ALLIED

Quarterly Report March 31, 2021

Urban environments for creativity and connectivity

04.28.21

In memory of Kamilia Meslohi Hicham,
beloved member of our Montréal team.
« Il y a quelque chose de plus fort que la mort, c'est la présence des absents, dans la mémoire des vivants. »

- Jean D'Omersson

ALLIED

Quarterly Report

March 31, 2021

Contents

Letter to Unitholders

Dear Fellow Unitholder:

Despite ongoing shut-downs across Canada, our operating and leasing momentum continued to accelerate in the first quarter. We collected 97.6% of our rental revenue. Of the 2.4% we deferred, we expect to collect 1.5% under the Canada Emergency Rent Subsidy. Same-asset NOI and FFO per unit were in-line with the comparable (pre-shut-down) quarter last year, while AFFO per unit was up 3%. The quarter once again confirmed that our team, our properties and our user-base are resilient.

We continue to make small, strategic in-fill acquisitions, principally in downtown Toronto. These afford respectable yields and augment existing concentrations with future intensification potential. We allocated $100 million to acquisitions like these in 2020 and another $33 million in the first quarter. We expect to continue allocating relatively small amounts of capital in this way over the remainder of the year.

We continue to allocate large amounts of capital to development activity with our completion and return estimates remaining intact. We estimate that current developments will increase our annual EBITDA by approximately $79 million and have a weighted average lease term of 13 years.

I believe we should base our decisions and expectations on what people actually do, not on what they say they might do. Most of the behaviour I observed in 2020 and thus far in 2021 suggests that Canadians remain committed to the city as the principal venue for living, working and playing. Demand for urban accommodation has not declined, but rather accelerated, putting dramatic upward pressure on prices. Demand for urban office space has not collapsed, but rather remained strong, putting continued upward pressure on rental rates in Montréal, Toronto and Vancouver. Despite the fact that urban retail users have borne the economic brunt of the pandemic, many are committing to the few strong urban locations that come available, effectively looking right through the pandemic to a strong rebound. People are betting on, and committing to, the city more than ever. Far from reversing urban intensification, the pandemic seems more likely to have the long-term effect of accelerating it.

It follows that we continue to have deep confidence in our strategy of operating distinctive urban workspace and UDCs in Canada's major cities. We continue to expect our operating and development environment to be generally favourable in 2021. Our internal forecast for 2021 calls for low-to-mid-single-digit percentage growth in each of same-asset NOI, FFO per unit and AFFO per unit. While we do not forecast NAV per unit growth, we do expect to propel further growth in 2021. We also expect to allocate a large amount of capital in 2021 with the same strategic coherence and discipline we demonstrated in 2020 and prior years.

* * *

If you have any questions or comments, please don't hesitate to call me at (416) 977-0643 or e-mail me at **memory@alliedreit.com**.

Yours truly,

Michael Emory
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Management’s Discussion and Analysis of Results of Operations and Financial Condition as at March 31, 2021

Section I
–Overview

Allied is an unincorporated closed-end real estate investment trust created pursuant to the Declaration of Trust ("Declaration of Trust") dated October 25, 2002, as amended and restated from time to time, most recently on April 14, 2020. Allied is governed by the laws of Ontario. Allied's units ("Units") are publicly traded on the Toronto Stock Exchange under the symbol "AP.UN". Additional information on Allied, including its annual information form, is available on SEDAR at www.sedar.com.

This Management's Discussion and Analysis ("MD&A") of results of operations and financial condition relates to the quarter ended March 31, 2021. Unless the context indicates otherwise, all references to "Allied", "we", "us" and "our" in this MD&A refer to Allied Properties Real Estate Investment Trust. The Board of Trustees of Allied, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

This MD&A has been prepared with an effective date of April 28, 2021, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the quarter ended March 31, 2021. Historical results and percentage relationships contained in this MD&A, including trends that might appear, should not be taken as indicative of future results, operations or performance. Unless otherwise indicated, all amounts in this MD&A are in thousands of Canadian dollars.

This section includes certain terms that do not have a standardized meaning prescribed under International Financial Reporting Standards ("IFRS") and includes certain forward-looking statements within the meaning of applicable securities law. Refer to Non-IFRS Measures and Forward-Looking Statements on pages 19 and 20, respectively.

Q1 2021 Operating and Financial Highlights

Above all, we are operators. For us, neither acquisition activity nor development activity is an end in itself. Rather, both are a means of providing knowledge-based organizations with distinctive urban workspace and UDC space effectively and profitably.

Q1 Operating Results

LEASED AREA

91.9%

OCCUPIED AREA

91.4%

AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT

$24.13

↑ 5.3%

RENT GROWTH ON MATURING SPACE

Rental portfolio

5.4%

Excluding Calgary

10.6%

WEIGHTED AVERAGE REMAINING LEASE TERMS IN YEARS

Rental portfolio

5.7

Q1 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO (1)

$78.5M

↓ 0.3%

FFO PER UNIT (1)(2)

$0.580

↓ 0.3%

AFFO PER UNIT (1)(2)

$0.521

↑ 3.0%

Q1 Capital Allocation

$24.3M

Allocated to acquisitions

$66.7M

Allocated to development

Q1 Funding

$600M

Green bond

$650.6M

Of liquidity (3)

Q1 Balance Sheet

NET DEBT AS A MULTIPLE OF ANNUALIZED ADJUSTED EBITDA (1)

7.9x

TOTAL INDEBTEDNESS RATIO (1)

31.1%

INTEREST COVERAGE RATIO (1)(4)

3.3x

UNENCUMBERED INVESTMENT PROPERTIES (1)

$6.9B

(1) *This is a non-IFRS measure, refer to page 19.*
(2) *Excluding condominium related items and prepayment costs on a diluted basis.*
(3) *Liquidity is the sum of cash and cash equivalents and the undrawn portion of Allied's unsecured revolving operating facility as at March 31, 2021.*
(4) *Including interest capitalized and excluding prepayment costs.*

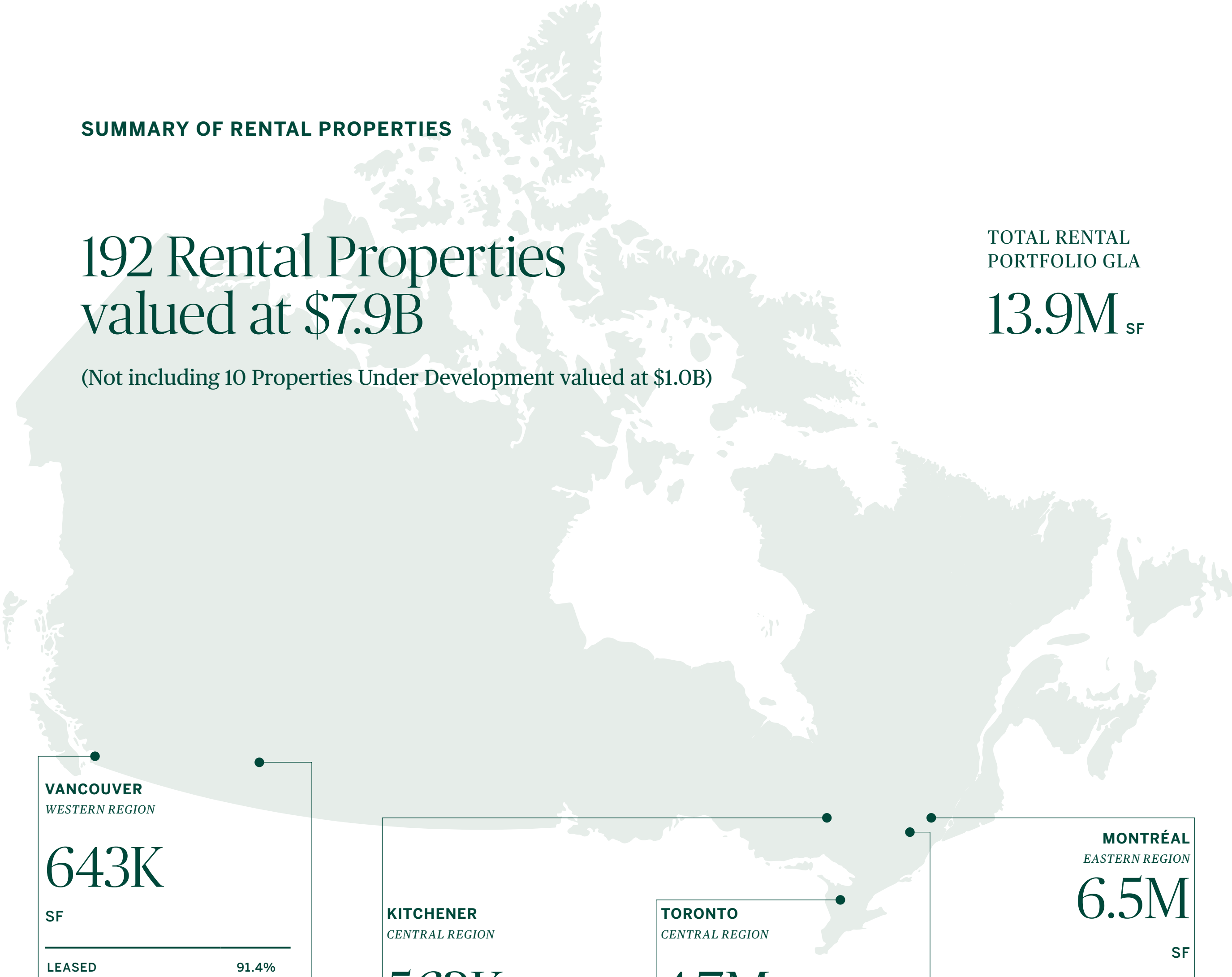
SUMMARY OF KEY OPERATING AND FINANCIAL PERFORMANCE MEASURES

The following table summarizes the key operating and financial performance measures for the periods listed below:

	THREE MONTHS ENDED		YEAR ENDED
($000's except per-square foot, per-Unit and financial ratios)	**MARCH 31, 2021**	MARCH 31, 2020	DECEMBER 31, 2020
Leased area	**91.9%**	94.8%	92.5%
Occupied area	**91.4%**	94.5%	92.1%
Average in-place net rent per occupied square foot	**24.13**	22.91	23.88
Renewal and replacement rate for leases maturing in the period	**71.8%**	61.2%	78.3%
Increase in net rent on maturing leases	**5.4%**	24.2%	17.2%
Investment properties (1)	**8,925,155**	8,232,495	8,809,685
Unencumbered investment properties (2)	**6,942,140**	6,012,110	6,463,680
Cost of PUD as % of GBV (2)	**10.0%**	9.7%	9.0%
NAV per Unit (2)(3)	**48.72**	48.17	48.54
Total indebtedness ratio (2)	**31.1%**	27.2%	29.2%
Annualized Adjusted EBITDA (2)	**356,184**	342,576	349,023
Net debt as a multiple of Annualized Adjusted EBITDA (2)	**7.9x**	6.8x	7.7x
Interest-coverage ratio - including interest capitalized and excluding prepayment costs (2)(5)	**3.3x**	3.3x	3.4x
Adjusted EBITDA (2)	**89,046**	85,644	349,023
Net income excluding fair value adjustments and prepayment costs (2)(4)(5)	**62,870**	60,717	242,431
Net income	**77,522**	254,913	500,729
Same Asset NOI - rental portfolio (2)	**78,517**	78,731	287,417
Same Asset NOI - total portfolio (2)	**79,987**	79,763	288,802
FFO (2)	**59,415**	71,089	284,732
All amounts below are excluding condominium related items and prepayment costs (2)(5):			
FFO	**73,797**	71,676	285,784
FFO per Unit (diluted)	**0.580**	0.582	2.295
FFO payout-ratio	**73.3%**	70.8%	71.9%
AFFO	**66,329**	62,367	248,003
AFFO per Unit (diluted)	**0.521**	0.506	1.991
AFFO payout-ratio	**81.6%**	81.4%	82.8%

(1) This measure is presented on either a proportionate consolidation or IFRS basis; refer to Section II, Section V or Section VI for a reconciliation of these measures.
(2) This is a non-IFRS measure, refer to page 19.
(3) Net asset value per Unit is calculated as follows: total Unitholders' equity as at the corresponding period ended, (per the unaudited condensed consolidated balance sheets) divided by the actual number of Units outstanding at period-end.
(4) Includes $1,047 of fair value gains related to an equity accounted investment for the three months ended March 31, 2021 (three months ended March 31, 2020 - $198).
(5) In the first quarter of 2021, Allied incurred $14,161 of prepayment costs in connection with the favourable refinancing of unsecured debentures and a first mortgage.

SUMMARY OF RENTAL PROPERTIES



192 Rental Properties valued at $7.9B

(Not including 10 Properties Under Development valued at $1.0B)

TOTAL RENTAL PORTFOLIO GLA

13.9M SF

VANCOUVER
WESTERN REGION

643K

SF

LEASED	91.4%
MARKET OCCUPANCY [1]	93.8%
PROPERTIES	12
EMPLOYEES	10

CALGARY
WESTERN REGION

1.2M

SF

LEASED	84.8%
MARKET OCCUPANCY [1]	67.7%
PROPERTIES	30
EMPLOYEES	38

KITCHENER
CENTRAL REGION

562K

SF

LEASED	96.7%
MARKET OCCUPANCY [1][2]	84.9%
PROPERTIES	5
EMPLOYEES	4

TORONTO
CENTRAL REGION

4.7M

SF

INCLUDING URBAN DATA CENTRES

510K SF

LEASED	95.6%
MARKET OCCUPANCY [1]	90.9%
PROPERTIES	102
UDC PROPERTIES	3
EMPLOYEES	213

MONTRÉAL
EASTERN REGION

6.5M

SF

LEASED	90.3%
MARKET OCCUPANCY [1]	89.4%
PROPERTIES	29
EMPLOYEES	88

OTTAWA
EASTERN REGION

232K

SF

LEASED	99.0%
MARKET OCCUPANCY [1]	89.3%
PROPERTIES	2
EMPLOYEES	4

(1) Source: cbre.ca, CBRE Canada Q1 2021 Quarterly Statistics Report.
(2) The Kitchener market occupancy is based on the city of Waterloo market occupancy.

BUSINESS OVERVIEW AND STRATEGY

Allied is a leading owner, manager and developer of (i) distinctive urban workspace in Canada's major cities and (ii) network-dense urban data centres in Toronto that form Canada's hub for global connectivity. Allied's business is providing knowledge-based organizations with distinctive urban environments for creativity and connectivity.

DISTINCTIVE URBAN WORKSPACE

Allied was known initially for its leading role in the emergence of Class I workspace in Toronto, a format created through the adaptive re-use of light industrial structures in the Downtown East and Downtown West submarkets. This format typically features high ceilings, abundant natural light, exposed structural frames, interior brick and hardwood floors. When restored and retrofitted to high standards, Class I workspace can satisfy the needs of the most demanding office and retail users. When operated in a coordinated manner, this workspace becomes a vital part of the urban fabric and contributes meaningfully to a sense of community.

Allied went public in 2003 for the express purpose of consolidating Class I workspace that was centrally located, distinctive and cost-effective. The consolidation that ensued was continuous, enabling Allied to evolve into a leading owner, manager and developer of distinctive urban workspace in Canada's major cities.

URBAN DATA CENTRE ("UDC") SPACE

In addition to providing urban workspace, Allied provides network-dense UDC space in Downtown Toronto. Allied established this capability in 2009 through the acquisition of 151 Front W, the largest internet exchange point in Canada and the fifth largest in North America. Allied has since expanded this capability by retrofitting a portion of 905 King W and a portion of 250 Front W. Just as Allied's workspace does, this space provides knowledge-based businesses with distinctive urban environments for creativity and connectivity. Allied's deep expertise in adaptively re-using urban structures has contributed meaningfully to its success in operating network-dense data centre space in Downtown Toronto.

WORKSPACE INNOVATION

Allied's experience informed its approach to workspace innovation. Office users today value light, air and an open-plan. Abundant natural light and fresh air contribute enormously to human wellness and productivity. An open-plan improves collaboration and creativity. When people can move around and freely connect with one another, communication is improved, along with mutual understanding, and sparks of ingenuity occur.

Technology has contributed to workspace innovation. Light harvesting has made great strides, as has fresh air delivery. Raised-floor systems have made aesthetic and practical contributions in recent years. Aesthetically, they declutter the workspace and obviate the need for drop-ceilings. Practically, they improve air circulation by pressurizing the underfloor area and de-pressurizing the actual work environment. All this can be delivered to workspace users in an environmentally sustainable manner.

Workspace amenities have made an equivalent contribution to workspace innovation. While achievable to an extent within a single building, amenity-richness is best achieved within a surrounding urban neighbourhood. This in turn places a premium on clustering buildings within an amenity-rich urban neighbourhood.

Allied's experience with Class I workspace also increased its sensitivity to design. When people migrated to the suburbs in the 1950s, the sensitivity to design in the inner-cities seemed to diminish, if not disappear altogether. Heritage properties were destroyed to make way for non-descript, inward-looking buildings, and synthetic materials seemed to cover everything everywhere. Fortunately, design now matters, and design now pays. The workspace Allied created at QRC West in Toronto is an excellent example. Allied's architects came up with a creative and beautiful way to build a new office tower above two fully-restored heritage buildings. Although the design entailed additional cost, the ultimate economic and social return on the investment was exceptional. The design paid off in every conceivable way.

Finally, Allied's experience with Class I workspace put it at the forefront of creating workspace for the knowledge-based economy. This led Allied to place ever-greater emphasis on the ongoing relationship between the user and provider of workspace. Put differently, it led Allied to understand the need for a partnership-like relationship between itself and workspace users.

FOCUS AND DEFINITION

From the outset, Allied adhered to a clear investment and operating focus. It focused initially on the Class I format and continues to do so on a large scale in major urban centres in Canada. More recently, Allied expanded its focus to include hybrid structures like QRC West and King Portland Centre in Toronto and 425 Viger in Montréal, where heritage buildings were integrated with new structures in a way that resonated meaningfully with the knowledge-based organizations Allied serves. Allied will continue to do so on a large scale in major urban centres in Canada.

As Allied's business grew and evolved, it was defined not by the specific workspace format Allied owns, operates and develops, but rather by the workspace users Allied serves. If a particular format enables Allied to serve knowledge-based organizations better and more profitably, Allied will invest in it. The Well in Toronto is a good example. The workspace component will be a high-rise tower for the most part with no heritage element at all. However, because of its architecture, performance attributes and location within a vibrant and amenity-rich neighbourhood, it has attracted outstanding knowledge-based organizations.

Allied's acquisition of 700 de la Gauchetière Street West in Montréal ("700 DLG") in July of 2019 is another good example. Through a user-led transformation, a small portion of the workspace at 700 DLG was improved in a manner consistent with the distinctive urban workspace environments that Allied develops, owns and operates. In fact, this workspace is strikingly similar to workspace occupied by Ubisoft, Framestore, Spaces and Sun Life Financial at Allied's de Gaspé properties in Montréal. Allied intends (i) to work with existing and future users to continue this transformation over time and (ii) to transform the extensive public and common areas, all with a view to creating a comprehensively distinctive urban workspace environment at 700 DLG for knowledge-based organizations. In effect, Allied intends to complete on a vertical plane the kind of building transformation it has completed so often on a more horizontal plane. In doing so, Allied expects to augment its ability to serve knowledge-based organizations, as well as adding meaningful value to 700 DLG over a three- to five-year timeframe.

When Allied's business is defined by the workspace users it serves, the actual format becomes less important and the specific building attributes and neighbourhood amenities take on paramount importance. Accordingly, if a conventional office tower can be transformed to provide the specific attributes and amenities favoured by knowledge-based organizations, it falls squarely within Allied's investment and operating focus. This expands Allied's opportunity-set materially.

VISION AND MISSION

Allied's vision statement is as follows: *To make a continuous contribution to cities and culture that elevates and inspires the humanity in all of us*. In isolation, this could be seen as somewhat extravagant and nebulous, but it is fully grounded and informed by Allied's mission statement, which is as follows: *To provide knowledge-based organizations with distinctive urban workspace in a manner that is sustainable and conducive to human wellness, creativity, connectivity and diversity*. Like all such statements, Allied's vision and mission statements need elaboration.

From inception, Allied's approach to workspace was both humanistic and technical. Allied sees workspace from the vantage point of people who use it rather than people who invest in it. Allied sees workspace as optimal light and air, a flexible and open floorplan and a collaborative rather than feudal relationship between owner and user. Allied sees workspace as a product of aesthetic and technical design. Finally, Allied sees workspace as part of a large, amenity-rich, urban ecosystem rather than as an instance of the monumental isolation that characterizes so many conventional office towers.

Real estate is no longer a passive investment or a static tolling business. It is a profoundly human business that needs to keep pace with demographic and technological change, as well as the ongoing change in human attitudes and values. It needs to be run with future generations in mind. This means we have to run commercial real estate to save the global environment, not destroy it. It means we have to foster human wellness, not undermine it. It means we have to promote diversity, not impose uniformity. It means we have to facilitate creativity, not encourage conformity. Finally, it means we have to build and operate as city builders.

City builders see commercial real estate as an integral part of a much larger ecosystem of infrastructure, buildings and people. The ecosystem, of course, is the city. We can only build cities well if they endure, if they stand the test of time. This means cities have to be sustainable and conducive to human wellness, creativity, connectivity and diversity. Put differently, it means they have to elevate and inspire the humanity in all of us.

City building requires commitment, innovation and imagination, something Allied strives for on an ongoing basis. In an era of remarkable and continuous urban intensification, city building is essential to sustained profitability in real estate. Sporadic profitability is achievable without reference to the principles of city building. Merchant development of commoditized structures in a boom market illustrates this perfectly. Sustained profitability, on the other hand, requires adherence to the principles of city building. It follows that Allied's vision and mission statements are the aspirational context within which Allied pursues sustained profitability for the benefit of its unitholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Allied made a commitment to submit formally to independent scrutiny of its ESG performance by 2020. The most important single step was to obtain a GRESB (formerly Global Real Estate Sustainability Benchmark) Assessment and to provide an annual ESG Report. These reports identify strengths and opportunities for improvement at Allied. What is most important is that they will assist the Board and Management in establishing rational priorities going forward and provide benchmarks for measuring improvement.

