ALLIED

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST ANNOUNCES THIRD-QUARTER RESULTS WITH CONTINUING BROAD-BASED MOMENTUM

TORONTO, NOVEMBER 11, 2014

Allied Properties REIT (TSX:AP.UN) today announced results for its third quarter ended September 30, 2014. "We established ambitious targets for 2014, and we've progressed steadily toward achievement," said Michael Emory, President and CEO. "Our financial and operating results are on target, our consolidation activity is ahead of forecast and our development activity has progressed to the point of full validation by actual business users, easily the most important of adjudicators."

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

(In thousands except for per unit and % amounts)	Q3 2014	Q3 2013	CHANGE	% CHANGE
Net income	35,005	31,155	3,850	12.4%
Same-asset net operating income ("NOI")	47,093	43,104	3,989	9.3%
Funds from operations ("FFO")	38,229	34,441	3,788	11.0%
FFO per unit (diluted)	$0.54	$0.50	$0.04	8.0%
FFO pay-out ratio	65.6%	67.3%	(1.7%)	
Adjusted FFO ("AFFO")	34,161	29,872	4,289	14.4%
AFFO per unit (diluted)	$0.48	$0.44	$0.04	9.1%
AFFO pay-out ratio	73.5%	77.7%	(4.2%)	
Total debt as a % of fair value of investment properties	35.5%	36.1%	(0.6%)	
Net debt as a multiple of annualized Q3 EBITDA	6.4:1	6.3:1	0.1:1	
Operating interest-coverage ratio	3.9:1	4.0:1	(0.1:1)	
Total interest-coverage ratio	3.1:1	3.1:1	0:0:1	

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

(In thousands except for per unit and % amounts)	9 MONTHS 2014	9 MONTHS 2013	CHANGE	% CHANGE
Net income	97,781	87,065	10,716	12.3%
Same-asset net operating income ("NOI")	130,400	120,272	10,128	8.4%
Funds from operations ("FFO")	108,512	96,883	11,629	12.0%
FFO per unit (diluted)	$1.56	$1.43	$0.13	9.1%
FFO pay-out ratio	68.1%	70.8%	(2.7%)	
Adjusted FFO ("AFFO")	95,911	82,629	13,282	16.1%
AFFO per unit (diluted)	$1.37	$1.23	$0.14	11.4%
AFFO pay-out ratio	77.0%	83.0%	(6.0%)	
Total debt as a % of fair value of investment properties	35.5%	36.1%	(0.6%)	
Net debt as a multiple of annualized Q3 EBITDA	6.4:1	6.3:1	0.1:1	
Operating interest-coverage ratio	3.7:1	3.9:1	(0.2:1)	
Total interest-coverage ratio	3.0:1	3.1:1	(0.1:1)	

Allied's financial performance measures for the quarter and the nine-month period 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 831,000 square feet of space in the period, Allied finished the third quarter with its rental portfolio 91.6% leased, 94.6% leased if upgrade properties are excluded. Allied renewed or replaced leases for 74.7% of the GLA that matured in the period and 68.4% of the total 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.

Allied's consolidation activity is well ahead of forecast. In the first nine months of 2014, Allied invested $210 million in seven properties with 568,000 square feet of GLA and 553 parking spaces that now form part of its rental portfolio. It invested another $15 million in 460 King Street West, which completed its ownership along the eastern and southern perimeters of one of the most important city blocks in Toronto's Downtown West. This property now forms part of its development portfolio.

Leasing at Allied's upgrade, redevelopment and intensification properties has remained strong. Sapient committed to another half-floor at QRC West in Toronto, bringing the leased area of the new component to 80%. Allied has now leased 59,500 square feet of GLA (35%) at 250 Front West in Toronto to five separate tenants on terms that fully validate its rent expectations. It is currently negotiating five new leases. If completed, they will increase the leased area by 70,000 square feet of GLA, bringing the leased area to 77%. Leasing at Allied's upgrade and redevelopment properties in Montréal was also strong. If expansions and new leases currently in progress are completed, each of the three properties will be between 73% and 84% leased.

Allied's balance sheet continued to grow and strengthen. At the end of the quarter, the fair value of its assets was $3.8 billion, up 13% from the end of the same quarter last year through a combination of acquisitions ($232 million) and value appreciation ($208 million), offset somewhat by dispositions ($7 million). Allied's total debt was 35.5% of fair value and comprised entirely of first mortgages with a weighted average term of 6.3 years and a weighted average interest rate of 4.8% Its immediate liquidity was $103 million, and it had approximately $500 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 September 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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