ALLIED

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

TORONTO, MAY 6 2014

Allied Properties REIT (TSX:AP.UN) today announced results for its first quarter ended March 31, 2014. "Our momentum continued into 2014," said Michael Emory, President and CEO. "In the first quarter, we delivered FFO and AFFO per unit growth of 13% and 28%, pushing our FFO and AFFO pay-out ratios down to 69% and 76%. In addition to completing $102 million in acquisitions, considerably more than anticipated, we finalized several major lease transactions, moving our value-creation activity forward in a big way."

The results for the first quarter are summarized below and compared to the same quarter in 2013:

(In thousands except for per unit and % amounts)	Q1 2014	Q1 2013	CHANGE	% CHANGE
Net income	31,327	26,849	4,478	16.7%
Same-asset net operating income ("NOI")	43,151	39,139	4,012	10.3%
Funds from operations ("FFO")	35,010	29,582	5,428	18.3%
FFO per unit (diluted)	$0.51	$0.45	$0.06	13.3%
FFO pay-out ratio	69.4%	75.2%	(5.8%)	
Adjusted FFO ("AFFO")	31,864	23,948	7,916	33.1%
AFFO per unit (diluted)	$0.46	$0.36	$0.10	27.8%
AFFO pay-out ratio	76.2%	92.9%	(16.7%)	
Total debt as a % of fair value of investment properties	36.3%	34.6%	1.7%	
Net debt as a multiple of annualized Q1 EBITDA	6.5:1	6.4:1	0.1:1	
Operating interest-coverage ratio	3.7:1	3.7:1	0:1	
Total interest-coverage ratio	3.0:1	2.9:1	0.1:1	

Allied's financial performance measures for the quarter were up from the comparable quarter in 2013. This is a result of portfolio-wide rental growth, accretion from recent acquisitions and increased NOI as a result of recent and ongoing value-creation activity.

Allied's operating performance measures were also strong. Having leased over half a million square feet of space in the quarter, it finished the quarter with its rental portfolio 91% leased, 94.1% leased if upgrade properties are excluded. Allied renewed or replaced leases for 80.1% of the GLA that matured in the first quarter and 57.6% of the GLA scheduled to mature in 2014. This resulted in an overall increase of 6% in net rental income per square foot from the affected space.

Allied's balance sheet continued to grow and strengthen. At the end of the quarter, the fair value of its assets was $3.5 billion, up 13% from the end of the same quarter last year through a combination of acquisitions ($128 million) and value appreciation ($277 million), offset somewhat by dispositions of $725,000. Allied's total debt was 36% of fair value and comprised entirely of first mortgages with a weighted average term of six years and a weighted average interest rate of 4.8% Its immediate liquidity was $102 million, and it had approximately $400 million in unencumbered properties, affording it very considerable near-term liquidity.

FFO, AFFO and 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 interim consolidated financial statements for the quarter ended March 31, 2014. 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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