We believe environmental, social and governance sensitivities are an integral part of Allied. They flow from Allied's evolution as an organization focused on the provision of distinctive urban workspace and network-dense urban data centre (UDC) space in Canada's major cities.

Long before going public, Allied focused on the adaptive re-use of older structures built over a century ago for light-industrial purposes. The goal at the time was not to minimize the impact on the environment. Rather, it was to meet what was rightly perceived to be a growing need on the part of users of workspace for environments that would assist them in attracting, motivating and retaining knowledge workers. Nevertheless, by re-cycling buildings rather than re-building them, Allied minimized the impact on the environment. This evolved into greater sensitivity as to the environmental impact of its activity.

Again long before its initial public offering (IPO), Allied concentrated its properties in specific urban areas. The goal at the time was not to make a social contribution. Rather, it was to meet what was rightly perceived to be the need on the part of users of workspace to grow in amenity-rich, mixed-use urban communities. Nevertheless, by aggregating buildings in this way, Allied became sensitized to the impact on the surrounding communities in which it operates. Allied began to see its buildings as part of a larger urban ecosystem and to acknowledge its responsibility to the surrounding community as a whole.

Finally, the launch of Allied's IPO in 2003 increased its sensitivity to governance. The sensitivities at the time were predominantly financial and operational, but as Allied evolved and attracted unitholders globally, the sensitivity to a broader conception of governance increased. Allied's Board and Management began to see governance as something that could strengthen the business significantly.

Allied's Board and Management are committed to making the inherent approach to ESG more manifest, deliberate and measurable. They have always believed that submitting to informed scrutiny will make it a better business, and formally submitting to ESG scrutiny is no exception in this regard. The Board and Management look forward to your feedback.

The Trustees are responsible for the oversight of the ESG strategy and initiatives developed by Management. Allied has established an ESG Committee to assist Management and the Board in defining, designing, implementing, expanding and evaluating Allied's ESG strategy and initiatives. The ESG Committee reports and makes recommendations to management and the Board at least annually.

On December 2, 2020, Allied published its inaugural Environmental, Social and Governance Report on the home page of its website at www.alliedreit.com. Allied obtained a GRESB Assessment for 2019, which was published by GRESB on November 24, 2020. Allied received a score of 64, which was recognized by GRESB as a "strong first-year showing". Allied intends to obtain a GRESB Assessment and to provide an ESG Report on an annual basis. Allied's 2020 ESG Report (to be published later this year) is expected to be prepared in accordance with Global Reporting Initiative ("GRI") Standards and to include indicators from the Sustainability Accounting Standards Board ("SASB") Real Estate sub-sector.

On December 8, 2020, Massey Hall announced that Allied made a landmark contribution to the Massey Hall Revitalization. This transformative support expands the project's original scope and introduces Canada's premiere multi-purpose performance facility, Allied Music Centre, home of historic Massey Hall. This partnership with Massey Hall will enable Allied to contribute meaningfully to its communities over an extended period of time. It will also enrich the experience of the many creative organizations and people who use Allied's urban workspace across the country.

On December 17, 2020, Allied obtained a $232.5 million green construction loan (at Allied's share) for the KING Toronto development. The proceeds of the construction loan have been used towards achieving a minimum LEED Gold Certification at the KING Toronto development.

On February 3, 2021, Allied announced its Green Financing Framework (the "Framework") under which Allied or any of its subsidiaries may issue green bonds, green loans, or other financial instruments to finance and/or re-finance eligible green projects, as defined in the Framework. Allied obtained a second party opinion from Sustainalytics, a provider of ESG research and analysis, confirming that the Framework aligns with the International Capital Markets Association Green Bond Principles 2018 and the Loan Market Association's Green Loan Principles 2020. On February 12, 2021, Allied closed its inaugural $600 million green bond issuance under its Framework. Allied will provide annual updates on its website and/or in its Annual Report or ESG Report until the net proceeds of a green financing are fully allocated to eligible green projects.

Copies of Allied's ESG Report, Green Financing Framework and Sustainalytics' second party opinion are available on Allied's website at www.alliedreit.com.

BUSINESS ENVIRONMENT AND OUTLOOK

Allied's internal forecast for 2021 calls for low-to-mid-single-digit percentage growth in each of same-asset NOI, FFO per unit and AFFO per unit. While Allied does not forecast NAV per unit growth, it does expect to propel further growth in 2021. Allied also expects to allocate a large amount of capital in 2021 with the same strategic coherence and discipline it demonstrated in prior years.

There are material areas of uncertainty in the current economic environment, one of the most significant for commercial real estate being the lack of visibility as to how office users, retail users and consumers will respond once physical-distancing measures are lifted or relaxed across Canada. There is also limited visibility as to the ultimate extent and severity of the general economic disruption flowing from the global pandemic.

Allied continues to have deep confidence in, and commitment to, its strategy of consolidating and intensifying distinctive urban workspace and network-dense UDCs in Canada's major cities. Allied firmly believes that its strategy is underpinned by the most important secular trends in Canadian and global real estate. Allied also firmly believes that it has the properties, the financial strength, the people and the platform necessary to execute its strategy for the ongoing benefit of its unitholders.

The foregoing sections contain non-IFRS measures and forward-looking statements. Refer to Non-IFRS Measures and Forward Looking Statements below.

NON-IFRS MEASURES

Readers are cautioned that certain terms used in the MD&A such as Funds from Operations ("FFO"), Funds from Operations excluding condominium related items and prepayment costs ("FFO excluding condominium related items and prepayment costs"), Adjusted Funds from Operations ("AFFO"), Adjusted Funds from Operations excluding condominium related items and prepayment costs ("AFFO excluding condominium related items and prepayment costs"), Net Rental Income ("NRI") (a non-IFRS measure on a consolidated basis), Net Operating Income ("NOI"), "Same Asset NOI", Normalized Last Quarter Annualized NOI ("Normalized LQA NOI"), Net Asset Value ("NAV"), Gross Book Value ("GBV"), Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), Annualized Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Annualized Adjusted EBITDA"), "Net debt as a multiple of Annualized Adjusted EBITDA", "Payout Ratio", "Interest Coverage", "Net Debt to Adjusted EBITDA" and any related per Unit amounts used by Management of Allied to measure, compare and explain the operating results and financial performance of Allied do not have any standardized meaning prescribed under IFRS and, therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS.

These terms are defined in the MD&A and reconciled to the unaudited condensed consolidated financial statements of Allied for the quarter ended March 31, 2021. Such terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities. See "Other Financial Performance Measures", "Net Operating Income", "Debt" and "Financial Covenants".

Allied applies the equity method of accounting to its joint venture, TELUS Sky, as prescribed under IFRS. Any references to the financial statements refer to amounts as reported under IFRS unless referenced as "proportionate share" or "proportionate basis," which are non-IFRS measures and include the proportionate share of equity accounted investments. Management presents the proportionate share of its interests in joint arrangements that are accounted for using the equity method as it is viewed as more relevant in demonstrating Allied's performance and is the basis of many of Allied's key performance measures. Refer to Section II - Operations, Section V - Asset Profile and Section VI - Liquidity and Capital Resources, for a reconciliation of Allied's unaudited condensed consolidated financial statements as presented under IFRS to the proportionate share basis.

FORWARD-LOOKING STATEMENTS

Certain information included in this MD&A contains forward-looking statements within the meaning of applicable securities laws, including, among other things, statements concerning Allied's objectives and strategies to achieve those objectives, statements with respect to Management's beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance that are not historical facts. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as "indicators", "outlook", "forecast", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans", "continue" or similar expressions suggesting future outcomes or events. In particular, certain statements in the Letter to Unitholders, Section I—Overview, under the headings "Business Overview and Strategy", "Focus and Definition", "Vision and Mission", "Environmental, Social and Governance" and "Business Environment and Outlook", Section III - Leasing under the headings "Status" and "Lease Maturity", Section V - Asset Profile, under the headings "Rental Properties", and "Development Properties", Section VI - Liquidity and Capital Resources and Section IX - Risks and Uncertainties, constitute forward-looking information. This MD&A includes, but is not limited to, forward-looking statements regarding: increases to Allied's annual EBITDA due to development activities; expected capital expenditure and allocation over 2021; completion of construction and lease-up in connection with Properties Under Development ("PUDs"); growth of our same asset NOI, FFO per Unit excluding condominium related items and prepayment costs and AFFO per Unit excluding condominium related items and prepayment costs; continued demand for space in our target markets; the expected effect of the global pandemic and consequent economic disruption; Allied's internal forecast; the creation of future value; estimated gross leasable area ("GLA"), NOI and growth from PUDs; estimated costs of PUDs; future economic occupancy; return on investments, including yield on cost of PUDs; estimated rental NOI and anticipated rental rates; lease up of our intensification projects; anticipated available square feet of leasable area; targets for LEED certification; our ability to generate ancillary revenue; our ability to achieve risk-adjusted returns on intensification; our expectations regarding the timing of development of potential incremental density; receipt of municipal approval for value-creation projects, including intensifications; Management's expectations regarding future distributions; and completion of future financings and availability of capital. Such forward-looking statements reflect Management's current beliefs and are based on information currently available to Management.

The forward-looking statements in this MD&A are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described in Section IX - Risks and Uncertainties, which could cause actual results, operations or performance to differ materially from the forward-looking statements in this MD&A. Those risks and uncertainties include risks associated with property ownership, property development, geographic focus, asset-class focus, competition for real property investments, financing and interest rates, government regulations, environmental matters, construction liability, taxation, cybersecurity, and COVID-19. Material assumptions that were made in formulating the forward-looking statements in this MD&A include the following: that our current target markets remain stable, with no material increase in supply of directly-competitive office space; that acquisition capitalization rates remain reasonably constant; that the trend toward intensification within our target markets continues; and that the equity and debt markets continue to provide us with access to capital at a reasonable cost to fund our future growth and potentially refinance our mortgage debt as it matures. Although the forward-looking statements contained in this MD&A are based on what Management believes are reasonable assumptions, there can be no assurance that actual results, operations or performance will be consistent with these statements.

All forward-looking statements in this MD&A are qualified in their entirety by this forward-looking disclaimer. Without limiting the generality of the foregoing, the discussion in the Letter to Unitholders, Section I - Overview and Section V - Asset Profile and Section VI - Liquidity and Capital Resources are qualified in their entirety by this forward-looking disclaimer. These statements are made as of April 28, 2021, and, except as required by applicable law, Allied undertakes no obligation to update publicly or revise any such statements to reflect new information or the occurrence of future events or circumstances.

Section II
–Operations

The following sets out summary information and financial results for the three months ended March 31, 2021, and the comparable period in 2020. Unless otherwise noted, the figures in this section are presented on a proportionate basis of accounting.

NET INCOME AND COMPREHENSIVE INCOME

The following table reconciles the unaudited condensed consolidated statements of income and comprehensive income, on a proportionate basis, for the three months ended March 31, 2021, and March 31, 2020.

	THREE MONTHS ENDED					
	MARCH 31, 2021			MARCH 31, 2020		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue from investment properties	**$140,835**	**$949**	**$141,784**	$138,977	$347	$139,324
Property operating costs	**(59,718)**	**(712)**	**(60,430)**	(59,218)	(260)	(59,478)
Operating income	**$81,117**	**$237**	**$81,354**	$79,759	$87	$79,846
Interest expense	**(31,848)**	**(2)**	**(31,850)**	(16,812)	—	(16,812)
General and administrative expenses	**(6,203)**	**—**	**(6,203)**	(6,605)	—	(6,605)
Condominium marketing expenses	**(221)**	**(9)**	**(230)**	(587)	(4)	(591)
Amortization of other assets	**(306)**	**—**	**(306)**	(374)	—	(374)
Interest income	**5,944**	**—**	**5,944**	5,253	—	5,253
Fair value gain on investment properties	**7,201**	**1,047**	**8,248**	215,076	198	215,274
Fair value gain (loss) on derivative instruments	**20,565**	**—**	**20,565**	(21,078)	—	(21,078)
Net income from joint venture	**1,273**	**(1,273)**	**—**	281	(281)	—
Net income and comprehensive income	**$77,522**	**$—**	**$77,522**	$254,913	$—	$254,913

Net income and comprehensive income for the three months ended March 31, 2021, decreased by $177,391 over the comparable period in 2020. Excluding the effect of the fair value changes on investment properties, fair value changes on derivative instruments and prepayment costs, net income for the three months ended March 31, 2021, increased by $2,153 from the same period in the prior year, primarily due to an increase in net operating income and interest income, partially offset by an increase in interest expense.

NET OPERATING INCOME ("NOI")

NOI is a non-IFRS financial measure and should not be considered as an alternative to net income or net income and comprehensive income, cash flow from operating activities or any other measure prescribed under IFRS. NOI does not have any standardized meaning prescribed by IFRS. As computed by Allied, NOI may differ from similar computations reported by other Canadian real estate investment trusts and, accordingly, may not be comparable to similar computations reported by such organizations. Management considers NOI to be a useful measure of performance for rental properties.

Allied operates in seven urban markets – Montréal, Ottawa, Toronto, Kitchener, Calgary, Edmonton and Vancouver. For the purpose of analyzing NOI, Allied groups the cities by geographic location.

Allied's real estate portfolio has grown through acquisitions and development activities that have positively contributed to the operating results for the three months ended March 31, 2021, as compared to the same period in the prior year.

The following table reconciles operating income to net operating income.

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Net rental income and operating income	**$81,354**	$79,846
Amortization of improvement allowances [1]	**8,181**	7,741
Amortization of straight-line rents [1]	**(1,927)**	(2,634)
NOI	**$87,608**	$84,953

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months ended March 31, 2021: amortization improvement allowances of $114 and amortization of straight-line rents of $254 (March 31, 2020 - $113 and $460, respectively).

The following tables set out the NOI by segment and space type from the rental and development properties for the three months ended March 31, 2021, and the comparable period in 2020.

SEGMENT	THREE MONTHS ENDED				CHANGE	
	MARCH 31, 2021		MARCH 31, 2020		$	%
Urban Workspace						
Montréal & Ottawa	**$27,907**	**31.9%**	$26,511	31.2%	$1,396	5.3%
Toronto & Kitchener	**35,643**	**40.7**	36,100	42.5	(457)	(1.3)
Calgary, Edmonton & Vancouver	**9,621**	**10.9**	8,975	10.6	646	7.2
Urban Workspace - Total	**73,171**	**83.5%**	71,586	84.3%	1,585	2.2%
Urban Data Centres	**14,437**	**16.5%**	13,367	15.7%	1,070	8.0%
NOI	**$87,608**	**100.0%**	$84,953	100.0%	$2,655	3.1%

TYPE OF SPACE	THREE MONTHS ENDED				CHANGE	
	MARCH 31, 2021		MARCH 31, 2020		$	%
Urban Workspace - Office	**$63,171**	**72.1%**	$60,027	70.7%	$3,144	5.2%
Urban Data Centres	**14,437**	**16.5**	13,367	15.7	1,070	8.0
Urban Workspace - Retail	**7,292**	**8.3**	7,263	8.5	29	0.4
Urban Workspace - Parking	**2,708**	**3.1**	4,296	5.1	(1,588)	(37.0)
NOI	**$87,608**	**100.0%**	$84,953	100.0%	$2,655	3.1%

The increase in NOI for the three months ended March 31, 2021, was primarily the result of rent growth and commencement of economic occupancy across our urban workspace portfolio, an increase in occupancy and revenue growth in the UDC portfolio and contributions from acquisitions in Vancouver and Montréal. This was partially offset by a decrease in variable parking revenue.

SAME ASSET NOI

Same asset NOI is a non-IFRS measure and refers to the NOI for those properties that Allied owned and operated for the entire period in question and for the same period in the prior year. Allied strives to maintain or increase same asset NOI over time.

Same asset NOI in the table below refers to those investment properties that were owned by Allied from January 1, 2020, to March 31, 2021. Same asset NOI of the development portfolio for the three months ended March 31, 2021, consists of 425 Viger, 305 Joseph, Adelaide & Duncan, KING Toronto, TELUS Sky, The Well, QRC West Phase II, King & Brant, 400 Atlantic and Boardwalk-Revillon Building.

	THREE MONTHS ENDED		CHANGE	
	MARCH 31, 2021	MARCH 31, 2020	$	%
Urban Workspace				
Montréal & Ottawa	**$24,254**	$23,948	$306	1.3%
Toronto & Kitchener	**32,611**	33,303	(692)	(2.1)
Calgary, Edmonton & Vancouver	**7,215**	8,252	(1,037)	(12.6)
Urban Workspace	**64,080**	65,503	(1,423)	(2.2)%
Urban Data Centres	**14,437**	13,228	1,209	9.1%
Rental Portfolio - Same Asset NOI	**$78,517**	$78,731	$(214)	(0.3)%
Urban Workspace	**1,470**	1,032	438	42.4%
Development Portfolio - Same Asset NOI	**$1,470**	$1,032	$438	42.4%
Total Portfolio - Same Asset NOI	**$79,987**	$79,763	$224	0.3%
Acquisitions	**4,598**	2,652	1,946	
Lease terminations	**182**	71	111	
Development fees and corporate items	**2,841**	2,467	374	
NOI	**$87,608**	$84,953	$2,655	3.1%
Amortization of improvement allowances	**(8,181)**	(7,741)	(440)	
Amortization of straight-line rents	**1,927**	2,634	(707)	
Operating income	**$81,354**	$79,846	$1,508	1.9%

Same asset NOI of the total portfolio increased by 0.3% for the three months ended March 31, 2021. Same asset NOI of the rental portfolio decreased by 0.3% as a result of a decrease in variable parking revenue and occupancy turnover, partially offset by rent growth and commencement of economic occupancy across our workspace portfolio as well as growth in the UDC portfolio. The UDC portfolio increased by 9.1% as a result of increased occupancy and rent and ancillary revenue growth. Same asset NOI of the development portfolio increased due to rent commencement at 425 Viger and TELUS Sky, partially offset by deleasing activity to commence development at QRC West Phase II, 400 Atlantic, Boardwalk-Revillon Building and King & Brant.

INTEREST EXPENSE

Interest expense for the three months ended March 31, 2021, and 2020, is as follows:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Interest on debt:		
Mortgages payable	**$6,796**	$7,866
Construction loans payable	**453**	349
Unsecured Facilities	**462**	699
Unsecured Debentures	**14,256**	9,550
Unsecured term loan	**2,155**	3,300
Interest on lease liabilities	**2,269**	2,205
Amortization, premium on debt	**(227)**	(454)
Amortization, net financing costs	**587**	555
	$26,751	$24,070
Less: Interest capitalized to qualifying investment properties and residential inventory	**(9,064)**	(7,258)
Interest expense excluding prepayment costs	**$17,687**	$16,812
Prepayment costs	**14,161**	—
Interest expense, IFRS basis	**$31,848**	$16,812
Add: share from joint venture	**2**	—
Interest expense, proportionate basis	**$31,850**	$16,812

For the three months ended March 31, 2021, excluding capitalized interest and prepayment costs, interest expense increased by $2,683 over the comparable period primarily due to a higher balance of unsecured debentures, partially offset by a lower balance of mortgages payable.

For the three months ended March 31, 2021, capitalized interest increased over the comparable period with the continuation of development and upgrade activities across the portfolio.

In accordance with IAS 23 - *Borrowing Costs*, interest may be capitalized on properties in connection with activity required to get the assets ready for their intended use (refer to note 2 (g) in Allied's audited consolidated financial statements for the year ended December 31, 2020, for further details). This would include upgrade work as well as work completed in relation to a future development, such as obtaining zoning approval, completing site approval plans, engineering and architectural drawings. On completion of upgrade and development activity, the ability to capitalize interest expense ends, partially offsetting the positive impact of occupancy commencement.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months ended March 31, 2021 and 2020, are as follows:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Salaries and benefits	**$4,837**	$5,197
Professional and trustees fees	**1,370**	1,520
Office and general expenses	**1,335**	1,067
	$7,542	$7,784
Capitalized to qualifying investment properties	**(1,339)**	(1,179)
Total general and administrative expenses	**$6,203**	$6,605

For the three months ended March 31, 2021, general and administrative expenses decreased by $402 from the comparable period, mainly due to lower employee expenses and lower professional fees.

OTHER FINANCIAL PERFORMANCE MEASURES

FUNDS FROM OPERATIONS ("FFO") AND FFO EXCLUDING CONDOMINIUM RELATED ITEMS AND PREPAYMENT COSTS

FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts and should not be considered as an alternative to net income or comprehensive income, cash flow from operating activities or any other measure prescribed under IFRS. While FFO does not have any standardized meaning prescribed by IFRS, REALpac established a standardized definition of FFO. Management believes that it is a useful measure of operating performance.

Allied initiated condominium pre-sales at KING Toronto, a 50/50 joint venture with Westbank, in the fourth quarter of 2018. The first three phases have sold well, and the fourth and final phase has been released to strong demand. For the three months ended March 31, 2021, Allied incurred $221 (at its share) of condominium marketing costs in connection with the pre-sales activity. (Marketing costs associated with merchant development are expensed when incurred.) Allied and Westbank have initiated construction of KING Toronto.

FFO excluding condominium related items and prepayment costs starts with the standardized definition of FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs and financing prepayment costs.

For the three months ended March 31, 2021, FFO per Unit excluding condominium related items and prepayment costs totaled $0.580. This is a decrease of $0.002 or 0.3% over the comparable period in the prior year. The decrease was primarily due to higher interest expense and modest dilution from a private placement of equity in September 2020, partially offset by an increase in NOI.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate FFO pay-out ratio excluding condominium related items and prepayment costs, which is the ratio of actual distributions to FFO excluding condominium related items and prepayment costs in a given period. For the three months ended March 31, 2021, the FFO pay-out ratio excluding condominium related items and prepayment costs was 73.3%.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO") EXCLUDING CONDOMINIUM RELATED ITEMS AND PREPAYMENT COSTS

AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts and should not be considered as an alternative to net income or comprehensive income, cash flow from operating activities or any other measure prescribed under IFRS. AFFO does not have any standardized meaning prescribed by IFRS. REALpac established a standardized definition of AFFO in its February 2019 White Paper ("White Paper"). Management considers AFFO to be a useful measure of recurring economic earnings. The principal advantage of AFFO is that it starts from the standardized definition of FFO and takes account of regular maintenance capital expenditures and regular leasing expenditures while ignoring the impact of non-cash revenue. With the adoption of the White Paper, Allied added recoverable maintenance capital expenditures and incremental leasing costs related to regular leasing in order to comply with the white paper. As regular maintenance capital expenditures and regular leasing expenditures are not incurred evenly throughout a fiscal year, there can be volatility in AFFO on a quarterly basis.

