

TORONTO, AUGUST 2, 2017

Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") today announced results for its second quarter ended June 30, 2017. "With a favourable operating environment in Montréal, Toronto and Vancouver, we achieved our three most important goals for the first half of 2017," said Michael Emory, President & CEO. "We progressed steadily toward full lease-up at our upgrade properties in Montréal, we re-established 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 June 30, 2017, our NAV per unit grew by 10.4% with a significant component deriving from development completions and rent escalation in our Toronto portfolio."

RESULTS

The financial results are summarized below:

	AS AT JUNE 30,			
(In thousands except for per unit and % amounts)	2017	2016	CHANGE	% CHANGE
Investment properties	**$5,444,426**	$4,796,178	$648,248	13.5%
Unencumbered investment properties	**$2,563,295**	$1,990,460	$572,835	28.8%
Cost of PUD as a % of GBV	**5.6%**	5.7%	(0.1%)	—
NAV per unit	**$37.14**	$33.63	$3.51	10.4%
Total indebtedness ratio	**37.3%**	40.0%	(2.7%)	—
Annualized Adjusted EBITDA	**$245,166**	$226,836	$18,330	8.1%
Net debt as a multiple of annualized Adjusted EBITDA	**8.4x**	8.6x	(0.2)x	—
Interest-coverage ratio including capitalized interest	**2.7x**	3.0x	(0.3)x	—

(In thousands except for per unit and % amounts)	FOR THE THREE MONTHS ENDED JUNE 30, 2017	2016	CHANGE	% CHANGE
Adjusted EBITDA	**$62,670**	$57,870	$4,800	8.3%
Net income excluding loss on disposal and IFRS value adjustments	**$37,012**	$35,045	$1,967	5.6%
Net income	**$113,081**	$69,145	$43,936	63.5%
Same asset NOI - rental portfolio	**$54,420**	$53,389	$1,031	1.9%
Same asset NOI - total portfolio	**$57,123**	$55,467	$1,656	3.0%
FFO	**$45,624**	$42,466	$3,158	7.4%
FFO per unit (diluted)	**$0.54**	$0.54	—	—
FFO pay-out ratio	**71.2%**	69.4%	1.8%	—
AFFO	**$33,587**	$32,431	$1,156	3.6%
AFFO per unit (diluted)	**$0.39**	$0.41	$(0.02)	(4.9%)
AFFO pay-out ratio	**96.8%**	90.9%	5.9%	—

(In thousands except for per unit and % amounts)	FOR THE SIX MONTHS ENDED JUNE 30, 2017	2016	CHANGE	% CHANGE
Adjusted EBITDA	**$122,583**	$113,418	$9,165	8.1%
Net income excluding loss on disposal and fair value adjustments	**$73,102**	$69,875	$3,227	4.6%
Net income	**$192,948**	$106,613	$86,335	81.0%
Same asset NOI - rental portfolio	**$106,962**	$104,296	$2,666	2.6%
Same asset NOI - total portfolio	**$111,958**	$108,335	$3,623	3.3%
FFO	**$90,354**	$84,528	$5,826	6.9%
FFO per unit (diluted)	**$1.06**	$1.08	$(0.02)	(1.9%)
FFO pay-out ratio	**71.9%**	69.7%	2.2%	—
AFFO	**$67,699**	$64,014	$3,685	5.8%
AFFO per unit (diluted)	**$0.80**	$0.81	$(0.01)	(1.2%)
AFFO pay-out ratio	**95.9%**	92.0%	3.9%	—

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 SIX MONTHS ENDED JUNE 30, 2017	2016	CHANGE	% CHANGE
Leased area	93.2%	91.0%	2.2%	—
Occupied area	92.4%	89.1%	3.3%	—
Average in-place net rent per occupied square foot (period-end)	$21.67	$19.97	$1.70	8.5%
Renewal and replacement rate for leases maturing in the year	50.2%	64.2%	(14.0%)	—
Increase in net rent on maturing leases	21.9%	4.0%	17.9%	—

LEASING

Allied took advantage of a generally favourable leasing environment in the first half. Over that period, Allied increased the occupied area of its rental portfolio by 370 basis points to 92.4% and the leased area by 110 basis points to 93.2%. It also renewed or replaced leases for 80.9% of the space that matured in the period and 50.2% of the space scheduled to mature over the course of 2017. This resulted in an overall increase of 21.9% 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 94% leased. On receipt of final approval of a lease transaction for 44,000 square feet of GLA, 6300 Avenue du Parc will also be 94% leased. Both upgrade properties are leased to strong tenants at expected levels of net rent. Most leases are for large requirements and for terms of 10 years or longer.

Allied re-established leasing momentum in the first half 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 now expressing interest in the facility, with 3,000 square feet currently under negotiation at higher than expected levels of net rent. New larger users are also expressing interest in the facility, with another 30,000 square feet under negotiation at expected levels of net rent. This bodes well for additional lease-up over the remainder of the 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 June 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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