ALLIED

ALLIED PROPERTIES REIT ANNOUNCES SECOND-QUARTER RESULTS

TORONTO, AUGUST 14, 2012

Allied Properties REIT (TSX:AP.UN) today announced results for its second quarter ended June 30, 2012. "We had a very strong first half, and the outlook for the remainder of the year and beyond is positive," said Michael Emory, President and CEO. "We expect our FFO and AFFO per unit to continue to grow and our acquisition and value-creation activity to continue to accelerate. We also believe that our conservative balance sheet, low debt ratio, moderate mortgage maturity schedule and abundant liquidity will provide stability and facilitate growth going forward."

The results for the second quarter are summarized below and compared to the same quarter in 2011:

(In thousands except for per unit and % amounts)	Q2 2012	Q2 2011	CHANGE	% CHANGE
Net income	22,163	12,550	9,613	76.6%
Same-asset NOI	25,930	22,828	3,102	13.6%
Funds from operations ("FFO")	24,424	14,683	9,741	66.3%
FFO per unit (diluted)	$0.44	$0.32	$0.12	37.5%
FFO pay-out ratio	75.5%	104.2%	(28.7%)	
Adjusted FFO ("AFFO")	18,224	10,822	7,402	68.4%
AFFO per unit (diluted)	$0.33	$0.23	$0.10	43.5%
AFFO pay-out ratio	101.2%	141.3%	(40.1%)	
Debt ratio (% of fair value)	41.9%	43.4%	(1.5%)	
Interest coverage ratio	3.3:1	2.7:1	0.6:1	

The results for the six-month period ended June 30, 2012, are summarized and compared to the same period in 2011:

(In thousands except for per unit and % amounts)	H1 2012	H1 2011	CHANGE	% CHANGE
Net income	44,082	25,385	18,697	73.7%
Same-asset NOI	52,790	44,562	8,228	18.5%
Funds from operations (“FFO”)	47,355	27,826	19,529	70.2%
FFO per unit (diluted)	$0.88	$0.63	$0.25	39.7%
FFO pay-out ratio	75.1%	106.5	(31.4%)	
Adjusted FFO (“AFFO”)	36,663	21,337	15,326	71.8%
AFFO per unit (diluted)	$0.68	$0.47	$0.21	44.7%
AFFO pay-out ratio	96.9%	138.9%	(42.0%)	
Debt ratio (% of fair value)	41.9%	43.4%	(1.5%)	
Interest coverage ratio	3.3:1	2.6:1	0.7:1	

Allied’s financial performance measures for the second quarter and six-month period were up significantly from the comparable periods in 2011, reflecting increased occupancy, portfolio-wide rental growth and accretion from acquisitions completed in the past 18 months.

Allied leased 1.45 million square feet of space in the first half of 2012. It finished the first half with its rental portfolio 92.3% leased, 94.4% leased if upgrade properties are excluded. Over the course of the first half, it renewed or replaced 72.5% of its leases maturing over the course of the year, resulting in an overall increase of 8.7% in net rental income per square foot from the affected space.

Allied’s value-creation activity accelerated in the first half, with the addition of a large upgrade opportunity in Montréal, the acquisition of a redevelopment project in Calgary and the advancement of a growing number of urban intensification opportunities in Toronto. Allied also established two new and promising avenues of growth. One was the expansion of its telcom and IT facilities through the long-term lease of space at 250 Front Street West in Toronto. The other was the establishment of an urban intensification joint venture with RioCan REIT.

Allied’s balance sheet continued to grow and strengthen through the first half. At June 30, 2012, its weighted-average mortgage term was five years, its weighted-average interest rate 5.1%, its debt ratio 42% and its interest-coverage ratio 3.3:1. On August 14, 2012, Allied completed a $115 million offering at $30 per unit, once again locking in an all-time low cost of equity and further strengthening its balance sheet. In addition to funding future growth, Allied intends to use a portion of the proceeds to retire higher-rate mortgage indebtedness as it comes due.

FFO and AFFO 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 net income and comprehensive income under IFRS, as presented in Allied’s condensed interim consolidated financial statements for the quarter ended June 30, 2012. 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 the 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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