For the three months ended March 31, 2021, AFFO per Unit excluding condominium related items and prepayment costs totaled $0.521. This represents an increase of $0.015 or 3.0% over the comparable period in the prior year. The increase was primarily due to the changes in FFO excluding condominium related items and prepayment costs discussed above, lower regular leasing expenditures and lower amortization of straight-line rents, partially offset by higher recoverable maintenance capital expenditures.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate AFFO pay-out ratio excluding condominium related items and prepayment costs, which is the ratio of actual distributions to AFFO excluding condominium related items and prepayment costs in a given period. For the three months ended March 31, 2021, the AFFO pay-out ratio excluding condominium related items and prepayment costs was 81.6%.

RECONCILIATION OF FFO AND AFFO

The following table reconciles Allied's net income to FFO, FFO excluding condominium related items and prepayment costs and AFFO excluding condominium related items and prepayment costs for the three months ended March 31, 2021, and March 31, 2020.

	THREE MONTHS ENDED		
	MARCH 31, 2021	MARCH 31, 2020	CHANGE
Net income and comprehensive income	**$77,522**	$254,913	$(177,391)
Adjustment to fair value of investment properties	**(7,201)**	(215,076)	207,875
Adjustment to fair value of derivative instruments	**(20,565)**	21,078	(41,643)
Incremental leasing costs	**1,958**	1,866	92
Amortization of improvement allowances	**8,067**	7,628	439
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**(1,047)**	(198)	(849)
Amortization of improvement allowances	**114**	113	1
Interest capitalized (1)	**567**	765	(198)
FFO	**$59,415**	$71,089	$(11,674)
Condominium marketing costs	**221**	587	(366)
Prepayment costs	**14,161**	—	14,161
FFO excluding condominium related items and prepayment costs	**$73,797**	$71,676	$2,121
Amortization of straight-line rents	**(1,673)**	(2,174)	501
Regular leasing expenditures	**(2,491)**	(4,004)	1,513
Regular maintenance capital expenditures	**(708)**	(768)	60
Incremental leasing (related to regular leasing expenditures)	**(1,370)**	(1,306)	(64)
Recoverable maintenance capital expenditures	**(972)**	(597)	(375)
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(254)**	(460)	206
AFFO excluding condominium related items and prepayment costs	**$66,329**	$62,367	$3,962
Weighted average number of Units			
Basic	**127,259,218**	122,982,792	4,276,426
Diluted	**127,329,378**	123,255,260	4,074,118
Per Unit - basic			
FFO	**$0.467**	$0.578	$(0.111)
FFO excluding condominium related items and prepayment costs	**$0.580**	$0.583	$(0.003)
AFFO excluding condominium related items and prepayment costs	**$0.521**	$0.507	$0.014
Per Unit - diluted			
FFO	**$0.467**	$0.577	$(0.110)
FFO excluding condominium related items and prepayment costs	**$0.580**	$0.582	$(0.002)
AFFO excluding condominium related items and prepayment costs	**$0.521**	$0.506	$0.015
Pay-out Ratio			
FFO	**91.1%**	71.4%	19.7%
FFO excluding condominium related items and prepayment costs	**73.3%**	70.8%	2.5%
AFFO excluding condominium related items and prepayment costs	**81.6%**	81.4%	0.2%

(1) This amount represents interest expense on Allied's joint venture investment in TELUS Sky and is not capitalized under IFRS, but is allowed as an adjustment under REALPac's definition of FFO.

CAPITAL EXPENDITURES

Our portfolio requires ongoing maintenance capital expenditures and leasing expenditures. Leasing expenditures include the cost of in-suite or base-building improvements made in connection with the leasing of vacant space or the renewal or replacement of users occupying space covered by maturing leases, as well as improvement allowances and commissions paid in connection with the leasing of vacant space and the renewal or replacement of users occupying space covered by maturing leases.

For the three months ended March 31, 2021, Allied incurred (i) $2,491 in regular leasing expenditures or $8.22 per leased square foot, (ii) $708 in regular maintenance capital expenditures and (iii) $972 of recoverable maintenance capital expenditures.

For three months ended March 31, 2021, Allied invested $83,576 of revenue enhancing capital into the rental and development portfolio to enhance its income-producing capability and in ongoing development activity.

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Regular leasing expenditures	**$2,491**	$4,004
Regular maintenance capital expenditures	**$708**	$768
Recoverable maintenance capital expenditures	**$972**	$597
Revenue-enhancing capital and development costs	**$83,576**	$73,900

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

EBITDA is a non-IFRS measure that is comprised of earnings before interest expense, income taxes, depreciation expense and amortization expense. Adjusted EBITDA, as defined by Allied, is a non-IFRS measure that is comprised of net earnings before interest expense, income taxes, depreciation expense and amortization expense, gains and losses on disposal of investment properties and the fair value changes associated with investment properties and financial instruments.

EBITDA is a metric that can be used to help determine Allied's ability to service its debt, finance capital expenditures and provide distributions to its Unitholders. Additionally, Adjusted EBITDA removes the non-cash impact of the fair value changes and gains and losses on investment property dispositions.

The ratio of Net Debt to Adjusted EBITDA is included and calculated each period to provide information on the level of Allied's debt versus Allied's ability to service that debt. Adjusted EBITDA is used as part of this calculation as the fair value changes and gains and losses on investment property dispositions do not impact cash flow, which is a critical part of the measure.

The following table reconciles Allied's net income and comprehensive income to Adjusted EBITDA for the three months ended March 31, 2021, and March 31, 2020.

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Net income and comprehensive income for the period	**$77,522**	$254,913
Interest expense	**31,850**	16,812
Amortization of other assets	**306**	374
Amortization of improvement allowances	**8,181**	7,741
Fair value gain on investment properties	**(8,248)**	(215,274)
Fair value (gain) loss on derivative instruments	**(20,565)**	21,078
Adjusted EBITDA	**$89,046**	$85,644

Section III
–Leasing

Allied strives to maintain high levels of occupancy and leased area. At March 31, 2021, Allied's rental portfolio was 91.9% leased.

STATUS

Leasing status for the rental portfolio as at March 31, 2021, is summarized below:

	GLA	AS A % OF TOTAL GLA (1)
Leased area (occupied & committed)		
December 31, 2020	**12,946,538**	**92.5%**
Vacancy committed for future leases	(59,159)	
Occupancy - December 31, 2020	**12,887,379**	**92.1%**
Previous committed vacant space now occupied	29,233	
New leases and expansions on vacant space	47,201	
New vacancies during the period	(123,278)	
Surrender / early termination agreements	(28,887)	
Suite additions, re-measurements and removals	(19,910)	
Occupancy (pre acquisitions, dispositions and transfers)	**12,791,738**	**91.4%**
Occupancy related to acquired properties	34,100	
Occupancy related to transfers to PUD	(128,452)	
Occupancy - March 31, 2021	**12,697,386**	**91.4%**
Vacancy committed for future leases	57,696	
Leased area (occupied & committed) - March 31, 2021	**12,755,082**	**91.9%**

(1) *Excludes properties under development.*

Of the 13,886,149 square feet total GLA in Allied's rental portfolio, 12,697,386 square feet were occupied by users on March 31, 2021. Another 57,696 square feet were subject to contractual lease commitments with users whose leases commence subsequent to March 31, 2021, bringing the leased area to 12,755,082 square feet, which represents 91.9% of Allied's total rental portfolio GLA. A majority of the decline in occupancy and leased area in the period related to ongoing building transformation in Montréal and Vancouver.

The table below outlines the timing of the contractual lease commitments by commencement of occupancy:

FIXTURING COMMENCEMENT (OCCUPANCY)	Q2 2021	Q3 2021	Q2 2022	Q3 2023	TOTAL
Lease commitments - GLA	39,421	3,245	9,480	5,550	57,696
% of lease commitments	68.4%	5.6%	16.4%	9.6%	100%

In most instances, occupancy commences with a rent-free fixturing period prior to rent commencement. During the fixturing period, straight-line rent revenue is recognized, and no recoverable costs are paid by the user. Thereafter, recoverable costs are paid by the user and recognized as rental revenue. In cases where interest and realty taxes were being capitalized prior to occupancy (in accordance with IFRS), capitalization ends on occupancy. During occupancy, rental revenue is recognized and interest and realty taxes are expensed.

The table below outlines the timing of the contractual lease commitments by commencement of rent payment:

RENT COMMENCEMENT (ECONOMIC OCCUPANCY)	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q4 2023	TOTAL
Lease commitments - GLA	4,211	17,748	3,514	17,193	9,480	5,550	57,696
% of lease commitments	7.3%	30.8%	6.1%	29.8%	16.4%	9.6%	100%

Allied monitors the level of sub-lease space being marketed in its rental portfolio. Below is a summary of sub-lease space being marketed by city:

	MARCH 31, 2021	DECEMBER 31, 2020	SEPTEMBER 30, 2020	JUNE 30, 2020
Toronto	**383,038**	452,297	362,451	169,641
Kitchener	**35,421**	35,421	—	—
Montréal	**239,059**	301,566	220,530	68,818
Calgary	**37,781**	17,941	26,497	61,730
Edmonton	**—**	—	2,416	2,416
Vancouver	**37,745**	34,511	37,995	45,440
Total square feet	**733,044**	841,736	649,889	348,045
% of Total GLA	**5.3%**	6.0%	4.7%	2.5%

This level of marketed sub-lease space is somewhat elevated, but does not represent an operating or leasing challenge to Allied. The decline in the three months ended March 31, 2021, results largely from tenants withdrawing space from the sub-lease market in favor of reoccupying.

ACTIVITY

Allied places a high value on user retention, as the cost of retention is typically lower than the cost of securing new users. When retention is neither possible nor desirable, Allied strives for high-quality replacement users.

Leasing activity in connection with the rental portfolio as at March 31, 2021, is summarized in the following table:

	LEASABLE SF	LEASED SF BY MARCH 31	% LEASED BY MARCH 31	UNLEASED SF AT MARCH 31
Unleased area on January 1, 2021, including re-measurement	1,225,682	154,762	12.6%	1,070,920
Maturities during the three months ended March 31, 2021	180,333	129,550	71.8%	50,783
Maturities in remainder of 2021	1,124,083	96,845	8.6%	1,027,238

On January 1, 2021, 1,225,682 square feet of GLA was unleased. By the three months ended March 31, 2021, Allied had leased 154,762 square feet of this GLA, leaving 1,070,920 square feet unleased (net of vacancy transferred to PUD, if any).

Leases for 180,333 square feet of GLA matured in the three months ended March 31, 2021, at the end of which Allied renewed or replaced leases totaling 129,550 square feet of GLA, leaving 50,783 square feet unleased.

The table below summarizes the rental rates achieved for leases that were either renewed or replaced in the three months ended March 31, 2021. Overall, this has resulted in an increase of 5.4% in the net rent per square foot from maturing leases. Excluding transactions in Calgary, the rental rates achieved on maturing leases resulted in an increase of 10.6% in net rent per square foot.

	FOR THE THREE MONTHS ENDED MARCH 31, 2021		
LEASE RENEWALS/ REPLACEMENTS	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total leased SF	50.2%	33.8%	16.0%
Maturing leases - weighted average rent	$18.62	$40.32	$24.47
Renewals and replacements - weighted average rent	$23.04	$40.32	$14.55

USER PROFILE

The following sets out Allied's user-mix on the basis of percentage of rental revenue for the three months ended March 31, 2021:

CATEGORY	% OF RENTAL REVENUE MARCH 31, 2021
Business services and professional	34.5%
Telecommunications and information technology	31.6%
Media and entertainment	12.7%
Retail	8.5%
Financial services	4.9%
Government	4.4%
Parking and other	2.4%
Educational and institutional	1.0%
	100.0%

The following sets out the percentage of rental revenue from the top 10 users by rental revenue for the three months ended March 31, 2021:

USER	% OF REVENUE MARCH 31, 2021	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	CREDIT RATING DBRS/S&P/MOODY'S
Cloud Service Provider	4.5%	1.5	-/AAA/Aaa*
Ubisoft	2.6%	11.2	Not Rated
Cologix	2.4%	16.8	-/B-/B3
Equinix	2.2%	4.1	-/BBB-/Baa3
Shopify Inc.	1.5%	6.9	Not Rated
Bell Canada	1.5%	14.6	BBB/BBB+/Baa2
National Capital Commission, a Canadian Crown Corporation	1.4%	19.9	Not Rated
Morgan Stanley	1.4%	8.7	AH/BBB+/A1
Telus Communications Inc.	1.3%	16.0	BBBH/BBB+/Baa1
Google Canada Corporation	1.1%	8.6	-/AA+/Aa2*
	19.9%	10.4	

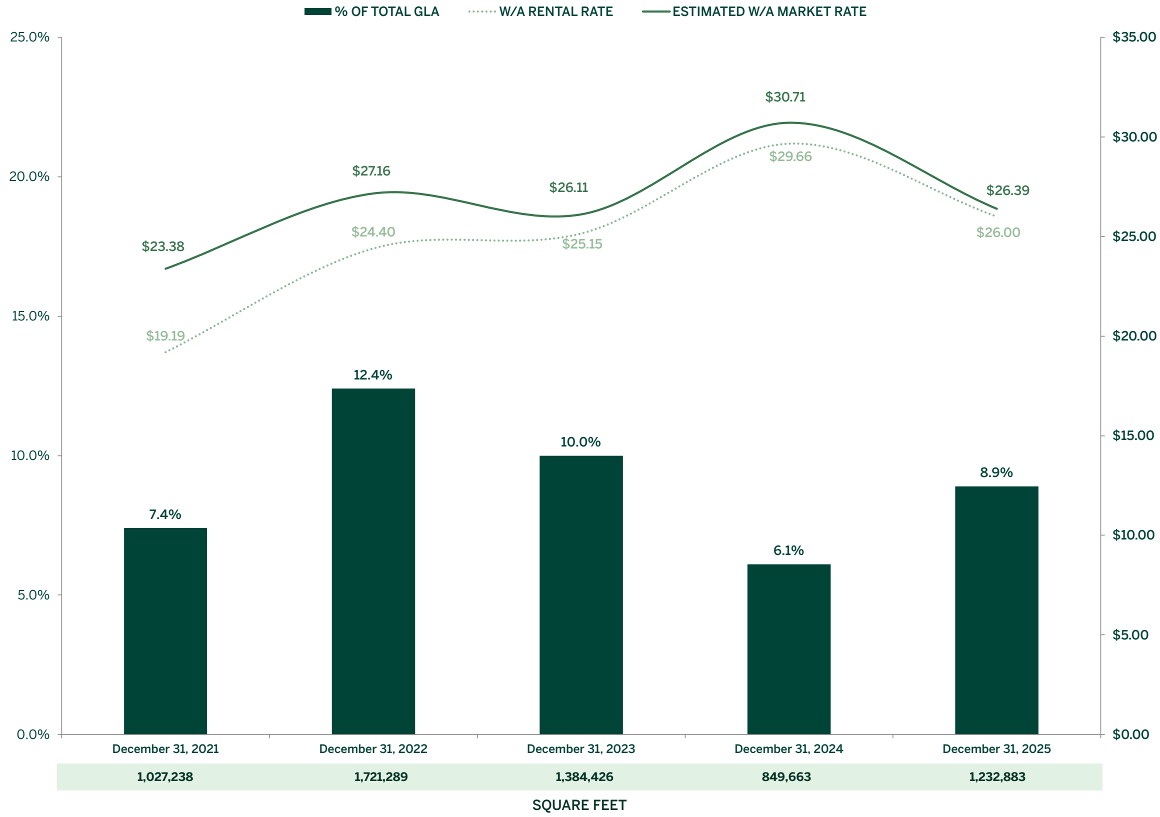
** Credit rating for parent company*

LEASE MATURITY

As at March 31, 2021, 91.9% of the GLA in Allied's rental portfolio was leased. The weighted average term to maturity of Allied's leases at that date was 5.7 years. The weighted average market net rental rate is based on Management's estimates of today's market rental rates and is supported in part by independent appraisals of certain relevant properties. There can be no assurance that Management's current estimates are accurate or that they will not change with the passage of time.

The following table contains information on the urban workspace, retail and UDC leases that mature up to 2025 and the corresponding estimated weighted average market rental rate as at March 31, 2021. Where the renewal rate on maturity is contractually predetermined, it is reflected below as the market rental rate.

TOTAL RENTAL PORTFOLIO	SQUARE FEET	% OF TOTAL GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	1,027,238	7.4%	19.19	23.38
December 31, 2022	1,721,289	12.4%	24.40	27.16
December 31, 2023	1,384,426	10.0%	25.15	26.11
December 31, 2024	849,663	6.1%	29.66	30.71
December 31, 2025	1,232,883	8.9%	26.00	26.39



The following tables contain information on lease maturities by segment:

MONTRÉAL & OTTAWA	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	559,907	8.3%	17.30	18.41
December 31, 2022	605,184	9.0%	17.59	18.24
December 31, 2023	422,853	6.3%	16.92	17.61
December 31, 2024	209,478	3.1%	17.51	16.84
December 31, 2025	352,888	5.2%	16.91	17.21

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	354,507	7.4%	19.57	29.59
December 31, 2022	750,241	15.7%	21.47	26.63
December 31, 2023	630,075	13.2%	25.61	29.92
December 31, 2024	418,513	8.8%	28.57	30.64
December 31, 2025	583,130	12.2%	25.50	28.83

CALGARY, EDMONTON & VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	106,296	5.7%	22.37	22.08
December 31, 2022	271,177	14.5%	19.83	20.46
December 31, 2023	307,130	16.5%	26.79	21.38
December 31, 2024	167,509	9.0%	26.93	25.51
December 31, 2025	220,152	11.8%	20.81	12.59

URBAN DATA CENTRES	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2021	6,528	1.3%	110.00	134.74
December 31, 2022	94,687	18.6%	106.96	107.60
December 31, 2023	24,368	4.8%	135.46	134.58
December 31, 2024	54,163	10.6%	96.52	100.96
December 31, 2025	76,713	15.0%	86.54	89.61

Section IV
–Historical Performance

The following sets out summary information and financial results, on an IFRS basis, for the eight most recently completed fiscal quarters.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Rental revenue from investment properties	$140,835	$145,173	$139,673	$136,504	$138,977	$134,306	$127,867	$117,449
Condominium revenue	—	—	65	113	—	30,600	14,741	—
Property operating costs	$(59,718)	$(62,421)	$(60,647)	$(59,204)	$(59,218)	$(59,174)	$(54,284)	$(47,857)
Condominium cost of sales	—	—	—	—	—	(29,022)	(14,320)	—
Operating income	$81,117	$82,752	$79,091	$77,413	$79,759	$76,710	$74,004	$69,592
Net income and comprehensive income	$77,522	$83,842	$69,013	$92,961	$254,913	$264,960	$121,191	$99,895
Weighted average Units (diluted)	127,329,378	127,298,000	124,390,540	123,207,219	123,255,260	118,248,550	116,563,480	110,368,003
Distributions	$54,101	$52,493	$51,354	$50,784	$50,746	$47,267	$46,393	$44,484
FFO	$59,415	$74,742	$70,276	$68,624	$71,089	$66,304	$63,674	$62,557
FFO per Unit (diluted)	$0.467	$0.587	$0.565	$0.557	$0.577	$0.561	$0.546	$0.567
FFO payout-ratio	91.1%	70.2%	73.1%	74.0%	71.4%	71.3%	72.9%	71.1%
All amounts below are excluding condominium related items and prepayment costs (1)								
FFO	$73,797	$74,969	$70,486	$68,652	$71,676	$69,085	$66,994	$63,845
FFO per Unit (diluted)	$0.580	$0.589	$0.567	$0.557	$0.582	$0.584	$0.575	$0.578
FFO payout-ratio	73.3%	70.0%	72.9%	74.0%	70.8%	68.4%	69.2%	69.7%
AFFO	$66,329	$64,623	$59,796	$61,216	$62,367	$57,645	$58,044	$53,127
AFFO per Unit (diluted)	$0.521	$0.508	$0.481	$0.497	$0.506	$0.487	$0.498	$0.481
AFFO payout-ratio	81.6%	81.2%	85.9%	83.0%	81.4%	82.0%	79.9%	83.7%
Net debt as a multiple of annualized adjusted EBITDA	7.9x	7.4x	7.2x	7.6x	6.8x	5.8x	6.7x	5.6x
Total indebtedness ratio	31.1%	29.2%	28.8%	29.3%	27.2%	26.1%	28.1%	25.8%
Total rental GLA	13,886	13,991	13,930	14,097	13,632	12,948	12,878	11,507
Leased rental GLA	12,755	12,947	12,990	13,343	12,929	12,278	12,234	11,080
Leased area %	91.9%	92.5%	93.3%	94.7%	94.8%	94.8%	95.0%	96.3%

(1) *In the first quarter of 2021, Allied incurred $14,161 of prepayment costs in connection with the favourable refinancing of unsecured debentures and a first mortgage. In the third and fourth quarters of 2019, Allied incurred $2,563 and $3,455, respectively, of prepayment costs in connection with the favourable refinancing of unsecured debentures and first mortgages.*

Factors that cause variation from quarter to quarter include, but are not limited to, occupancy, cost of capital, same asset NOI, acquisition activity, leasing expenditures and maintenance capital expenditures.

Section V
–Asset Profile

The following table reconciles the consolidated balance sheet, on a proportionate basis, as at March 31, 2021, and December 31, 2020.

