



ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES SECOND-QUARTER RESULTS WITH CONTINUING MOMENTUM ACROSS THE BOARD

TORONTO, AUGUST 12, 2014

Allied Properties REIT (TSX:APUN) today announced results for its second quarter ended June 30, 2014. “Our momentum continues,” said Michael Emory, President and CEO. “In the first half, we delivered FFO and AFFO per unit growth of 10% and 13%, pushing our FFO and AFFO pay-out ratios down to 69% and 79%. This is exactly as forecast internally and supports our expectation of high single-digit to low double-digit FFO per unit growth for 2014 as a whole.”

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

(In thousands except for per unit and % amounts)	Q2 2014	Q2 2013	CHANGE	% CHANGE
Net income	31,449	29,061	2,388	8.2%
Same-asset net operating income (“NOI”)	43,865	41,790	2,075	5.0%
Funds from operations (“FFO”)	35,273	32,860	2,413	7.3%
FFO per unit (diluted)	\$0.51	\$0.48	\$0.03	6.3%
FFO pay-out ratio	69.5%	70.4%	(0.9%)	
Adjusted FFO (“AFFO”)	29,886	28,809	1,077	3.7%
AFFO per unit (diluted)	\$0.43	\$0.43	\$-	0.0%
AFFO pay-out ratio	82.0%	80.3%	1.7%	
Total debt as a % of fair value of investment properties	37.8%	34.0%	3.8%	
Net debt as a multiple of annualized Q2 EBITDA	6.9:1	6.2:1	0.7:1	
Operating interest-coverage ratio	3.7:1	4.0:1	(0.3:1)	
Total interest-coverage ratio	3.0:1	3.1:1	(0.1:1)	

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

(In thousands except for per unit and % amounts)	H1 2014	H1 2013	CHANGE	% CHANGE
Net income	62,776	55,910	6,866	12.3%
Same-asset net operating income ("NOI")	85,510	79,071	6,439	8.1%
Funds from operations ("FFO")	70,283	62,442	7,841	12.6%
FFO per unit (diluted)	\$1.02	\$0.93	\$0.09	9.7%
FFO pay-out ratio	69.4%	72.7%	(3.3%)	
Adjusted FFO ("AFFO")	61,750	52,757	8,993	17.0%
AFFO per unit (diluted)	\$0.89	\$0.79	\$0.10	12.7%
AFFO pay-out ratio	79.0%	86.0%	(7.0%)	
Total debt as a % of fair value of investment properties	37.8%	34.0%	3.8%	
Net debt as a multiple of annualized Q2 EBITDA	6.9:1	6.2:1	0.7:1	
Operating interest-coverage ratio	3.7:1	3.9:1	(0.2:1)	
Total interest-coverage ratio	3.0:1	3.0:1	0.0:1	

Allied's financial performance measures for the quarter and the half were up from the comparable quarter and period 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 630,000 square feet of space in first half, it finished the second quarter with its rental portfolio 90.8% leased, 94.6% leased if upgrade properties are excluded. Allied renewed or replaced leases for 68.2% of the GLA that matured in the first half and 59.2% of the GLA scheduled to mature in 2014. This resulted in an overall increase of 7.2% in net rental income per square foot from the affected space.

Leasing at Allied's upgrade, redevelopment and intensification properties remained strong in the second quarter, with eOne committing to an additional floor at QRC West in Toronto, bringing its premises to five vertically contiguous floors and approximately 92,000 square feet of GLA. Allied also entered into a long-term lease transaction with three new tenants for a half floor each. Together, they will occupy approximately 36,000 square feet of GLA, bringing the leased area of the new component of QRC West to 188,000 square feet of GLA (75% of the total).

Allied has completed three leases for 20,000 square feet of GLA (12% of the total) at 250 Front West in Toronto to existing tenants of 151 Front West. The leases validate Allied's net rent expectations and either have commenced or will commence in 2014. Allied is currently negotiating with eight prospective tenants, one of which is an existing tenant of 151 Front and the other seven of which do not currently occupy space in Allied's portfolio. If completed successfully, these negotiations would bring the leased area of 250 Front to 90,000 square feet of GLA (54% of the total).

Leasing at Allied's upgrade and redevelopment properties in Montreal was also strong in the quarter. If expansions and new leases currently in progress are completed, each of the three properties will be at or near leased area of 75%.

Allied advanced the municipal approval process for a number of its Toronto intensification opportunities this year. With rezoning approval having been obtained for the King & Peter intensification (388 King Street West and 82 Peter Street) late last year, Allied recently received rezoning approval for Union Centre (20 York Street), the King & Spadina

intensification (489, 495 and 499 King Street West), the College & Manning JV with RioCan and the Spadina JV with Diamond. The JV with Westbank and TELUS has also received the municipal approvals necessary to proceed with the construction of TELUS Sky in downtown Calgary.

Allied's balance sheet continued to grow and strengthen. At the end of the quarter, the fair value of its assets was \$3.6 billion, up 11% from the end of the same quarter last year through a combination of acquisitions (\$142 million) and value appreciation (\$214 million). Allied's total debt was 37.8% of fair value and comprised entirely of first mortgages with a weighted average term of 6.4 years and a weighted average interest rate of 4.8%. Its immediate liquidity was \$72 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 consolidated financial statements for the quarter ended June 30, 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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