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ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES SECOND-QUARTER RESULTS WITH ACCELERATING GROWTH IN FFO AND AFFO PER UNIT

TORONTO, AUGUST 8, 2013

Allied Properties REIT (TSX:AP.UN) today announced results for its second quarter ended June 30, 2013. "The ongoing improvement in our financial performance measures accelerated in the second quarter," said Michael Emory, President and CEO. "We believe the pace of internal growth and value-creation activity will continue to accelerate over the remainder of this year and into next."

The results for the second quarter are summarized below and compared to the same quarter in 2012:

(In thousands except for per unit and % amounts)	Q2 2013	Q2 2012	CHANGE	% CHANGE
Net income	29,061	22,163	6,898	31.1%
Same-asset net operating income ("NOI")	36,342	32,819	3,523	10.7%
Funds from operations ("FFO")	32,860	24,424	8,436	34.5%
FFO per unit (diluted)	$0.48	$0.44	$0.04	9.1%
FFO pay-out ratio	70.4%	75.5%	(5.1%)	
Adjusted FFO ("AFFO")	28,809	18,224	10,585	58.1%
AFFO per unit (diluted)	$0.43	$0.33	$0.10	30.3%
AFFO pay-out ratio	80.3%	101.2%	(20.9%)	
Total debt as a % of fair value of investment properties	34.0%	41.9%	(7.9%)	
Net debt as a multiple of annualized Q2 EBITDA	6.0:1	6.6:1	(0.6:1)	
Interest-coverage ratio	4.7:1	3.4:1	1.3:1	

The results for the first half are summarized below and compared to the same period in 2012:

(In thousands except for per unit and % amounts)	H1 2013	H1 2012	CHANGE	% CHANGE
Net income	55,910	44,082	11,828	26.8%
Same-asset net operating income ("NOI")	72,835	65,269	7,566	11.6%
Funds from operations ("FFO")	62,442	47,355	15,087	31.9%
FFO per unit (diluted)	$0.93	$0.88	$0.05	5.7%
FFO pay-out ratio	72.7%	75.1%	(2.4%)	
Adjusted FFO ("AFFO")	52,757	36,663	16,094	43.9%
AFFO per unit (diluted)	$0.79	$0.68	$0.11	16.2%
AFFO pay-out ratio	86.0%	96.9%	(10.9%)	
Total debt as a % of fair value of investment properties	34.0%	41.9%	(7.9%)	
Net debt as a multiple of annualized Q2 EBITDA	6.0:1	6.6:1	(0.6:1)	
Interest-coverage ratio	4.4:1	3.4:1	1:1	

Allied's financial performance measures for the second quarter and first half were up from the comparable quarter and period in 2012, despite a significant reduction in its debt ratios. This is a result of increased occupancy, portfolio-wide rental growth, accretion from recent acquisitions and increasing NOI as a result of value-creation activity.

Allied's operating performance measures were also strong. Having leased nearly 1.3 million square feet of space in the first half, Allied finished the second quarter with its rental portfolio 92.0% leased, 94.6% leased if upgrade properties are excluded. Allied renewed or replaced leases for 84.7% of the GLA that matured in the first half and leases for 69.3% of the GLA that matures over the course of 2013. This resulted in an overall increase of 7.6% in net rental income per square foot from the affected space.

With $170 million in acquisitions completed thus far in 2013, Allied has already exceeded its initial target. As expected, most of the acquisitions are immediately accretive to FFO and AFFO per unit. They are also heavily weighted in Western Canada, continuing the ongoing improvement in Allied's geographic diversification.

Allied's value-creation activity is progressing well. It has three upgrade projects underway, one of which is scheduled for completion this year and the remaining two next year. Having completed two redevelopment projects in the second quarter, 70 Richmond Street East in Toronto and and 100 – 6th Avenue S.W. in Calgary, Allied now has six redevelopment projects underway, three of which are scheduled for completion this year and the remaining three next year.

Allied also has ten intensification projects underway, one of which is a Properties Under Development and the remaining nine of which are rental properties going through the municipal approval or pre-development process. QRC West, Phase I, is Allied's first large-scale intensification project. It is scheduled for completion in early 2015. Allied's second intensification project is a joint-venture with TELUS and Westbank involving the development of TELUS Sky, a mixed-use tower on the northwest corner of 7th Avenue S.W. and Centre Street in Calgary. It is scheduled for completion in the second half of 2017. Allied's largest intensification project, 171 Front Street West in Toronto, is progressing rapidly through pre-development. Allied expects to begin marketing the project in the third quarter.

Allied's balance sheet continued to grow and strengthen in the second quarter. At the end of the quarter, the fair value of its assets was $3.2 billion, up $730 million from the comparable quarter last year through a combination of acquisitions ($472 million) and value appreciation ($283 million), offset somewhat by dispositions ($25 million). Its weighted-average mortgage term was four and one-half years, its weighted-average interest rate 5.1%, its total debt as a percentage of fair value 34.0% and its net debt as a multiple of its annualized second-quarter EBITDA 6.0:1. This was reflected in an interest-coverage ratio of 4.7:1 in the quarter.

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, 2013. 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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