	MARCH 31, 2021			DECEMBER 31, 2020		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Assets						
Non-current assets						
Investment properties	**$8,801,525**	**$123,630**	**$8,925,155**	$8,687,375	$122,310	$8,809,685
Residential inventory	**145,032**	**—**	**145,032**	140,038	—	140,038
Investment in joint venture and loan receivable	**124,223**	**(124,223)**	**—**	117,112	(117,112)	—
Loans and notes receivable	**335,770**	**—**	**335,770**	322,543	—	322,543
Other assets	**23,218**	**1,346**	**24,564**	23,643	533	24,176
	9,429,768	**753**	**9,430,521**	9,290,711	5,731	9,296,442
Current assets						
Cash and cash equivalents	**167,479**	**2,055**	**169,534**	45,512	3,286	48,798
Loans and notes receivable	**88**	**—**	**88**	93	—	93
Accounts receivable, prepaid expenses and deposits	**64,255**	**383**	**64,638**	64,452	602	65,054
	231,822	**2,438**	**234,260**	110,057	3,888	113,945
Total assets	**$9,661,590**	**$3,191**	**$9,664,781**	$9,400,768	$9,619	$9,410,387
Liabilities						
Non-current liabilities						
Debt	**$2,951,116**	**$284**	**$2,951,400**	$2,698,794	$—	$2,698,794
Other liabilities	**43,365**	**—**	**43,365**	63,045	—	63,045
Lease liabilities	**157,451**	**—**	**157,451**	157,068	—	157,068
	3,151,932	**284**	**3,152,216**	2,918,907	—	2,918,907
Current liabilities						
Debt	**21,023**	**—**	**21,023**	26,668	—	26,668
Accounts payable and other liabilities	**288,706**	**2,907**	**291,613**	278,161	9,619	287,780
	309,729	**2,907**	**312,636**	304,829	9,619	314,448
Total liabilities	**3,461,661**	**3,191**	**3,464,852**	3,223,736	9,619	3,233,355
Unitholders' equity	**6,199,929**	**—**	**6,199,929**	6,177,032	—	6,177,032
Total liabilities and Unitholders' equity	**$9,661,590**	**$3,191**	**$9,664,781**	$9,400,768	$9,619	$9,410,387

As at March 31, 2021, Allied's portfolio consisted of 202 investment properties (192 rental properties and 10 development properties), with a fair value of $8,925,155.

Changes to the carrying amounts of investment properties are summarized as follows:

	THREE MONTHS ENDED MARCH 31, 2021		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL
Balance, beginning of period	$7,913,165	$896,520	$8,809,685
Additions:			
Acquisitions	24,270	—	24,270
Improvement allowances (1)	1,900	346	2,246
Leasing commissions (1)	1,134	275	1,409
Capital expenditures (1)	18,565	66,691	85,256
Transfers to PUD	(47,040)	47,040	—
Finance leases	295	—	295
Amortization of straight-line rent and improvement allowances (1)	(6,104)	(150)	(6,254)
Fair value gain (loss) on investment properties (1)	21,420	(13,172)	8,248
Balance, end of period	$7,927,605	$997,550	$8,925,155

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months ended March 31, 2021: improvement allowances of $(763); leasing commissions of $(3); capital expenditures of $899; amortization of straight-line rent and improvement allowances of $140; and fair value gain on investment properties of $1,047.

For the three months ended March 31, 2021, Allied capitalized $9,064 of borrowing costs, $7,299 of which related to development activity and $656 to upgrade activity in the rental portfolio (250 Front W, RCA Building and 151 Front W). Allied capitalized $1,109 of borrowing costs to qualifying residential inventory.

The appraised fair value of investment properties is most commonly determined using the following methodologies:

Discounted cash flow method ("DCF method") - Under this approach, discount rates are applied to the projected annual operating cash flows, generally over a ten-year period, including a terminal value of the properties based on a capitalization rate applied to the estimated net operating income ("NOI"), a non-GAAP measure, in the terminal year. This method is primarily used to value the rental properties portfolio.

Comparable sales method - This approach compares a subject property's characteristics with those of comparable properties which have recently sold. The process uses one of several techniques to adjust the price of the comparable transactions according to the presence, absence, or degree of characteristics which influence value. These characteristics include the cost of construction incurred at a property under development. This method is primarily used to value the development portfolio and ancillary parking facilities.

Allied's entire portfolio is revalued by the external appraiser each quarter. Management verifies all major inputs to the valuations, analyzes the change in fair values at the end of each reporting period and reviews the results with the independent appraiser every quarter. There were no material changes to the valuation techniques during the period. For properties with a leasehold interest with a term less than 40 years, the resulting valuation methodology is based upon a full-term discounted cash flow model.

In valuing the investment properties as at March 31, 2021, the independent appraiser compares the value derived using the DCF method to the value that would have been calculated by applying a capitalization rate to NOI. This is done to assess the reasonability of the value obtained under the DCF method. The resulting portfolio weighted average capitalization rate was 4.82%, detailed in the table below:

OVERALL CAPITALIZATION RATE	MARCH 31, 2021			DECEMBER 31, 2020		
	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $
Montréal & Ottawa	**4.50% - 6.75%**	**5.07%**	**$2,413,645**	4.75% - 6.75%	5.08%	$2,419,295
Toronto & Kitchener	**3.75% - 5.75%**	**4.46%**	**3,452,753**	3.75% - 5.75%	4.47%	3,428,395
Calgary, Edmonton & Vancouver	**3.50% - 7.00%**	**4.70%**	**1,020,017**	3.50% - 7.00%	4.76%	1,040,835
Urban Data Centres	**5.00% - 5.75%**	**5.32%**	**1,041,190**	5.00% - 5.75%	5.32%	1,024,640
Rental Properties	**3.50% - 7.00%**	**4.80%**	**$7,927,605**	3.50% - 7.00%	4.80%	$7,913,165
Properties Under Development	**5.25% - 7.00%**	**6.06%**	**997,550**	5.25% - 7.00%	5.95%	896,520
Total Investment Properties	**3.50% - 7.00%**	**4.82%**	**$8,925,155**	3.50% - 7.00%	4.82%	$8,809,685

RENTAL PROPERTIES

Allied's rental portfolio was built by consolidating the ownership of urban office properties and network-dense urban data centres. Scale within each city of focus proved to be important as Allied grew. It enabled Allied to provide users with greater expansion flexibility, more parking and better human and digital connectivity than its direct competitors. Scale across the country also proved to be important. It enabled Allied to serve national and global users better, to expand its growth opportunities and to achieve meaningful geographic diversification.

URBAN WORKSPACE

Allied has evolved into a leading owner, manager and developer of urban workspace in Canada's major cities. It currently owns 180 rental properties in six Canadian cities. Listed below are Allied's top 10 office rental properties measured by Normalized Last Quarter Annualized ("LQA") NOI. Normalized LQA NOI is a non-IFRS measure, which represents the normalized results for the most recently completed quarter (excluding straight-line rent) multiplied by four. These properties represent 32.1% of the last quarter annualized NOI for the period ended March 31, 2021.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
Cité Multimédia, Montréal	$20,866	$420,990	4.75%	Desjardins, Morgan Stanley, SAP Canada
700 de la Gauchetière, Montréal	17,265	366,670	5.25%	AON Canada Inc, Autorité Régionale de Transport Métropolitain, National Bank of Canada, Hydro-Québec
Le Nordelec, Montréal	14,958	298,190	5.00%	Gsoft, Unity Technologies, Yellow Pages Media
QRC West, Toronto	12,776	294,910	4.25%	eOne, Sapient Canada
747 Rue du Square Victoria, Montréal	10,248	277,400	5.00%	Dussault Systèmes Canada, Otera Capital Inc., Secretariat of the Convention on Biological Diversity, Société Québecoise des Infrastructures
5455 de Gaspé Avenue, Montréal	9,183	144,950	5.00%	Attraction Media, Framestore, Ubisoft
555 Richmond Street West, Toronto	7,914	179,600	4.75%	Centre Francophone de Toronto, Synaptive
King Portland Centre, Toronto	6,805	181,090	3.81%	Indigo, Shopify
5445 de Gaspé Avenue, Montréal	6,202	102,780	5.25%	Ubisoft, Sun Life
375 Water Street, Vancouver (1)	6,188	225,000	—%	Incognito Software Inc., Quarterdeck Brewing Co, Salesforce.com
Total	$112,405	$2,491,580	4.79%	

(1) *Allied acquired 375 Water Street in the second quarter ended June 30, 2020. The appraised fair value remains as the purchase price net of closing costs for one year, after which the appraiser transitions to a discounted cash flow model.*

NETWORK-DENSE URBAN DATA CENTRES

Allied operates three network-dense UDCs in downtown Toronto: 151 Front W ("151"), 250 Front W ("250") and 905 King W ("905"). Listed below are Allied's UDCs measured by Normalized LQA NOI. UDCs represent 17.0% of the total annualized NOI for the period ended March 31, 2021.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
151 Front W, Toronto	$39,542	$598,290	5.00%	Bell, Cologix, Equinix
250 Front W, Toronto	15,634	341,430	5.75%	AWS, Cloud Service Provider
905 King W, Toronto	4,528	101,470	5.75%	Beanfield, Cloud Service Provider, Cologix
Total	$59,704	$1,041,190	5.32%	

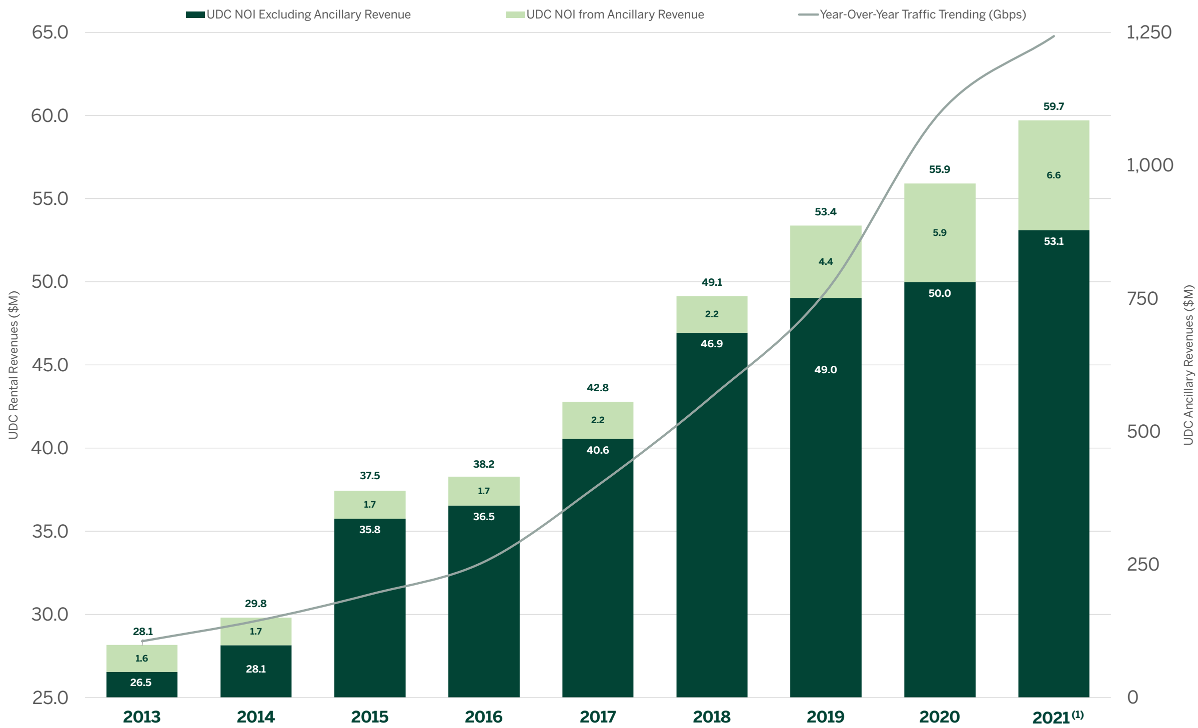
Regular rental revenue represented 89.0% of annualized NOI from UDCs for the period ended March 31, 2021. Ancillary rental revenue represented 11.0% of annualized NOI from UDCs. Ancillary rental revenue is comprised of revenue from the rental of conduit space, rack space and cross-connects.

	NORMALIZED LQA NOI	% OF UDC
NOI from regular rental revenue	$53,115	89.0%
NOI from ancillary rental revenue	6,589	11.0%
Total normalized LQA NOI	$59,704	100%

Allied acquired 151 in 2009 and has operated it very successfully since acquisition. 250 and 905 are connected to 151 via a multi-layered, diverse infrastructure of high-density fibre that Allied owns.

151 is the largest internet exchange point (IXP) in Canada and the fifth largest in North America. It houses Toronto Internet Exchange (TorIX), a not-for-profit organization that enables internet networks to connect and exchange traffic. With over 230 peers connecting, TorIX has experienced a steady and dramatic increase in traffic since 2009, with traffic in 2020 exceeding 1,200 gigabits per second. The following sets out Allied's increase in UDC normalized LQA NOI in relation to the growth in traffic through TorIX:

Our Urban Data Centres are a critical component of Canada's communications infrastructure



(1) Reflects LQA NOI for the three months ended March 31, 2021.

151 is a carrier-neutral facility. With a critical mass of carrier networks, TorIX and numerous other networks, 151 is Canada's hub for global connectivity and is the gateway to Canada for all major North American cities and numerous major international cities.

As a critical component of Canada's communications infrastructure, 151 is a network-dense urban data centre, distinct from conventional suburban data centres. The latter are analogous to interchanges on small highways. While valuable, they are relatively easy to replicate. 151 is analogous to a massive interchange on an intersecting series of super-highways. It is exceptionally valuable and very difficult to replicate.

Allied leases 173,000 square feet of GLA at 250 pursuant to a long-term lease that expires on June 2, 2062. As a result of substantial capital improvements completed by Allied, including high-density fibre connections to 151, 250 has become an important interconnected cloud-hosting facility in Canada, providing retail, wholesale and managed services.

Allied also owns 905. As a result of substantial capital improvements completed by Allied, including connecting it to 151 with high-density fibre, 59,056 square feet of GLA at the property has become an important urban data centre.

Allied has two basic sources of rental revenue from 151, 250 and 905. The largest source, direct rental revenue, derives from subleasing space to ultimate users. A smaller but material source, ancillary rental revenue, derives from conduit fees, rack fees and interconnection fees charged on a recurring monthly basis for cross-connects that enable different types of users to interconnect with low-latency and redundancy, reducing network costs and improving network security and performance.

Allied expects that cross-connects at 250 and 905 will give rise to recurring ancillary rental revenue. Cross-connects utilize the existing infrastructure at 250 and 905 without occupying any of the unleased GLA or requiring additional capital expenditure by Allied.

URBAN DATA CENTRE USER PROFILE

The following sets out Allied's user-mix for UDCs, on the basis of percentage of rental revenue for the three months ended March 31, 2021:

CATEGORY	% OF RENTAL REVENUE MARCH 31, 2021
Network	70.9%
Cloud	28.2%
Enterprise	0.9%
	100.0%

ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

During the three months ended March 31, 2021, Allied completed the following property acquisitions from third parties:

PROPERTY	ACQUISITION DATE	ACQUISITION COST (1)	OFFICE GLA	RETAIL GLA	TOTAL GLA
432 Wellington, Toronto (2)	January 28, 2021	**$17,806**	—	8,997	8,997
608-1st SW, Calgary	February 8, 2021	**6,464**	—	34,100	34,100
Total		**$24,270**	—	43,097	43,097

(1) *Purchase price plus transaction costs.*
(2) *This property has a parking lot component containing 10 spaces.*

On April 22, 2021, Allied completed the purchase of the remaining 50% interest in 478 King Street West, Toronto, for total cash consideration of $10,500.

On April 6, 2021, Allied committed to acquire 65 Front Street East, Toronto, for total cash consideration of $19,250. Closing is expected on April 29, 2021.

On April 23, 2021, Allied committed to acquire 143 Bathurst Street, Toronto, for total cash consideration of $2,800. Closing is expected on August 23, 2021.

DISPOSITIONS

On April 7, 2021, Allied and its partners closed on the disposition of the second phase of The Well air rights and associated underground parking and transfer floor slab development for total cash consideration of $31,152 (at Allied's share) which represented the fair value so there is no gain or loss on disposition.

RENTAL PROPERTIES UNDERGOING INTENSIFICATION APPROVAL

One way Allied creates value is by intensifying the use of underutilized land. The land beneath the buildings in Toronto is significantly underutilized in relation to the existing zoning potential. This is also true of some of Allied's buildings in Kitchener, Montréal, Calgary, Edmonton, and Vancouver. These opportunities are becoming more compelling as the urban areas of Canada's major cities intensify. Since Allied has captured the unutilized land value at a low cost, it can achieve attractive risk-adjusted returns on intensification.

Allied began tracking the intensification potential inherent in the Toronto portfolio in the fourth quarter of 2007 (see our MD&A dated March 7, 2008, for the quarter and year ended December 31, 2007). At the time, the 46 properties in Toronto comprised 2.4 million square feet of GLA and were situated on 780,000 square feet (17.8 acres) of underutilized land immediately east and west of the Downtown Core. The 108 properties in Toronto (including properties in the development portfolio) now comprise 4.2 million square feet of GLA and are situated on 38.1 acres of underutilized land immediately east and west of the Downtown Core. With achievable rezoning, the underlying land in our Toronto portfolio could permit up to 10.8 million square feet of GLA, 6.6 million square feet more than currently is in place.

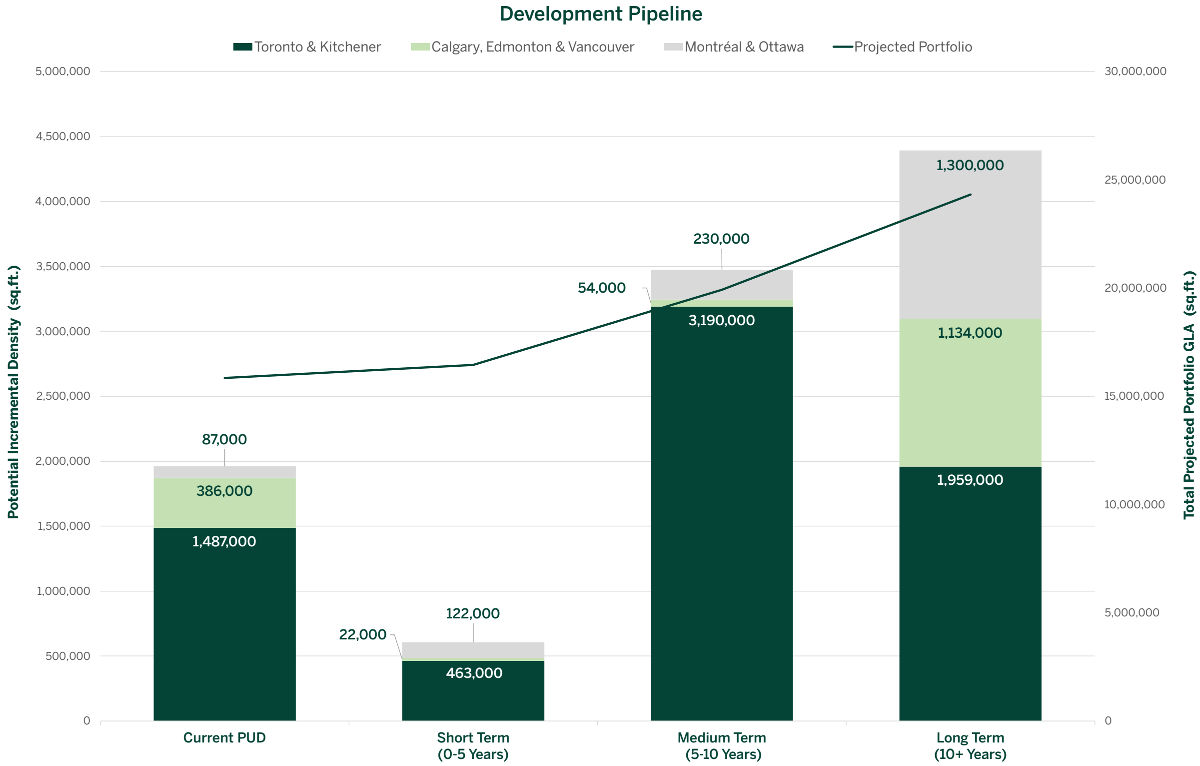
Allied entered the Montréal market in April of 2005. The 30 properties in Montréal now comprise 6.5 million square feet of GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 41.8 acres of land on which they sit (immediately south, east and northeast of the Downtown Core) are more fully utilized than the land in the Toronto portfolio. Nevertheless, the underlying land in the Montréal portfolio could permit up to 8.2 million square feet of GLA, 1.7 million square feet more than currently is in place.

There is similar potential inherent in the rest of Allied's portfolio, which is quantified in the chart below. Across Canada on a portfolio-wide basis, there is 10.5 million square feet of potential incremental density, of which 2.0 million square feet is currently in PUD, and the remaining 8.5 million square feet is potential incremental density. Of the 8.5 million square feet of potential incremental density, 2.7 million square feet is reflected in the appraised fair values, mainly at properties where zoning approvals are in place. The remaining 5.8 million square feet is not reflected in the appraised fair values.

Potential Incremental Density (in sq.ft.) - Geographic Breakdown

CITY	CURRENT GLA	CURRENT PUD (ESTIMATED ON COMPLETION)	POTENTIAL INCREMENTAL DENSITY	TOTAL POTENTIAL GLA
Toronto	4,206,658	1,340,000	5,279,176	10,825,834
Kitchener	562,127	147,000	332,367	1,041,494
Total Toronto & Kitchener	**4,768,785**	**1,487,000**	**5,611,543**	**11,867,328**
Toronto Urban Data Centres	510,129	—	—	510,129
Total Urban Data Centres	**510,129**	**—**	**—**	**510,129**
Montréal	6,510,806	87,473	1,652,207	8,250,486
Ottawa	231,468	—	—	231,468
Total Montréal & Ottawa	**6,742,274**	**87,473**	**1,652,207**	**8,481,954**
Calgary	1,222,195	88,000	1,150,921	2,461,116
Edmonton	—	297,851	—	297,851
Vancouver	642,766	—	59,115	701,881
Total Calgary, Edmonton & Vancouver	**1,864,961**	**385,851**	**1,210,036**	**3,460,848**
Total	**13,886,149**	**1,960,324**	**8,473,786**	**24,320,259**

The timing of development for the 8.5 million square feet of potential incremental density is impossible to predict with precision, however the chart below provides a reasonable estimate of when the potential could begin to be realized. One factor is our self-imposed limitation on development activity. The focus in the short-term and the long-term remains on the Toronto portfolio.



Allied has initiated the intensification approval process for three rental properties in Toronto and one rental property in Montréal, all of which are owned in their entirety by Allied. These properties are identified in the following table:

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	REZONING APPROVAL STATUS	USE	CURRENT GLA	ESTIMATED GLA ON COMPLETION	ESTIMATED COMPLETION
King & Peter (1)	$2,932	$82,740	Completed	Office, limited retail	86,230	790,000	Unscheduled
Union Centre	1,718	107,860	Completed	Office, limited retail	41,787	1,129,000	Unscheduled
Adelaide & Spadina (2)	206	24,690	Completed	Office, retail	11,015	230,000	Unscheduled
Le Nordelec	—	29,300	In Progress	Office	—	230,000	Unscheduled
Total	$4,856	$244,590			139,032	2,379,000	

(1) King & Peter is comprised of 82 Peter and 388 King W.
(2) Adelaide & Spadina is comprised of 383 Adelaide W and 387 Adelaide W.

Estimated GLA is based on applicable standards of area measurement and the expected or actual outcome of rezoning. These properties are currently generating NOI and will continue to do so until Allied initiates construction. With respect to the ultimate intensification of these properties, a significant amount of pre-leasing will be required on the larger projects before construction commences. The design-approval costs have been, and will continue to be, funded by Allied for its share.

DEVELOPMENT PROPERTIES

Development is another way to create value and a particularly effective one for Allied, given the strategic positioning of its portfolio in the urban areas of Canada's major cities. Urban intensification is the single most important trend in relation to Allied's business. Not only does it anchor Allied's investment and operating focus, it provides the context within which Allied creates value for its Unitholders.

It is expected that development activity will become a more important component of Allied's growth as projects are completed. The expectation is largely contingent upon completing the development projects in the manner contemplated. The most important factor affecting completion will be successful lease-up of space in the development portfolio. The material assumption is that the office leasing market in the relevant markets remains stable. Pursuant to Allied's Declaration of Trust, the cost of Properties Under Development cannot exceed 15% of GBV. At March 31, 2021, the cost of Allied's Properties Under Development was 10.0% of GBV (December 31, 2020 - 9.0%). This self-imposed limitation is intended to align the magnitude of Allied's development activity with the overall size of the business.

Properties Under Development consist of properties purchased with the intention of being developed before being operated and properties transferred from the rental portfolio once activities changing the condition or state of the property, such as the de-leasing process, commence.

Allied has the following 10 Properties Under Development:

PROPERTY NAME	USE	ESTIMATED GLA ON COMPLETION (SF)	% OF OFFICE DEVELOPMENT LEASED
The Lougheed (604-1st SW), Calgary (1)	Office, retail	88,000	—
College & Manning, 547-549 College, Toronto (2)	Retail, residential	27,000	—
400 Atlantic, Montréal	Office, retail	87,473	46%
Boardwalk-Revillon Building, Edmonton (3)	Office, retail	297,851	41%
Breithaupt Phase III, Kitchener (2)	Office	147,000	100%
The Well, Toronto (2)(4)	Office, retail	763,000	85%
Adelaide & Duncan, Toronto (2)(5)	Office, retail, residential	230,000	100%
QRC West Phase II, Toronto (6)	Office, retail	90,000	—
KING Toronto, Toronto (2)(7)	Office, retail	100,000	—
King & Brant, Toronto (8)	Office, retail	130,000	—
Total		1,960,324	57%

(1) While initially working toward repositioning this property for a different use, Allied is now working toward restoring and retrofitting the property to the highest possible standards for workspace in the creative economy.
(2) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(3) The GLA components (in square feet) are as follows: 259,555 of office and 38,296 of retail.
(4) Each of Allied and RioCan own an undivided 50% interest with an estimated total GLA of 3,100,000 square feet. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 578,000 of office, 185,000 of retail, and the remaining is related to residential air rights. The residential air rights and associated underground parking and transfer floor slab developments ("The Well Air Rights") were sold by the co-ownership as previously announced, with the first phase closed on December 23, 2020, the second phase closed on April 7, 2021, and the remaining phases expected to close by the end of 2021.
(5) The GLA components (in square feet) at our 50% share are as follows: 144,000 of residential, 77,000 of office and 9,000 of retail.
(6) The GLA components (in square feet) are as follows: 75,500 of office and 14,500 of retail.
(7) Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, 539 King W. The GLA components (in square feet) at our 50% share will be as follows: 60,000 of retail and 40,000 of office.
(8) Allied has received permission to intensify 544 King W and 7-9 Morrison. The approval permits approximately 120,000 square feet of office space and 10,000 square feet of retail space. Allied is exploring the opportunity to increase the permitted leasable area.

The following table sets out the fair value of Allied's Properties Under Development as at March 31, 2021, as well as Management's estimates with respect to the financial outcome on completion:

PROPERTY NAME	TRANSFER TO RENTAL PORTFOLIO	APPRAISED VALUE	ESTIMATED ANNUAL NOI	ESTIMATED TOTAL COST	ESTIMATED YIELD ON COST	ESTIMATED COST TO COMPLETE
The Lougheed (604-1st SW), Calgary	Q3 2021	15,160	TBD	TBD	TBD	TBD
College & Manning, 547-549 College, Toronto (1)	Q4 2021	22,020	975 - 1,125	31,620	3.1% - 3.6%	7,700
400 Atlantic, Montréal	Q1 2022	8,350	TBD	TBD	TBD	TBD
Boardwalk-Revillon Building, Edmonton	Q1 2022	57,700	TBD	TBD	TBD	TBD
Breithaupt Phase III, Kitchener (1)(2)	Q1 2022	42,390	5,375 - 5,500	78,652	6.8% - 7.0%	48,800
The Well, Toronto (1)(3)	Q1 2022	641,610	37,500 - 43,250	728,000	5.2% - 5.9%	178,100
Adelaide & Duncan, Toronto (1)(4)	Q2 2022	112,610	9,625 - 11,125	193,600	5.0% - 5.7%	86,000
QRC West Phase II, Toronto	Q1 2023	40,950	4,000 - 4,400	82,332	4.9% - 5.3%	51,800
KING Toronto, Toronto (1)(5)	Q4 2023	35,910	5,000 - 6,000	83,069	6.0% - 7.7%	39,500
King & Brant, Toronto	Q4 2024	20,850	TBD	TBD	TBD	TBD
Total		$997,550				

(1) These properties are co-owned, reflected in the table above at Allied's ownership percentage of assets and liabilities.
(2) Breithaupt Phase III is comprised of 43 Wellington, 53 & 55 Wellington, 305 Joseph and 2-4 Stewart.
(3) The estimated costs are net of the estimated gross proceeds from the sale of the The Well Air Rights of $100,885 (at Allied's share), excluding closing costs.
(4) The project is anticipated to be completed in two phases. The commercial phase is scheduled for completion in Q2 2022 and the residential phase is scheduled for completion in Q4 2023.
(5) Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, 539 King W. The appraised value relates to the commercial component. The estimated total cost is net of the estimated gross proceeds from the sale of the residential inventory of $290,000 - $295,000.

The initial cost of Properties Under Development includes the acquisition cost of the property, direct development costs, realty taxes and borrowing costs directly attributable to the development. Borrowing costs and realty taxes associated with direct expenditures on Properties Under Development are capitalized. The amount of capitalized borrowing costs is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments.

Transfer to the rental portfolio occurs when the property is capable of operating in the manner intended by Management. Generally this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. Estimated annual NOI is based on 100% economic occupancy. The most important factor affecting estimated annual NOI will be successful lease-up of vacant space in the development properties at current levels of net rent per square foot. The material assumption is that the office leasing market in the relevant markets remains stable. Estimated total cost includes acquisition cost, estimated total construction, financing costs and realty taxes. The material assumption made in formulating the estimated total cost is that construction and financing costs remain stable for the remainder of the development period. Estimated yield on cost is the estimated annual NOI as a percentage of the estimated total cost. Estimated cost to complete is the difference between the estimated total cost and the costs incurred to date.

RESIDENTIAL INVENTORY

Residential inventory is as follows:

	MARCH 31, 2021	DECEMBER 31, 2020
KING Toronto	$145,032	$140,038

The changes in the aggregate carrying value of Allied's residential inventory is as follows:

	MARCH 31, 2021	DECEMBER 31, 2020
Balance, beginning of period	$140,038	$114,910
Development expenditures	4,994	25,128
Balance, end of period	$145,032	$140,038

Residential inventory consists of assets that are developed by Allied for sale in the ordinary course of business. Allied may transfer an investment property to residential inventory based on a change in use, as evidenced by the commencement of development activities with the intention to sell. Alternatively, a transfer from residential inventory to investment property would be evidenced by the commencement of leasing activity.

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. KING Toronto is a mixed-use property comprised of office, retail and residential uses. As part of the arrangement Allied sold a 50% undivided interest to Westbank. The residential component will be developed and sold as condominium units, totaling 440 units. Management expects the condominium sales to close in 2023.

DEVELOPMENT COMPLETIONS

PROPERTY	COMPLETION	INVESTMENT	LQA NOI	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
QRC West, Toronto	2015	$130,000	$12,776	9.8%	$294,910	$164,910	126.9%
The Breithaupt Block, Kitchener	2016	$25,020	$2,000	8.0%	$49,100	$24,080	96.2%
180 John, Toronto	2017	$27,500	$1,600	5.8%	$31,410	$3,910	14.2%
189 Joseph, Kitchener	2017	$11,360	$720	6.3%	$13,620	$2,260	19.9%

In 2004, Allied expanded into Montréal with the purchase of 425 Viger. At the time, the property comprised of 200,000 square feet of GLA and was fully leased. In 2007, Allied purchased the adjacent parking lot with the intention of intensifying the combined property once the main user's lease expired. Allied began the intensification activity in Q1 2018, and completed the project in Q2 2020. The property now consists of 315,979 square feet of GLA.

425 VIGER

	INVESTMENT	LQA NOI	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
Land Costs	$30,076					
Hard & Soft Costs	66,353					
Capitalized Interest & Operating Costs	7,839					
Total Development Costs	**$104,268**	**$8,422**	**8.1%**	**$166,880**	**$62,612**	**60.0%**

In 2012, Allied entered into an equal two-way joint arrangement with RioCan to develop King Portland Centre. Allied and RioCan each acquired an undivided 50% interest in 642 King W and 620 King W and subsequently put them into development, completing 642 King W in early 2018 and 620 King W in early 2019. They are comprised of 299,150 square feet of GLA (Allied's share 149,575 square feet) and are 99.7% leased. 602-606 King W is excluded from the figures below as they were never under development. The property is targeting LEED platinum certification.

KING PORTLAND CENTRE

	INVESTMENT	LQA NOI	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
Land Costs	$21,478					
Hard & Soft Costs	64,437					
Capitalized Interest & Operating Costs	5,033					
Condominium Profits	(14,270)					
Total Development Costs	**$76,678**	**$6,186**	**8.1%**	**$155,780**	**$79,102**	**103.2%**

The fair values are provided by Allied's external appraiser, which are calculated based on the discounted cash flow method.

LOANS RECEIVABLE

As of March 31, 2021, total loans receivable outstanding is $333,774 (December 31, 2020 - $320,526).

In February 2015, Allied entered into a joint arrangement with Westbank and completed the acquisition of an undivided 50% interest in Adelaide & Duncan. As part of the arrangement, Allied advanced $21,173 to Westbank for its purchase of a 50% undivided interest in the property. The facility is secured by a charge on the property (subordinated to the construction lender) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum. The loan is repayable when the joint arrangement obtains external permanent financing. As at March 31, 2021, the loan receivable outstanding is $21,173 (December 31, 2020 - $21,173).

On August 1, 2017, Allied entered into an arrangement with Westbank to provide a credit facility of up to $100,000, plus interest, for the land acquisition and the pre-development costs of 400 West Georgia in Vancouver. The facility is secured by Westbank's covenant and a charge on the property (subordinated to the construction lender). On February 11, 2019, the facility was increased to $160,000. Interest accrues and is payable monthly at a rate of 6.75% per annum. The credit facility matures on August 31, 2022, and has a one-year extension option to August 31, 2023. On placement of permanent financing, Allied intends to acquire a 50% undivided interest in 400 West Georgia based on total development costs. As at March 31, 2021, the loan receivable outstanding is $126,056 (December 31, 2020 - $120,825).

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced $67,030 to Westbank for its purchase of a 50% undivided interest in the property. The facility will initially be secured by a first mortgage on the property. On placement of construction financing, the mortgage will be secured by a charge on the property (subordinated to the construction lender). Interest accrues at a rate of 7.00% per annum and is payable on loan repayment. The loan is repayable at the earlier of November 23, 2023, or the closing of the condominium units. As at March 31, 2021, the loan receivable outstanding is $86,013 (December 31, 2020 - $84,566).

On March 18, 2019, Allied made an amendment to the joint arrangement with Perimeter to develop Breithaupt Phase III and a loan receivable arrangement to provide 50% of the pre-development costs. The facility is secured by a charge on the property (subordinated to the construction lender). Interest accrues at a rate of 7.00% per annum and is payable on loan repayment. The loan is repayable upon completion of development and rent commencement, which is anticipated to take place in the third quarter of 2022. As at March 31, 2021, the loan receivable outstanding is $10,637 (December 31, 2020 - $10,637).

On July 31, 2019, Allied entered into an arrangement with Westbank to provide a credit facility of up to $185,000, plus interest, for the land acquisition and the pre-development costs of 720 Beatty Street in Vancouver. The funding will initially be secured by a first mortgage on the property for a fixed term. On placement of construction financing, the mortgage will be secured by a charge on the property (subordinated to the construction lender). Interest accrues and is payable monthly at a rate of 7.00% per annum. The credit facility matures on December 9, 2025. On placement of permanent financing, Allied intends to acquire a 50% undivided interest in 720 Beatty based on an agreed upon formula. As at March 31, 2021, the loan receivable outstanding is $89,895 (December 31, 2020 - $83,325).

The table below summarizes the loans receivable as at March 31, 2021, and December 31, 2020.

	MARCH 31, 2021	DECEMBER 31, 2020
Adelaide & Duncan	**$21,173**	$21,173
400 West Georgia	**126,056**	120,825
KING Toronto	**86,013**	84,566
Breithaupt Phase III	**10,637**	10,637
720 Beatty	**89,895**	83,325
Total loans receivable	**$333,774**	$320,526

Section VI
–Liquidity and Capital Resources

Allied's liquidity and capital resources are used to fund capital investments including development activity, leasing costs, interest expense and distributions to Unitholders. The primary source of liquidity is net operating income generated from rental properties, which is dependent on rental and occupancy rates, the structure of lease agreements, leasing costs, and the rate and amount of capital investment and development activity, among other variables.

Allied has financed its operations through the use of equity, mortgage debt secured by rental properties, construction loans, unsecured operating lines, senior unsecured debentures and unsecured term loans. Conservative financial management has been consistently applied through the use of long term, fixed rate, debt financing. Allied's objective is to maximize financial flexibility while continuing to strengthen the balance sheet. Management intends to achieve this by continuing to access the equity market, unsecured debenture market, unsecured loans and growing the pool of unencumbered assets, which totals $6,942,140 as at March 31, 2021.

Allied has various sources of available liquidity including cash and cash equivalents and the unused portion of its unsecured revolving operating facilities, which totaled $650,571 as of March 31, 2021, compared to $466,378 as of December 31, 2020. The increase of $184,193 in liquidity is primarily due to net cash proceeds from Allied's inaugural green bond issuance of $600,000 in February 2021, which was partially used to redeem in full the $150,000 aggregate principal amount of 3.934% Series B Debentures due November 14, 2022, prepay $139,213 on a first mortgage, repay $75,000 drawn on Allied's unsecured credit facility, and for general working capital purposes. The remaining net proceeds of the green bond issuance will be allocated to eligible green projects in accordance with the Framework.

DEBT

Total debt and net debt are non-IFRS financial measures and do not have any standard meaning prescribed by IFRS. As computed by Allied, total debt and net debt may differ from similar computations reported by other Canadian real estate investment trusts and, accordingly, may not be comparable to similar computations reported by such organizations. Management considers total debt and net debt to be useful measures for evaluating debt levels and interest coverage. The following illustrates the calculation of total debt (net of transaction costs) and net debt as at March 31, 2021, and December 31, 2020:

	MARCH 31, 2021	DECEMBER 31, 2020
Mortgages payable	**$568,479**	$716,813
Construction loans payable	**64,581**	57,104
Unsecured revolving operating facilities	**—**	60,000
Senior unsecured debentures	**2,089,624**	1,642,119
Unsecured term loan	**249,455**	249,426
Total debt, IFRS basis	**$2,972,139**	$2,725,462
Add: share of joint venture	**284**	—
Total debt, proportionate share	**$2,972,423**	$2,725,462
Less cash and cash equivalents [1]	**169,534**	48,798
Net debt	**$2,802,889**	$2,676,664

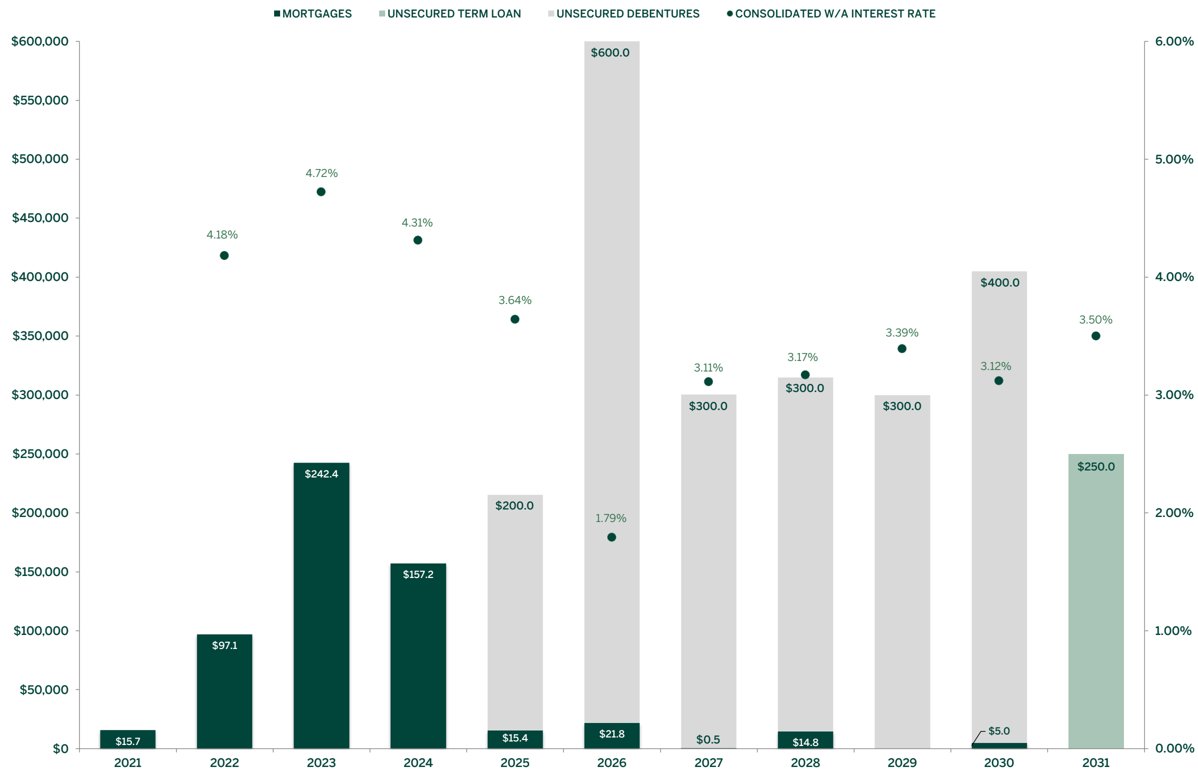
(1) As of March 31, 2021, cash and cash equivalents attributable to TELUS Sky total $2,055 (December 31, 2020 - $3,286).

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, Unsecured Debentures and unsecured term loan:

	MORTGAGES PAYABLE	W/A INTEREST RATE OF MATURING MORTGAGES	SENIOR UNSECURED DEBENTURES	W/A INTEREST RATE	UNSECURED TERM LOAN	W/A INTEREST RATE	TOTAL	CONSOLIDATED W/A INTEREST RATE OF MATURING DEBT
Remaining 2021	$15,666	—%	$—	—%	$—	—%	$15,666	—%
2022	97,054	4.18	—	—	—	—	97,054	4.18
2023	242,366	4.72	—	—	—	—	242,366	4.72
2024	157,198	4.31	—	—	—	—	157,198	4.31
2025	15,384	3.63	200,000	3.64	—	—	215,384	3.64
2026	21,834	3.59	600,000	1.73	—	—	621,834	1.79
2027	487	—	300,000	3.11	—	—	300,487	3.11
2028	14,750	4.04	300,000	3.13	—	—	314,750	3.17
2029	—	—	300,000	3.39	—	—	300,000	3.39
2030	5,000	—	400,000	3.12	—	—	405,000	3.12
2031	—	—	—	—	250,000	3.50	250,000	3.50
	$569,739	4.34%	$2,100,000	2.81%	$250,000	3.50%	$2,919,739	3.17%

Allied’s consolidated weighted average interest rate of maturing debt decreased by 43 basis points to 3.17% as at March 31, 2021, from 3.60% as at December 31, 2020, primarily due to Allied’s $600,000 inaugural green bond issuance, bearing interest at 1.73%, during the three months ended March 31, 2021.

The chart below summarizes the maturities of principal in regards to Allied’s debt obligations as at March 31, 2021:



MORTGAGES PAYABLE

As of March 31, 2021, mortgages payable, net of financing costs, total $568,479 and have a weighted average stated interest rate of 4.34% (December 31, 2020 - 4.31%). The weighted average term of the mortgage debt is 3.0 years (December 31, 2020 - 2.9 years). The mortgages are secured by a first registered charge over specific investment properties and first general assignments of leases, insurance and registered chattel mortgages.

The following table contains information on the remaining contractual mortgage maturities:

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	MARCH 31, 2021	DECEMBER 31, 2020
Remaining 2021	$15,666	$—	$15,666	
2022	20,645	76,409	97,054	
2023	16,781	225,585	242,366	
2024	4,726	152,472	157,198	
2025	6,596	8,788	15,384	
2026	1,391	20,443	21,834	
2027	487	—	487	
2028	293	14,457	14,750	
2030	5,000	—	5,000	
Mortgages, principal	$71,585	$498,154	$569,739	$715,043
Net premium on assumed mortgages			640	3,555
Net financing costs			(1,900)	(1,785)
			$568,479	$716,813

CONSTRUCTION LOANS PAYABLE

As of March 31, 2021, and December 31, 2020, Allied's obligation under the construction loans is as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	MARCH 31, 2021	DECEMBER 31, 2020
Adelaide & Duncan	50%	August 11, 2023	$49,159	$44,051
Breithaupt Phase III	50%	December 2, 2022	9,775	7,406
KING Toronto	50%	December 17, 2024	5,647	5,647
			$64,581	$57,104

On January 31, 2019, the Adelaide & Duncan joint arrangement obtained a $270,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $135,000. The loan matures on August 11, 2023, and bears interest at bank prime plus 35 basis points or bankers' acceptance rate plus 135 basis points. Allied is providing a joint and several guarantee, limited to $135,000, to support the construction facility and is earning a related guarantee fee. On August 23, 2019, the Adelaide & Duncan joint arrangement entered into a swap agreement to fix 75% of the construction costs up to $209,572 at 2.86%.

On February 21, 2020, Allied and Perimeter obtained a $138,000 construction loan for the Breithaupt Phase III joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $69,000. The loan matures on December 2, 2022, and bears interest at bank prime or bankers' acceptance rate plus 120 basis points. Allied is providing a joint and several guarantee, limited to $69,000, to support the facility and is earning a related guarantee fee.

On December 17, 2020, Allied and Westbank obtained a $465,000 green construction loan for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $232,500. The loan matures on December 17, 2024, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points. Allied is providing a joint and several guarantee, limited to $232,500, to support the facility and is earning a related guarantee fee.

UNSECURED REVOLVING OPERATING FACILITIES

As of March 31, 2021 and December 31, 2020, Allied's obligations under the unsecured revolving operating facilities (the "Unsecured Facilities") are as follows:

			MARCH 31, 2021				
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $500,000 (1)	January 30, 2024	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$500,000	$—	$(18,963)	$481,037

(1) This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $600,000.

(2) The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this unsecured facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

			DECEMBER 31, 2020				
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $400,000 (1)	January 30, 2023	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$400,000	$(60,000)	$(22,420)	$317,580
Unsecured facility limit $100,000	April 20, 2021	Prime + 0.45% or Bankers' acceptance + 1.45%	0.29%	100,000	—	—	100,000
				$500,000	$(60,000)	$(22,420)	$417,580

(1) This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $500,000.

(2) The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this Unsecured Facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On April 21, 2020, Allied entered into a $100,000 bilateral unsecured line of credit which matures on April 20, 2021, bearing interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On January 29, 2021, Allied amended the unsecured facilities to merge the two existing facilities into one facility with a limit of $500,000 plus a $100,000 accordion feature and to extend the maturity to January 30, 2024.

SENIOR UNSECURED DEBENTURES

As of March 31, 2021, and December 31, 2020, Allied's obligation under the senior unsecured debentures is as follows:

SERIES	INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	MARCH 31, 2021	DECEMBER 31, 2020
Series B	3.934%	November 14, 2022	May 14 and November 14	**$—**	$150,000
Series C	3.636%	April 21, 2025	April 21 and October 21	**200,000**	200,000
Series D	3.394%	August 15, 2029	February 15 and August 15	**300,000**	300,000
Series E	3.113%	April 8, 2027	April 8 and October 8	**300,000**	300,000
Series F	3.117%	February 21, 2030	February 21 and August 21	**400,000**	400,000
Series G	3.131%	May 15, 2028	May 15 and November 15	**300,000**	300,000
Series H	1.726%	February 12, 2026	February 12 and August 12	**600,000**	—
Unsecured Debentures, principal				**$2,100,000**	$1,650,000
Net financing costs				**(10,376)**	(7,881)
				$2,089,624	$1,642,119

The Series B, C, D, E, F, G and H Senior Unsecured Debentures are collectively referred to as the "Unsecured Debentures".

On February 12, 2021, Allied issued $600,000 of 1.726% Series H Unsecured Debentures (the "Series H Debentures") due February 12, 2026, with semi-annual interest payments due on February 12 and August 12 each year commencing on August 12, 2021. Debt financing costs of $3,100 were incurred and recorded against the principal owing. The Series H Debentures were Allied's inaugural green bond issuance.

Proceeds from the Series H Debentures were used to redeem in full the $150,000 aggregate principal amount of 3.934% Series B Debentures due November 14, 2022, with a prepayment cost of $8,003, prepay $139,213 on a first mortgage with a prepayment cost of $6,158, repay $75,000 drawn on Allied's unsecured credit facility and for general working capital purposes.

The respective financing costs and premium recognized are amortized using the effective interest method and recorded to interest expense.

UNSECURED TERM LOAN

As of March 31, 2021 and December 31, 2020, Allied's obligation under the unsecured term loan is as follows:

	INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	MARCH 31, 2021	DECEMBER 31, 2020
Unsecured term loan	3.496%	January 14, 2031	Monthly	**$250,000**	$250,000
Net financing costs				**(545)**	(574)
				$249,455	$249,426

The respective financing costs are amortized using the effective interest method and recorded to interest expense.

CREDIT RATINGS

Allied's credit ratings as at March 31, 2021, are summarized below:

DEBT	RATING AGENCY	LONG-TERM CREDIT RATING	TREND/OUTLOOK
Issuer Rating & Unsecured Debentures	DBRS Limited	BBB	Stable
Issuer Rating & Unsecured Debentures	Moody's Investors Service Inc.	Baa2	Stable

DBRS Limited ("DBRS") and Moody's Investors Service Inc. ("Moody's") provide issuer ratings and credit ratings of debt securities for commercial issuers that indicate the risk associated with a borrower's capabilities to fulfill its obligations. The minimum DBRS investment grade rating is "BBB (low)," with the highest rating being "AAA." The minimum Moody's investment grade rating is "Baa3," with the highest rating being "Aaa".

With these ratings, Allied's ability to access the debt capital markets on favourable financial terms will be enhanced. Allied expects the ratings to be particularly helpful as Allied continues to fortify the balance sheet with a view to bringing added financial flexibility and discipline to the urban development program.

The above-mentioned ratings assigned to Allied and the Unsecured Debentures are not recommendations to buy, sell or hold any securities of Allied. Allied has paid customary rating fees to DBRS and Moody's in connection with the above-mentioned ratings. There can be no assurance that any rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by the rating agency if in its judgment circumstances so warrant.

FINANCIAL COVENANTS

The Unsecured Facilities, unsecured term loan and Unsecured Debentures contain numerous financial covenants. Failure to comply with the covenants could result in a default, which, if not waived or cured, could result in adverse financial consequences. The related covenants are as follows:

UNSECURED FACILITIES AND UNSECURED TERM LOAN

The following outlines the requirements of covenants as defined in the agreements governing the Unsecured Facilities and unsecured term loan.

COVENANT	THRESHOLD	MARCH 31, 2021	DECEMBER 31, 2020
Indebtedness ratio	Below 60%	**31.1%**	29.2%
Secured indebtedness ratio	Below 45%	**6.7%**	8.2%
Debt service coverage ratio	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	**2.4x**	2.7x
Equity maintenance	At least $1,250,000 plus 75% of future equity issuances ($2,797,710)	**6,199,929**	6,177,032
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	**3.0x**	3.3x
Distribution payout ratio	Maintain distributions below 100% of FFO	**71.1%**	70.8%

SENIOR UNSECURED DEBENTURES

The following outlines the requirements of covenants specified in the trust indenture with respect to the Unsecured Debentures.

COVENANT	THRESHOLD	MARCH 31, 2021	DECEMBER 31, 2020
Pro forma interest coverage ratio	Maintain a 12-month rolling consolidated pro forma EBITDA of at least 1.65 times pro forma interest expense	**2.9x**	3.2x
Pro forma asset coverage test	Maintain net consolidated debt below 65% of net aggregate assets on a pro forma basis	**31.0%**	29.1%
Equity maintenance	Maintain Unitholders' equity above $300,000	**6,199,929**	6,177,032
Pro forma unencumbered net aggregate adjusted asset ratio	Maintain pro forma unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	**3.2x**	3.6x

As of March 31, 2021, Allied was in compliance with the terms and covenants of the agreements governing the Unsecured Facilities, the unsecured term loan and the Unsecured Debentures.

A number of other financial ratios are also monitored by Allied, including net debt as a multiple of Annualized Adjusted EBITDA and interest coverage ratio - including interest capitalized and excluding prepayment costs. These ratios are presented in Section I—Overview.

UNITHOLDERS' EQUITY

The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the three months ended March 31, 2021, and year ended December 31, 2020.

	MARCH 31, 2021		DECEMBER 31, 2020	
	UNITS	AMOUNT	UNITS	AMOUNT
Units, beginning of period	**127,259,218**	**$3,884,661**	122,838,799	$3,725,472
Restricted Unit Plan (net of forfeitures)	**—**	**(2,008)**	—	(2,695)
Unit Option Plan - options exercised	**—**	**—**	277,311	9,805
Unit issuance	**—**	**—**	4,143,108	152,079
Units, end of period	**127,259,218**	**$3,882,653**	127,259,218	$3,884,661

As at April 28, 2021, 127,259,218 Trust Units and 1,730,462 options to purchase Units were issued and outstanding.

Allied does not hold any of its own Units, nor does Allied reserve any Units for issue under options and contracts.

The table below represents weighted average Units outstanding for:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Basic	**127,259,218**	122,982,792
Unit Option Plan	**70,160**	272,468
Fully diluted	**127,329,378**	123,255,260

NORMAL COURSE ISSUER BID

On February 22, 2021, Allied received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid ("NCIB"), which entitles Allied to purchase up to 12,531,845 of its outstanding Units, representing approximately 10% of its public float as at February 11, 2021. The NCIB commenced February 24, 2021, and will expire on February 23, 2022, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied's Restricted Unit Plan or to employees pursuant to Allied's employee programs.

During the three months ended March 31, 2021, Allied purchased 55,158 Units for $2,008 at a weighted average price of $36.41 per Unit under its NCIB program, of which 55,103 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 55 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

UNIT OPTION AND RESTRICTED UNIT PLANS

Allied adopted a unit option plan (the "Unit Option Plan") providing for the issuance, from time to time, at the discretion of the trustees, of options to purchase Units for cash. Participation in the Unit Option Plan is restricted to certain employees of Allied. The Unit Option Plan complies with the requirements of the TSX. The exercise price of any option granted will not be less than the closing market price of the Units on the day preceding the date of grant. The term of the options may not exceed ten years. Options granted prior to February 22, 2017 vest evenly over three years; options granted subsequently vest evenly over four years from the date of grant. All options are settled in Units.

At March 31, 2021, Allied had granted options to purchase up to 1,730,462 Units outstanding, of which 829,529 had vested. At December 31, 2020, Allied had options to purchase 1,288,229 Units outstanding, of which 548,396 had vested.

For the three months ended March 31, 2021, Allied recorded a share-based payment expense related to options of $450 (for the three months ended March 31, 2020 - $477) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

In March 2010, Allied adopted a restricted unit plan (the "Restricted Unit Plan"), whereby restricted Units ("Restricted Units") are granted to certain key employees and trustees, at the discretion of the Board of Trustees. The Restricted Units are purchased in the open market. Employees and trustees who are granted Restricted Units have the right to vote and to receive distributions from the date of the grant. The Restricted Units granted to employees vest as to one-third on each of the three anniversaries following the date of the grant. Restricted Units granted to non-management trustees are fully vested. Whether vested or not, without the specific authority of the Governance and Compensation Committee, the Restricted Units may not be sold, mortgaged or otherwise disposed of for a period of six years following the date of the grant, except that in the case of a non-management trustee, the release date will be automatically accelerated to the date such person ceases to hold office as a trustee of Allied. The Restricted Unit Plan contains provisions providing for the vesting or forfeiture of unvested Restricted Units within specified time periods in the event the employee's employment is terminated, and authorizes the Chief Executive Officer, in his or her discretion, to accelerate the release date and vesting of Restricted Units in certain circumstances where an employee's employment is terminated. At March 31, 2021, Allied had 295,966 Restricted Units outstanding (December 31, 2020 – 288,135).

For the three months ended March 31, 2021, Allied recorded a share-based payment expense related to Restricted Units of $1,034 (for the three months ended March 31, 2020 - $1,194) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

DISTRIBUTIONS TO UNITHOLDERS

Allied is focused on increasing distributions to its Unitholders on a regular and prudent basis. During the first 12 months of operations, Allied made regular monthly distributions of $1.10 per unit on an annualized basis. The distribution increases since then are set out in the table below:

	MARCH, 2004	MARCH, 2005	MARCH, 2006	MARCH, 2007	MARCH, 2008	DECEMBER, 2012	DECEMBER, 2013
Annualized increase per Unit	$0.04	$0.04	$0.04	$0.04	$0.06	$0.04	$0.05
% increase	3.6%	3.5%	3.4%	3.3%	4.8%	3.0%	3.7%
Annualized distribution per Unit	$1.14	$1.18	$1.22	$1.26	$1.32	$1.36	$1.41

	DECEMBER, 2014	DECEMBER, 2015	DECEMBER, 2016	DECEMBER, 2017	DECEMBER, 2018	JANUARY, 2020	JANUARY, 2021
Annualized increase per Unit	$0.05	$0.04	$0.03	$0.03	$0.04	$0.05	$0.05
% increase	3.5%	2.7%	2.0%	2.0%	2.6%	3.1%	3.0%
Annualized distribution per Unit	$1.46	$1.50	$1.53	$1.56	$1.60	$1.65	$1.70

SOURCES OF DISTRIBUTIONS

For the three months ended March 31, 2021, Allied declared $54,101 in distributions (three months ended March 31, 2020 - $50,746).

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Distributions declared	**$54,101**	$50,746
Net income	**$77,522**	$254,913
Cash flows provided by operating activities	**$61,049**	$100,949
AFFO excluding condominium related items and prepayment costs	**$66,329**	$62,367
AFFO excluding condominium related items and prepayment costs payout ratio	**81.6%**	81.4%
Excess of net income over distributions declared	**$23,421**	$204,167
Excess of cash flows provided by operating activities over distributions declared	**$6,948**	$50,203
Excess of cash provided by AFFO excluding condominium related items and prepayment costs over distributions declared	**$12,228**	$11,621

In the table above, AFFO has been presented in accordance with the "White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS" published by the Real Property Association of Canada ("REALpac") in February of 2019.

In determining the amount of distributions to be made to Unitholders, Allied's Board of Trustees consider many factors, including provisions in its Declaration of Trust, macro-economic and industry specific environments, the overall financial condition of Allied, future capital requirements, debt covenants, and taxable income. In accordance with Allied's distribution policy, Management and the Board of Trustees regularly review Allied's rate of distributions to ensure an appropriate level of cash and non-cash distributions. Management anticipates that distributions declared will, in the foreseeable future, continue to vary from net income as net income includes fair value adjustments and other non-cash items. While cash flows from operating activities are generally sufficient to cover distribution requirements, timing of expenses and seasonal fluctuations in non-cash working capital may result in a shortfall. These seasonal or short-term fluctuations will be funded, if necessary, by the Unsecured Facilities. As such, the cash distributions are not an economic return of capital, but a distribution of sustainable cash flow from operations. Based on current facts and assumptions, Management does not anticipate cash distributions will be reduced or suspended in the foreseeable future.

The rate of distribution as at March 31, 2021, amounts to $1.70 per Unit per annum (December 31, 2020 - $1.65 per Unit per annum).

COMMITMENTS

At March 31, 2021, Allied had future commitments as set out below, excluding the amount held within equity accounted investments:

	MARCH 31, 2021
Capital expenditures and committed acquisitions	$408,339

As at March 31, 2021, commitments of $740 were held within equity accounted investments.

The above does not include Allied's lease liability commitments, which are disclosed in note 12 of the unaudited condensed consolidated financial statements for the three months ended March 31, 2021.

Section VII
–Accounting Estimates and Assumptions

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and any respective changes are discussed in Allied's unaudited condensed consolidated financial statements for the three months ended March 31, 2021, and the notes contained therein.

Section VIII
–*Disclosure Controls and Internal Controls*

Management maintains appropriate information systems, procedures and controls to provide reasonable assurance that information that is publicly disclosed is complete, reliable and timely. The Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") of Allied, along with the assistance of senior management under their supervision, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to Allied is made known to the CEO and CFO, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

No changes were made in the design of internal controls over financial reporting during the period ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, Allied's internal controls over financial reporting.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance of control issues, including whether instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that Management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) that controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by Management override.

Section IX
–Risks and Uncertainties

There are certain risk factors inherent in the investment and ownership of real estate. Real estate investments are capital intensive, and success from real estate investments depends upon maintaining occupancy levels and rental income flows to generate acceptable returns. These success factors are dependent on general economic conditions and local real estate markets, demand for leased premises and competition from other available properties.

Allied's portfolio is focused on a particular asset class in seven metropolitan real estate markets in Canada. This focus enables Management to capitalize on certain economies of scale and competitive advantages that would not otherwise be available.

COVID-19 RISK

The ongoing COVID-19 pandemic, and government restrictive measures intended to contain or manage its impact, could adversely affect Allied's business, financial condition and results of operations. The duration and impact of the COVID-19 pandemic on Allied remains unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19-related impacts on the financial results and operations of Allied.

The global pandemic could have adverse consequences on Allied including, but not limited to, business continuity interruptions, disruptions and costs of development activities, unfavorable market conditions, and threats to the health and safety of employees. Allied's users may also face business challenges as a result of the pandemic that may adversely affect their business and their ability to pay rent as required under the leases. Allied has afforded rent deferrals to certain users. There can be no assurance that deferred rents will be collected in accordance with deferral arrangements or at all. Any inability to collect rents in a timely manner or at all could adversely affect Allied's business and financial results.

Allied is a party to various joint arrangements and partnerships with different entities. If these joint arrangements or partnerships do not perform as expected or default on financial obligations due in whole or in part to factors related to COVID-19, Allied has an associated risk. Allied has mitigated these risks by negotiating contractual rights upon default, by entering into agreements with financially stable partners and by working with partners who have a successful record of completing development projects.

Certain of the materials and products used in the development of Allied's Properties Under Development are sourced from third-party suppliers and manufacturers in China and elsewhere. The COVID-19 pandemic has resulted in the extended shutdown of certain businesses across the world which may in turn result in disruptions or delays to the supply of such materials and products including disruptions from the temporary closure of third-party supplier and manufacturer facilities and interruptions in product supply. Any disruption of Allied's suppliers and their contract manufacturers may have an impact on the planned development of Allied's Properties Under Development and related timelines.

The duration of business disruptions and related financial impact of COVID-19 cannot be reasonably estimated at this time nor can Allied predict how consumers and users will respond while restrictive measures continue or thereafter. In response to the pandemic, Allied has developed and implemented a plan to monitor and mitigate risks posed to its employees, users and business. Allied's plan is guided by local public health authorities and governments in each of its markets. Allied continues to closely monitor business operations and may take further actions that respond to directives of governments and public health authorities or that are in the best interests of employees, users, suppliers or other stakeholders, as necessary.

However, no such plan can eliminate the risks associated with events of this magnitude, and much of the impacts will be the result of matters beyond Allied's control. There can be no assurance that the measures undertaken to date will eliminate the risk of disruption to Allied's business operations and development activity, and there can be no assurance that Allied's users will be able to maintain their business operations and continue to be able to pay rent in full, on a timely basis or at all. Such events could materially adversely affect Allied's operations, reputation and financial condition, including the fair value of Allied's properties.

The global pandemic has caused an economic slowdown and increased volatility in financial markets, which has negatively impacted the market price for the equity securities of Allied. Governments and central banks have responded with monetary and fiscal interventions intended to stabilize economic conditions. However, it is not currently known how these interventions will impact debt and equity markets or the economy generally. Although the impact of COVID-19, and its duration, on the global economy remains uncertain, disruptions caused by COVID-19 may materially adversely affect Allied's users, the debt and equity markets and Allied's operations and financial performance. It could also potentially affect Allied's current credit ratings, total return and distributions. Even after the COVID-19 pandemic has subsided, Allied may experience material adverse impacts to its business as a result of the global economy, including any related recession, as well as lingering effects on Allied's employees, suppliers, third-party service providers and/or users.

FINANCING AND INTEREST RATE RISK

Allied is subject to risk associated with debt financing. The availability of debt to re-finance existing and maturing loans and the cost of servicing such debt will influence Allied's success. In order to minimize risk associated with debt financing, Allied strives to re-finance maturing loans with long-term fixed-rate debt and to stagger the maturities over time. For Allied's current debt-maturity schedule, refer to page 60.

Interest rates on total debt are between 1.73% and 4.80% with a weighted average interest rate of 3.17%. The weighted average term of our debt is 6.1 years. The aforementioned excludes the construction loans and Unsecured Facilities, refer to note 11(b) and (c) of the unaudited condensed consolidated financial statements for further details.

Allied is additionally subject to risk associated with equity financing. The ability to access the equity capital markets at appropriate points in time and at an acceptable cost will influence Allied's success. In order to minimize the risk associated with equity financing, Allied engages in extensive investor relations activity with retail and institutional investors globally and strives to fix the cost of equity in conjunction with a clear use of proceeds.

CREDIT RISK

Allied is subject to credit risk arising from the possibility that users may not be able to fulfill their lease obligations. Allied strives to mitigate this risk by maintaining a diversified user-mix and limiting exposure to any single user. Allied's exposure to top 10 users is 19.9% of gross revenue and the credit quality of our top 10 users continues to improve.

As Allied has invested in mortgages to facilitate acquisitions, further credit risks arise in the event that borrowers default on the repayment of their mortgages to Allied. Allied's mortgage investments will typically be subordinate to prior ranking mortgage or charges. Not all of Allied's financing activities will translate into acquisitions. As at March 31, 2021, Allied had $333,774 in loans receivable, the majority of which is loaned to affiliates of a single private company. In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the mortgage investment. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges.

LEASE ROLL-OVER RISK

Allied is subject to lease roll-over risk. Lease roll-over risk arises from the possibility that Allied may experience difficulty renewing or replacing users occupying space covered by leases that mature. Allied strives to stagger its lease maturity schedule so that it is not faced with a disproportionately large level of lease maturities in a given year. For Allied's current lease maturity schedule, refer to page 37.

In evaluating lease roll-over risk, it is informative to determine Allied's sensitivity to a decline in occupancy. For every full-year decline of 100 basis points in occupancy at its average rental rate per square foot, Allied's annual AFFO excluding condominium related items and prepayment costs would decline by approximately $5,673 (approximately $0.045 per Unit). The decline in AFFO excluding condominium related items and prepayment costs per Unit would be more pronounced if the decline in occupancy involved space leased above the average rental rate per square foot and less pronounced if the decline in occupancy involved space leased below the average rental rate per square foot.

ENVIRONMENTAL AND CLIMATE CHANGE RISK

As an owner of real estate, Allied is subject to various federal, provincial and municipal laws relating to environmental matters. Such laws provide that Allied could be liable for the costs of removal of certain hazardous substances and remediation of certain hazardous locations. The failure to remove or remediate such substances or locations, if any, could adversely affect Allied's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against Allied. Allied is not aware of any material non-compliance with environmental laws at any of the properties. Allied is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the properties or any pending or threatened claims relating to environmental conditions at the properties.

Allied will make the necessary capital and operating expenditures to ensure compliance with environmental laws and regulations. Although there can be no assurances, Allied does not believe that costs relating to environmental matters will have a material adverse effect on Allied's business, financial condition or results of operation. However, environmental laws and regulations may change and Allied may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on Allied's business, financial condition or results of operation. It is Allied's operating policy to obtain a Phase I environmental assessment conducted by an independent and experienced environmental consultant prior to acquiring a property. Phase I environmental assessments have been performed in respect of all properties.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the properties. The extent of Allied's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Allied is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of its buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on Allied's business by increasing the cost of property insurance, and/or energy at the properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Allied's costs and reduce Allied's cash flow.

DEVELOPMENT RISK

As an owner of Properties Under Development, Allied is subject to development risks, such as construction delays, cost over-runs and the failure of users to take occupancy and pay rent in accordance with lease arrangements. In connection with all Properties Under Development, Allied incurs development costs prior to (and in anticipation of) achieving a stabilized level of rental revenue. In the case of the development of ancillary or surplus land, these risks are managed in most cases by not commencing construction until a satisfactory level of pre-leasing is achieved. Overall, these risks are managed through Allied's Declaration, which states that the cost of development cannot exceed 15% of GBV.

TAXATION RISK

On June 22, 2007, specified investment flow through trusts or partnerships ("SIFT") rules were introduced and changed the manner in which certain trusts are taxed. Certain distributions from a SIFT would not be deductible in computing the SIFT's taxable income and therefore the distributions would be subject to trust entity level tax, at the general tax rate applicable to Canadian corporations. Trusts that meet the REIT exemption are not subject to SIFT rules. The determination as to whether Allied qualifies for the REIT exemption in a particular taxation year can only be made with certainty at the end of that taxation year. Asset tests need to be met at all times in the taxation year and revenue tests need to be met for the taxation year. While there is uncertainty surrounding the interpretation of the relevant provisions of the REIT exemption and application of SIFT rules, Allied expects that it will qualify for the REIT exemption.

JOINT ARRANGEMENT RISK

Allied has entered into various joint arrangements and partnerships with different entities. If these joint arrangements or partnerships do not perform as expected or default on financial obligations, Allied has an associated risk. Allied reduces this risk by seeking to negotiate contractual rights upon default, by entering into agreements with financially stable partners and by working with partners who have a successful record of completing development projects.

CYBERSECURITY RISK

The efficient operation of Allied's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of Allied's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Allied's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with users, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. Allied takes data privacy and protection seriously and has implemented processes, procedures and controls to help mitigate these risks. Access to personal data is controlled through physical security and IT security mechanisms. For information stored with or processed by third parties, Allied undertakes due diligence prior to working with them and uses contractual means to ensure compliance to standards set by Allied. Additionally, Allied monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

REAL ESTATE RISK

Allied is subject to the conventional risks associated with the ownership of real estate. Allied strives to mitigate these risks by remaining fully informed on best practices, trends and legislative and demographic changes in the commercial real estate markets within which we operate. Allied additionally strives to mitigate these risks by focusing intently on execution.

Section X
–Property Table

MARCH 31, 2021 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
28 Atlantic	10,065	—	—	10,065		—	10,065	100.0%
32 Atlantic	50,434	—	—	50,434		—	50,434	100.0%
47 Jefferson	6,884	—	—	6,884		—	6,884	100.0%
64 Jefferson	78,820	—	—	78,820		—	78,820	100.0%
905 King W	51,262	1,400	—	52,662		—	52,662	100.0%
College & Manning - 559-563 College (1)	24,627	2,634	—	27,261		—	27,261	100.0%
College & Palmerston - 491 College (1)	8,863	3,717	—	12,580		—	12,580	100.0%
The Castle - 135 Liberty	55,152	—	—	55,152		—	55,152	100.0%
The Castle - 41 Fraser	14,857	—	—	14,857		—	14,857	100.0%
The Castle - 47 Fraser	7,468	3,480	—	10,948		3,706	7,242	66.1%
The Castle - 49 Fraser	17,472	—	—	17,472		13,979	3,493	20.0%
The Castle - 53 Fraser	78,797	—	—	78,797		—	78,797	100.0%
The Castle - 8 Pardee	—	2,681	—	2,681		—	2,681	100.0%
King West	**404,701**	**13,912**	**—**	**418,613**	**3.0%**	**17,685**	**400,928**	**95.8%**
141 Bathurst	10,101	—	—	10,101		—	10,101	100.0%
183 Bathurst	24,136	5,643	—	29,779		7,874	21,905	73.6%
241 Spadina	24,833	6,046	—	30,879		—	30,879	100.0%
379 Adelaide W	38,560	3,045	—	41,605		1,637	39,968	96.1%
383 Adelaide W	4,515	—	—	4,515		2,382	2,133	47.2%
387 Adelaide W	6,500	—	—	6,500		—	6,500	100.0%

MARCH 31, 2021 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
420 Wellington W	31,221	3,163	—	34,384		—	34,384	100.0%
425 Adelaide W	72,404	2,903	—	75,307		6,723	68,584	91.1%
425-439 King W	66,486	23,497	—	89,983		—	89,983	100.0%
432 Wellington Street W	—	8,997	—	8,997		—	8,997	100.0%
441-443 King W	6,377	2,904	—	9,281		3,156	6,125	66.0%
445-455 King W	31,523	16,342	—	47,865		—	47,865	100.0%
460 King W	10,144	4,285	—	14,429		—	14,429	100.0%
461 King W	38,689	35,833	—	74,522		—	74,522	100.0%
468 King W	63,121	—	—	63,121		—	63,121	100.0%
469 King W	61,618	12,273	—	73,891		—	73,891	100.0%
478 King W [2]	—	4,351	—	4,351		—	4,351	100.0%
485 King W	12,339	—	—	12,339		—	12,339	100.0%
500 King W	44,130	21,598	—	65,728		—	65,728	100.0%
522 King W	28,850	21,863	—	50,713		—	50,713	100.0%
552-560 King W	6,784	17,395	—	24,179		—	24,179	100.0%
555 Richmond W	296,163	1,850	—	298,013		11,770	286,243	96.1%
579 Richmond W	26,818	—	—	26,818		3,459	23,359	87.1%
662 King W	33,731	—	—	33,731		—	33,731	100.0%
668 King W	—	6,934	—	6,934		—	6,934	100.0%
80-82 Spadina	60,004	16,009	—	76,013		—	76,013	100.0%
96 Spadina	78,914	8,240	—	87,154		6,651	80,503	92.4%
King Portland Centre - 602-606 King W [1]	19,208	6,364	—	25,572		—	25,572	100.0%
King Portland Centre - 620 King W [1]	127,658	9,170	—	136,828		—	136,828	100.0%
King Portland Centre - 642 King W [1]	7,382	5,365	—	12,747		375	12,372	97.1%
King West Central	**1,232,209**	**244,070**	**—**	**1,476,279**	**10.6%**	**44,027**	**1,432,252**	**97.0%**
116 Simcoe	15,461	—	—	15,461		—	15,461	100.0%
117 & 119 John	—	7,057	—	7,057		7,057	—	—%
125 John	2,171	798	—	2,969		798	2,171	73.1%
179 John	70,923	—	—	70,923		3,863	67,060	94.6%
180 John	45,631	—	—	45,631		—	45,631	100.0%
185 Spadina	55,213	—	—	55,213		—	55,213	100.0%
200 Adelaide W	26,614	—	—	26,614		1,441	25,173	94.6%
208-210 Adelaide W	11,477	—	—	11,477		1,854	9,623	83.8%
217-225 Richmond W	30,205	22,587	—	52,792		7,985	44,807	84.9%

MARCH 31, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
257 Adelaide W	42,763	—	—	42,763		—	42,763	100.0%
312 Adelaide W	62,420	5,584	—	68,004		2,294	65,710	96.6%
331-333 Adelaide W	19,048	3,725	—	22,773		—	22,773	100.0%
358-360 Adelaide W	50,786	—	—	50,786		8,575	42,211	83.1%
388 King W	20,275	19,040	—	39,315		1,601	37,714	95.9%
82 Peter	40,069	6,846	—	46,915		—	46,915	100.0%
99 Spadina	51,058	—	—	51,058		—	51,058	100.0%
QRC West - 134 Peter, Phase I	298,782	8,213	—	306,995		—	306,995	100.0%
QRC West - 364 Richmond W, Phase I	38,279	—	—	38,279		—	38,279	100.0%
Union Centre	41,787	—	—	41,787		4,952	36,835	88.1%
Entertainment District	**922,962**	**73,850**	**—**	**996,812**	**7.2%**	**40,420**	**956,392**	**95.9%**
193 Yonge	34,349	16,898	—	51,247		—	51,247	100.0%
Downtown	**34,349**	**16,898**	**—**	**51,247**	**0.4%**	**—**	**51,247**	**100.0%**
106 Front E	24,125	10,554	—	34,679		4,750	29,929	86.3%
184 Front E	84,115	4,829	—	88,944		—	88,944	100.0%
35-39 Front E	34,653	13,822	—	48,475		8,329	40,146	82.8%
36-40 Wellington E	15,494	9,993	—	25,487		—	25,487	100.0%
41-45 Front E	20,958	14,239	—	35,197		6,991	28,206	80.1%
45-55 Colborne	30,622	13,158	—	43,780		5,571	38,209	87.3%
47 Front E	9,068	4,337	—	13,405		—	13,405	100.0%
49 Front E	9,482	10,435	—	19,917		—	19,917	100.0%
50 Wellington E	22,112	12,454	—	34,566		—	34,566	100.0%
54 Esplanade	—	9,038	—	9,038		—	9,038	100.0%
56 Esplanade	59,270	22,137	—	81,407		5,461	75,946	93.3%
60 Adelaide E	105,571	4,608	—	110,179		15,896	94,283	85.6%
70 Esplanade	19,590	6,109	—	25,699		—	25,699	100.0%
St. Lawrence Market	**435,060**	**135,713**	**—**	**570,773**	**4.1%**	**46,998**	**523,775**	**91.8%**
137 George	1,770	—	—	1,770		1,770	—	—%
139 George	1,545	—	—	1,545		1,545	—	—%
204-214 King E	115,426	13,837	—	129,263		—	129,263	100.0%
230 Richmond E	73,542	—	—	73,542		—	73,542	100.0%
252-264 Adelaide E	44,537	2,582	—	47,119		4,480	42,639	90.5%
489 Queen E	31,737	—	—	31,737		8,952	22,785	71.8%

MARCH 31, 2021 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
70 Richmond E	34,469	—	—	34,469		—	34,469	100.0%
Dominion Square - 468 Queen N	30,383	3,523	—	33,906		—	33,906	100.0%
Dominion Square - 468 Queen S	34,313	9,091	—	43,404		—	43,404	100.0%
Dominion Square - 478-496 Queen	6,552	33,526	—	40,078		—	40,078	100.0%
QRC East - 111 Queen E	190,697	20,733	—	211,430		8,393	203,037	96.0%
QRC South - 100 Lombard	44,671	—	—	44,671		10,251	34,420	77.1%
Queen Richmond	**609,642**	**83,292**	**—**	**692,934**	**5.0%**	**35,391**	**657,543**	**94.9%**
Toronto	**3,638,923**	**567,735**	**—**	**4,206,658**	**30.3%**	**184,521**	**4,022,137**	**95.6%**
189-195 Joseph	26,462	—	—	26,462		—	26,462	100.0%
25 Breithaupt (3)	46,845	—	—	46,845		—	46,845	100.0%
51 Breithaupt (3)	66,355	—	—	66,355		—	66,355	100.0%
72 Victoria	89,842	—	—	89,842		2,056	87,786	97.7%
The Tannery - 151 Charles W	306,813	25,810	—	332,623		16,335	316,288	95.1%
Kitchener	**536,317**	**25,810**	**—**	**562,127**	**4.0%**	**18,391**	**543,736**	**96.7%**
Toronto & Kitchener	**4,175,240**	**593,545**	**—**	**4,768,785**	**34.3%**	**202,912**	**4,565,873**	**95.7%**
The Chambers - 40 Elgin	195,994	5,500	—	201,494		—	201,494	100.0%
The Chambers - 46 Elgin	28,218	1,756	—	29,974		2,430	27,544	91.9%
Ottawa	**224,212**	**7,256**	**—**	**231,468**	**1.7%**	**2,430**	**229,038**	**99.0%**
3510 Saint-Laurent	85,646	15,022	—	100,668		2,181	98,487	97.8%
3530-3540 Saint-Laurent	47,348	4,008	—	51,356		8,836	42,520	82.8%
3575 Saint-Laurent	165,501	19,276	—	184,777		16,197	168,580	91.2%
425 Viger	311,305	4,674	—	315,979		16,528	299,451	94.8%
4396-4410 Saint-Laurent	41,799	14,147	—	55,946		5,008	50,938	91.0%
4446 Saint-Laurent	72,815	7,251	—	80,066		16,706	63,360	79.1%
451-481 Saint-Catherine W	20,879	9,984	—	30,863		2,350	28,513	92.4%
480 Saint-Laurent	53,406	6,226	—	59,632		2,649	56,983	95.6%
5445 de Gaspé	483,685	896	—	484,581		6,806	477,775	98.6%
5455 de Gaspé	466,816	22,562	—	489,378		2,514	486,864	99.5%
5505 Saint-Laurent	243,788	2,221	—	246,009		—	246,009	100.0%
6300 Parc	181,180	3,736	—	184,916		24,997	159,919	86.5%

MARCH 31, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
645 Wellington	129,017	8,115	—	137,132		6,811	130,321	95.0%
700 de la Gauchetière W	954,146	32,371	—	986,517		143,673	842,844	85.4%
740 Saint-Maurice	67,692	—	—	67,692		9,559	58,133	85.9%
747 Square-Victoria	530,950	37,752	—	568,702		69,129	499,573	87.8%
8 Place du Commerce	48,240	11,633	—	59,873		22,807	37,066	61.9%
85 Saint-Paul W	79,395	—	—	79,395		27,526	51,869	65.3%
Cité Multimédia - 111 Duke	358,913	12,571	—	371,484		19,633	351,851	94.7%
Cité Multimédia - 50 Queen	27,071	—	—	27,071		2,332	24,739	91.4%
Cité Multimédia - 700 Wellington	135,232	—	—	135,232		12,005	123,227	91.1%
Cité Multimédia - 75 Queen	253,311	2,513	—	255,824		3,157	252,667	98.8%
Cité Multimédia - 80 Queen	65,044	4,203	—	69,247		10,027	59,220	85.5%
Cité Multimédia - 87 Prince	100,116	1,040	—	101,156		1,040	100,116	99.0%
El Pro Lofts - 644 Courcelle	145,354	8,451	—	153,805		41,068	112,737	73.3%
Le Nordelec - 1301-1303 Montmorency	7,550	—	—	7,550		—	7,550	100.0%
Le Nordelec - 1655 Richardson	32,893	—	—	32,893		—	32,893	100.0%
Le Nordelec - 1751 Richardson & 1700 Saint-Patrick	787,037	42,090	—	829,127		56,574	772,553	93.2%
RCA Building - 1001 Lenoir	308,208	35,727	—	343,935		100,878	243,057	70.7%
Montréal	**6,204,337**	**306,469**	**—**	**6,510,806**	**46.9%**	**630,991**	**5,879,815**	**90.3%**
Montréal & Ottawa	**6,428,549**	**313,725**	**—**	**6,742,274**	**48.6%**	**633,421**	**6,108,853**	**90.6%**
613 11th SW	—	4,288	—	4,288		—	4,288	100.0%
617 11th SW	3,230	6,306	—	9,536		3,088	6,448	67.6%
Alberta Block - 805 1st SW	9,094	22,540	—	31,634		3,939	27,695	87.5%
Alberta Hotel - 808 1st SW	28,036	20,424	—	48,460		10,563	37,897	78.2%
Atrium on Eleventh - 625 11th SE	34,705	1,410	—	36,115		15,316	20,799	57.6%
Biscuit Block - 438 11th SE	51,298	—	—	51,298		—	51,298	100.0%

	Urban Workspace							
MARCH 31, 2021 PROPERTIES	Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
Burns Building - 237 8th SE	66,769	7,423	—	74,192		3,044	71,148	95.9%
Cooper Block - 809 10th SW	35,256	—	—	35,256		5,278	29,978	85.0%
Customs House - 134 11th SE	73,352	—	—	73,352		5,652	67,700	92.3%
Demcor Condo - 221 10th SE	14,253	—	—	14,253		7,218	7,035	49.4%
Demcor Tower - 239 10th SE	25,337	—	—	25,337		—	25,337	100.0%
Five Roses Building - 731-739 10th SW [4]	—	10,404	—	10,404		—	10,404	100.0%
Glenbow - 802 11th SW [4]	—	3,660	—	3,660		—	3,660	100.0%
Glenbow - 822 11th SW [4]	4,848	3,919	—	8,767		5,563	3,204	36.5%
Glenbow Annex - 816 11th SW [4]	—	4,511	—	4,511		—	4,511	100.0%
Glenbow Cornerblock - 838 11th SW [4]	5,499	5,606	—	11,105		573	10,532	94.8%
Glenbow Ellison - 812 11th SW [4]	6,672	—	—	6,672		—	6,672	100.0%
Kipling Square - 601 10th SW	48,502	—	—	48,502		10,033	38,469	79.3%
Leeson Lineham Building - 209 8th SW	27,821	5,420	—	33,241		—	33,241	100.0%
LocalMotive - 1240 20th SE	57,536	—	—	57,536		—	57,536	100.0%
Odd Fellows - 100 6th SW	33,474	—	—	33,474		—	33,474	100.0%
Pilkington Building - 402 11th SE	40,253	—	—	40,253		5,898	34,355	85.3%
Roberts Block - 603-605 11th SW	23,645	27,499	—	51,144		13,595	37,549	73.4%
Sherwin Block - 738 11th SW [4]	9,160	4,088	—	13,248		9,160	4,088	30.9%
Telephone Building - 119 6th SW	63,063	—	—	63,063		—	63,063	100.0%
TELUS Sky - 685 Centre SW [5]	143,000	5,000	—	148,000		47,393	100,607	68.0%
Theatre Grand - 608 1st Street SW	—	34,100		34,100		—	34,100	100.0%
Vintage Towers - 322-326 11th SW	190,219	20,418	—	210,637		36,531	174,106	82.7%
Woodstone Building - 1207-1215 13th SE	32,423	—	—	32,423		—	32,423	100.0%
Young Block - 129 8th SW	4,841	2,893	—	7,734		2,414	5,320	68.8%
Calgary	**1,032,286**	**189,909**	**—**	**1,222,195**	**8.8%**	**185,258**	**1,036,937**	**84.8%**

MARCH 31, 2021 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
1040 Hamilton	36,276	9,162	—	45,438		14,071	31,367	69.0%
1050 Homer	37,901	4,797	—	42,698		—	42,698	100.0%
1220 Homer	21,708	—	—	21,708		—	21,708	100.0%
1286 Homer	25,637	—	—	25,637		—	25,637	100.0%
151-155 West Hastings	38,512	—	—	38,512		—	38,512	100.0%
2233 Columbia	21,591	6,852	—	28,443		—	28,443	100.0%
342 Water	18,434	3,206	—	21,640		10,780	10,860	50.2%
365 Railway	31,528	—	—	31,528		—	31,528	100.0%
375 Water	147,693	27,149	—	174,842		23,507	151,335	86.6%
840 Cambie	89,377	—	—	89,377		—	89,377	100.0%
948-950 Homer	23,245	21,758	—	45,003		—	45,003	100.0%
Sun Tower - 128 West Pender	76,247	1,693	—	77,940		7,149	70,791	90.8%
Vancouver	**568,149**	**74,617**	**—**	**642,766**	**4.6%**	**55,507**	**587,259**	**91.4%**
Calgary & Vancouver	**1,600,435**	**264,526**	**—**	**1,864,961**	**13.4%**	**240,765**	**1,624,196**	**87.1%**
Total Office and Retail	**12,204,224**	**1,171,796**	**—**	**13,376,020**	**96.3%**	**1,077,098**	**12,298,922**	**91.9%**
151 Front W	—	—	278,073	278,073		7,070	271,003	97.5%
250 Front W	—	—	173,000	173,000		46,899	126,101	72.9%
905 King W	—	—	59,056	59,056		—	59,056	100.0%
Urban Data Centres	**—**	**—**	**510,129**	**510,129**	**3.7%**	**53,969**	**456,160**	**89.4%**
Total Rental Portfolio	**12,204,224**	**1,171,796**	**510,129**	**13,886,149**	**100%**	**1,131,067**	**12,755,082**	**91.9%**

Note that the table above does not include ancillary residential properties, which total 14 and are included in the property count.

(1) RioCan/Allied Joint Arrangement
(2) Lifetime/Allied Joint Arrangement
(3) Perimeter/Allied Joint Arrangement
(4) First Capital/Allied Joint Arrangement
(5) Westbank/Allied/TELUS Joint Arrangement

PROPERTIES UNDER DEVELOPMENT

PROPERTIES UNDER DEVELOPMENT	ESTIMATED GLA ON COMPLETION (SF)
The Lougheed (604-1st SW), Calgary (1)	88,000
College & Manning, 547-549 College, Toronto (2)	27,000
400 Atlantic, Montréal	87,473
Boardwalk-Revillon Building, Edmonton (3)	297,851
Breithaupt Phase III, Kitchener (2)	147,000
The Well, Toronto (2)(4)	763,000
Adelaide & Duncan, Toronto (2)(5)	230,000
QRC West Phase II, Toronto (6)	90,000
KING Toronto, Toronto (2)(7)	100,000
King & Brant, Toronto (8)	130,000
Total Development Portfolio	1,960,324

(1) While initially working toward repositioning this property for a different use, Allied is now working toward restoring and retrofitting the property to the highest possible standards for workspace in the creative economy.
(2) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(3) The GLA components (in square feet) are as follows: 259,555 of office and 38,296 of retail.
(4) Each of Allied and RioCan own an undivided 50% interest with an estimated total GLA of 3,100,000 square feet. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 578,000 of office, 185,000 of retail, and the remaining is related to residential air rights. The Well Air Rights were sold by the co-ownership as previously announced, with the first phase closed on December 23, 2020, the second phase closed on April 7, 2021, and the remaining phases expected to close by the end of 2021.
(5) The GLA components (in square feet) at our 50% share are as follows: 144,000 of residential, 77,000 of office and 9,000 of retail.
(6) The GLA components (in square feet) are as follows: 75,500 of office and 14,500 of retail.
(7) Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, 539 King W. The GLA components (in square feet) at our 50% share will be as follows: 60,000 of retail and 40,000 of office.
(8) Allied has received permission to intensify 544 King W and 7-9 Morrison. The approval permits approximately 120,000 square feet of office space and 10,000 square feet of retail space. Allied is exploring the opportunity to increase the permitted leasable area.

ANCILLARY PARKING FACILITIES

ANCILLARY PARKING FACILITIES	NUMBER OF SPACES
15 Brant, Toronto	203
78 Spadina, Toronto	39
105 George, Toronto	15
301 Markham, Toronto	47
388 Richmond, Toronto	121
464 King, Toronto	12
478 King, Toronto (1)	65
560 King, Toronto	171
650 King, Toronto	71
Total Parking	744

(1) Lifetime/Allied Joint Arrangement

Unaudited Condensed Consolidated Financial Statements

For the Three Months Ended March 31, 2021 and 2020

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2021 AND DECEMBER 31, 2020

(in thousands of Canadian dollars)	NOTES	MARCH 31, 2021	DECEMBER 31, 2020
Assets			
Non-current assets			
Investment properties	5	**$8,801,525**	$8,687,375
Residential inventory	6	**145,032**	140,038
Investment in joint venture and loan receivable	7	**124,223**	117,112
Loans and notes receivable	8	**335,770**	322,543
Other assets	9	**23,218**	23,643
		9,429,768	9,290,711
Current assets			
Cash and cash equivalents	20	**167,479**	45,512
Loans and notes receivable	8	**88**	93
Accounts receivable, prepaid expenses and deposits	10	**64,255**	64,452
		231,822	110,057
Total assets		**$9,661,590**	$9,400,768
Liabilities			
Non-current liabilities			
Debt	11	**$2,951,116**	$2,698,794
Other liabilities	13	**43,365**	63,045
Lease liabilities	12	**157,451**	157,068
		3,151,932	2,918,907
Current liabilities			
Debt	11	**21,023**	26,668
Accounts payable and other liabilities	13	**288,706**	278,161
		309,729	304,829
Total liabilities		**3,461,661**	3,223,736
Unitholders' equity		**6,199,929**	6,177,032
Total liabilities and Unitholders' equity		**$9,661,590**	$9,400,768

Commitments and Contingencies (note 26)
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Gordon Cunningham
Trustee

Michael R. Emory
Trustee

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(in thousands of Canadian dollars, except Unit and per Unit amounts)	NOTES	THREE MONTHS ENDED MARCH 31, 2021	THREE MONTHS ENDED MARCH 31, 2020
Rental revenue from investment properties	**18, 22**	**$140,835**	$138,977
Property operating costs	**22**	**(59,718)**	(59,218)
Operating income		**81,117**	79,759
Interest expense	**11 (f)**	**(31,848)**	(16,812)
General and administrative expenses	**19**	**(6,203)**	(6,605)
Condominium marketing expenses		**(221)**	(587)
Amortization of other assets	**9**	**(306)**	(374)
Interest income		**5,944**	5,253
Fair value gain on investment properties	**5**	**7,201**	215,076
Fair value gain (loss) on derivative instruments	**14, 25 (d)**	**20,565**	(21,078)
Net income from joint venture	**7**	**1,273**	281
Net income and comprehensive income		**$77,522**	$254,913
Income per Unit			
Basic		**$0.61**	$2.07
Diluted		**$0.61**	$2.07
Weighted average number of Units	**17**		
Basic		**127,259,218**	122,982,792
Diluted		**127,329,378**	123,255,260

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(in thousands of Canadian dollars)	NOTES	TRUST UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	TOTAL
Balance at January 1, 2020	15	$3,725,472	$1,969,974	$22,253	$5,717,699
Net income and comprehensive income		—	254,913	—	254,913
Distributions		—	(50,746)	—	(50,746)
Unit Option Plan – options exercised	16 (a)	9,699	—	—	9,699
Contributed surplus – Unit Option Plan	16 (a)	—	—	477	477
Restricted Unit Plan (net of forfeitures)	16 (b)	(2,693)	—	1,194	(1,499)
Balance at March 31, 2020		$3,732,478	$2,174,141	$23,924	$5,930,543

	NOTES	TRUST UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	TOTAL
Balance at January 1, 2021	**15**	**$3,884,661**	**$2,265,326**	**$27,045**	**$6,177,032**
Net income and comprehensive income		**—**	**77,522**	**—**	**77,522**
Distributions		**—**	**(54,101)**	**—**	**(54,101)**
Contributed surplus – Unit Option Plan	**16 (a)**	**—**	**—**	**450**	**450**
Restricted Unit Plan (net of forfeitures)	**15, 16 (b)**	**(2,008)**	**—**	**1,034**	**(974)**
Balance at March 31, 2021		**$3,882,653**	**$2,288,747**	**$28,529**	**$6,199,929**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

		THREE MONTHS ENDED	
(in thousands of Canadian dollars)	NOTES	MARCH 31, 2021	MARCH 31, 2020
Operating activities			
Net income for the period		$77,522	$254,913
Fair value gain on investment properties	5	(7,201)	(215,076)
Fair value (gain) loss on derivative instruments		(20,565)	21,078
Realized loss on derivative instruments		—	80
Interest expense (excluding capitalized interest)	11 (f)	31,848	16,812
Interest paid (excluding capitalized interest)	5, 6, 12, 20	(33,207)	(12,333)
Interest income		(5,944)	(5,253)
Interest received		4,332	3,731
Net income from joint venture	7	(1,273)	(281)
Amortization of other assets	9	306	374
Amortization of improvement allowances	5	8,067	7,628
Amortization of straight-line rents	5	(1,673)	(2,174)
Amortization of premium on debt	11 (f)	(2,915)	(454)
Amortization of lease liabilities	5, 12	95	59
Amortization of net financing costs	11 (f)	855	555
Unit compensation expense	16	1,484	1,671
Additions to residential inventory	6	(4,994)	(4,884)
Change in other non-cash operating items	8, 10, 13, 20	14,312	34,503
Cash provided by operating activities		61,049	100,949
Financing activities			
Repayment of mortgages payable	11 (a)	(145,304)	(6,354)
Proceeds from senior unsecured debentures (net of financing costs)	11 (d)	596,900	397,650
Redemption of senior unsecured debentures	11 (d)	(150,000)	—
Repayment of unsecured term loan	11 (e)	—	(200,000)
Principal payments of lease liabilities	12	(7)	(7)
Distributions paid to Unitholders		(53,566)	(50,156)
Proceeds from exercise of Unit options	15, 16	—	9,699
Restricted Unit Plan (net of forfeitures)	15, 16	(2,008)	(2,693)
Proceeds from notes receivable	8 (b)	26	68
Proceeds from Unsecured Revolving Operating Facilities	11 (c)	55,000	240,000
Repayments of Unsecured Revolving Operating Facilities	11 (c)	(115,000)	(240,000)
Proceeds from construction loan	11 (b)	7,477	9,656

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED MARCH 31, 2021	MARCH 31, 2020
Financing costs		**(336)**	(200)
Loan receivable issued to third-party	**7, 8 (a), 20**	**(13,248)**	(9,255)
Cash provided by financing activities		**179,934**	148,408
Investing activities			
Acquisition of investment properties	**4**	**(22,974)**	(328,170)
Deposits on acquisitions	**10 (d)**	**(1,311)**	(20,000)
Additions to investment properties (including capitalized interest)	**5, 11 (f)**	**(84,357)**	(70,478)
(Contributions to) distributions from equity accounted investments	**7**	**(5,838)**	848
Additions to equipment and other assets	**9**	**(115)**	(252)
Leasing commissions	**5**	**(1,412)**	(4,264)
Improvement allowances	**5**	**(3,009)**	(16,589)
Cash used in investing activities		**(119,016)**	(438,905)
Increase (decrease) in cash and cash equivalents		**121,967**	(189,548)
Cash and cash equivalents, beginning of period		**45,512**	208,914
Cash and cash equivalents, end of period		**$167,479**	$19,366

Note 20 contains supplemental cash flow information.
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Allied Properties Real Estate Investment Trust ("Allied") is a Canadian unincorporated closed-end real estate investment trust created pursuant to the Declaration of Trust dated October 25, 2002, most recently amended April 14, 2020. Allied is governed by the laws of the Province of Ontario and began operations on February 19, 2003. The Units of Allied are traded on the Toronto Stock Exchange ("TSX") and are traded under the symbol "AP.UN".

Allied is domiciled in Ontario, Canada. The address of Allied's registered office and its principal place of business is 134 Peter Street, Suite 1700, Toronto, Ontario, M5V 2H2.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements are presented in Canadian dollars.

The unaudited condensed consolidated financial statements for the three months ended March 31, 2021 and 2020 were approved and authorized for issue by the Board of Trustees on April 28, 2021.

(A) *Statement of compliance*

The unaudited condensed consolidated financial statements of Allied for the three months ended March 31, 2021 and 2020 are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies discussed below and disclosed in Allied's December 31, 2020, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

(B) *Comparative figures*

Certain comparative figures in the unaudited condensed consolidated statements of cash flows have been revised to conform to the presentation in the current period. Certain comparative figures in the note disclosure for general and administrative expenses have been reclassified to present share based payment expenses related to the Trustees of Allied in professional and trustee fees, which was previously presented in salaries and benefits.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the unaudited condensed consolidated financial statements requires management to make judgments and estimates in applying Allied's accounting policies that affect the reported amounts and disclosures made in the unaudited condensed consolidated financial statements and accompanying notes.

The critical accounting estimates and assumptions disclosed in Allied's December 31, 2020, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic, which has resulted in unprecedented social and economic challenges. As a result, there are material areas of uncertainty with respect to Allied's revised internal forecast, the most significant being the fact that it cannot predict how consumers will respond as the restriction measures continue or change in Canada. In addition, Allied cannot predict the extent and severity of the economic disruption flowing from the global pandemic.

In the preparation of these unaudited condensed consolidated financial statements, Allied has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities and the reported amount of its results using the best available information as of March 31, 2021. Actual results could differ from those estimates. The estimates and assumptions that Allied considers critical and/or could be impacted by COVID-19 include those underlying the valuation of investment properties including discount rates and terminal capitalization rates, operating assumptions, the carrying amount of its investment in a joint venture, the estimate of any expected credit losses on its accounts receivable and loans and notes receivable and determining the values of financial instruments.

4. ACQUISITIONS AND DISPOSITIONS

Acquisitions

During the three months ended March 31, 2021, Allied completed the following property acquisitions from third parties:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
432 Wellington, Toronto	January 28, 2021	Retail	$17,806	100%
608 1st, Calgary	February 8, 2021	Office	6,464	100%
			$24,270	

The total purchase price for the above-noted properties during the three months ended March 31, 2021, of $24,270 is comprised of net cash consideration of $22,974 and the assumption of other liabilities of $1,296.

During the year ended December 31, 2020, Allied completed the following property acquisitions from third parties:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
3530-3540 Saint-Laurent, Montréal	January 14, 2020	Office, Retail	$13,421	100%
4396-4410 Saint-Laurent, Montréal	January 15, 2020	Office, Retail	18,530	100%
54 The Esplanade, Toronto	January 16, 2020	Retail	26,079	100%
747 Square-Victoria, Montréal	January 28, 2020	Office, Retail	284,541	100%
375 Water, Vancouver	April 20, 2020	Office, Retail	225,404	100%
125 John, Toronto	November 16, 2020	Office, Retail	4,196	100%
117-119 John, Toronto	December 24, 2020	Retail	8,341	100%
Ancillary residential properties, Toronto [(1)]	—	Residential	6,648	100%
			$587,160	

(1) Allied acquired four ancillary residential properties during the year ended December 31, 2020.

The total purchase price for the above noted properties during the year ended December 31, 2020, of $587,160 is comprised of net cash consideration of $567,971, the assumption of other liabilities of $9,189 and a mortgage assumption of $10,000.

Dispositions

During the three months ended March 31, 2021, Allied did not dispose of any investment properties.

On December 23, 2020, Allied and its partners closed on the disposition of a portion of The Well air rights and associated underground parking and transfer floor slab development for cash consideration of $24,911 (at Allied's share) which represented the fair value and accordingly, there is no gain or loss on disposition.

5. INVESTMENT PROPERTIES

Changes to the carrying amounts of investment properties are summarized as follows:

	MARCH 31, 2021			DECEMBER 31, 2020		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of period	$7,790,855	$896,520	$8,687,375	$6,754,215	$715,050	$7,469,265
Additions:						
Acquisitions	24,270	—	24,270	587,160	—	587,160
Improvement allowances	2,663	346	3,009	32,541	7,264	39,805
Leasing commissions	1,137	275	1,412	8,066	3,208	11,274
Capital expenditures	17,666	66,691	84,357	80,922	265,844	346,766
Dispositions	—	—	—	—	(24,911)	(24,911)
Transfers from PUD	—	—	—	130,100	(130,100)	—
Transfers to PUD	(47,040)	47,040	—	(77,828)	77,828	—
Lease liabilities	295	—	295	1,763	—	1,763
Amortization of straight-line rent and improvement allowances	(6,244)	(150)	(6,394)	(25,244)	907	(24,337)
Fair value gain (loss) on investment properties	20,373	(13,172)	7,201	299,160	(18,570)	280,590
Balance, end of period	$7,803,975	$997,550	$8,801,525	$7,790,855	$896,520	$8,687,375

For the three months ended March 31, 2021, Allied capitalized $7,955 of borrowing costs to qualifying investment properties (March 31, 2020 - $6,221).

Included in the rental properties amounts noted above are right-of-use assets with a fair value of $520,120 (December 31, 2020 - $525,940) representing the fair value of Allied's interest in five investment properties with corresponding lease liabilities. The leases' maturities range from 23.5 years to 81.2 years.

Valuation Methodology

The appraised fair value of investment properties is most commonly determined using the following methodologies:

(a) Discounted cash flow method - Under this approach, discount rates are applied to the projected annual operating cash flows, generally over a ten-year period, including a terminal value of the properties based on a capitalization rate applied to the estimated net operating income ("NOI"), a non-GAAP measure, in the terminal year. This method is primarily used to value the rental properties portfolio.

(b) Comparable sales method - This approach compares a subject property's characteristics with those of comparable properties which have recently sold. The process uses one of several techniques to adjust the price of the comparable transactions according to the presence, absence, or degree of characteristics which influence value. These characteristics include the cost of construction incurred at a property under development. This method is primarily used to value the development portfolio and ancillary parking facilities.

In accordance with its policy, Allied measures and records its investment properties using valuations under the supervision of Management with the support of an independent external appraiser. Allied's entire portfolio is revalued by the external appraiser each quarter. Management verifies all major inputs to the valuations, analyzes the change in fair values at the end of each reporting period and reviews the results with the independent appraiser every quarter. There were no material changes to the valuation techniques during the period. For properties with a leasehold interest with a term less than 40 years, the resulting valuation methodology is based upon a full-term discounted cash flow model.

Significant Inputs

There are significant unobservable inputs used, such as capitalization rates, in determining the fair value of each investment property. Accordingly, all investment properties are measured in accordance with the fair value measurement hierarchy levels and the inputs for investment properties comprise Level 3 unobservable inputs, reflecting Management's best estimate of what market participants would use in pricing the asset at the measurement date. Fair values are most sensitive to changes in capitalization rates and stabilized or forecasted NOI. Generally, an increase in NOI will result in an increase in the fair value of investment properties and an increase in capitalization rates will result in a decrease in the fair value of investment properties. Below are the rates used in the modeling process for valuations.

	WEIGHTED AVERAGE	
	MARCH 31, 2021	DECEMBER 31, 2020
Discount rate	**6.18%**	6.35%
Terminal capitalization rate	**5.18%**	5.18%
Overall capitalization rate	**4.82%**	4.82%
Discount horizon (years)	**10**	10

The analysis below shows the maximum impact on fair values of possible changes in capitalization rates, assuming no changes in NOI:

CHANGE IN CAPITALIZATION RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value				
Investment Properties	**$1,019,853**	**$482,001**	**$(434,421)**	**$(827,975)**

6. RESIDENTIAL INVENTORY

Residential inventory is as follows:

	MARCH 31, 2021	DECEMBER 31, 2020
KING Toronto	$145,032	$140,038

The changes in the aggregate carrying value of Allied's residential inventory is as follows:

	MARCH 31, 2021	DECEMBER 31, 2020
Balance, beginning of period	$140,038	$114,910
Development expenditures	4,994	25,128
Balance, end of period	$145,032	$140,038

Residential inventory consists of assets that are developed by Allied for sale in the ordinary course of business. Allied may transfer an investment property to residential inventory based on a change in use, as evidenced by the commencement of development activities with the intention to sell. Alternatively, a transfer from residential inventory to investment property would be evidenced by the commencement of leasing activity.

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. KING Toronto is a mixed-use property comprised of office, retail and residential uses. As part of the arrangement Allied sold a 50% undivided interest to Westbank. The residential component will be developed and sold as condominium units, totaling 440 units.

For the three months ended March 31, 2021, Allied capitalized $1,109 of borrowing costs to qualifying residential inventory (March 31, 2020 - $1,037).

7. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

Investment in joint venture and the associated loan receivable is comprised of the following:

	MARCH 31, 2021	DECEMBER 31, 2020
Investment in joint venture	$10,936	$3,825
Loan receivable from joint venture	113,287	113,287
	$124,223	$117,112

On July 2, 2013, Allied entered into a partnership agreement whereby Allied holds a one-third voting and economic interest in 7th Avenue Sky Partnership ("TELUS Sky"). TELUS Sky was created with the specific purpose of acquiring the entire beneficial interest in the properties located at 100-114 7th Avenue SW, Calgary and participating in its construction, development and management.

On October 31, 2019, Allied advanced a construction loan in the amount of $96,142 to TELUS Sky, with the loan having a maximum limit of $114,000. The loan matures on August 31, 2021, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points. As at March 31, 2021, the loan receivable outstanding is $113,287 (December 31, 2020 - $113,287). Allied is providing a joint and several guarantee in the amount of $114,000 to support the TELUS Sky facility.

Allied accounts for its interests in joint ventures using the equity method. The financial information below represents TELUS Sky at 100% and at Allied's one-third interest.

	MARCH 31, 2021	DECEMBER 31, 2020
Current assets (including cash and cash equivalents)	**$7,314**	$11,664
Non-current assets	**374,928**	368,529
Current liabilities	**(8,721)**	(28,857)
Non-current liabilities	**(340,713)**	(339,861)
Net assets of TELUS Sky at 100%	**$32,808**	$11,475
Net assets of TELUS Sky at Allied's share (1)	**$10,936**	$3,825

(1) Includes costs pertaining only to Allied, not the joint venture.

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Revenue	**$2,847**	$1,041
Expenses	**(2,136)**	(779)
Interest expense	**(6)**	—
General and administrative expense	**(27)**	(13)
Fair value gain	**3,141**	594
Net income and total comprehensive income of TELUS Sky at 100%	**$3,819**	$843
Net income and total comprehensive income at Allied's share (1)	**$1,273**	$281

(1) Includes costs pertaining only to Allied, not the joint venture.

	MARCH 31, 2021	DECEMBER 31, 2020
Investment in joint venture, beginning of period	**$3,825**	$(8,439)
Net earnings (loss)	**1,273**	(3,184)
Contributions	**6,365**	17,914
Distributions	**(527)**	(2,466)
Investment in joint venture, end of period	**$10,936**	$3,825

8. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	MARCH 31, 2021	DECEMBER 31, 2020
Loans receivable (a)	$333,774	$320,526
Notes and other receivables (b)	2,084	2,110
	$335,858	$322,636
Current	$88	$93
Non-current	335,770	322,543
	$335,858	$322,636

(a) In February 2015, Allied entered into a joint arrangement with Westbank and completed the acquisition of an undivided 50% interest in Adelaide & Duncan. As part of the arrangement, Allied advanced $21,173 to Westbank for its purchase of a 50% undivided interest in the property. The facility is secured by a charge on the property (subordinated to the construction lender) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum. The loan is repayable when the joint arrangement obtains external permanent financing. As at March 31, 2021, the loan receivable outstanding is $21,173 (December 31, 2020 - $21,173).

On August 1, 2017, Allied entered into an arrangement with Westbank to provide a credit facility of up to $100,000, plus interest, for the land acquisition and the pre-development costs of 400 West Georgia in Vancouver. The facility is secured by Westbank's covenant and a charge on the property (subordinated to the construction lender). On February 11, 2019, the facility was increased to $160,000. Interest accrues and is payable monthly at a rate of 6.75% per annum. The credit facility matures on August 31, 2022, and has a one-year extension option to August 31, 2023. As at March 31, 2021, the loan receivable outstanding is $126,056 (December 31, 2020 - $120,825).

On November 30, 2018, Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced $67,030 to Westbank for its purchase of a 50% undivided interest in the property. The facility will initially be secured by a first mortgage on the property. On placement of construction financing, the mortgage will be secured by a charge on the property (subordinated to the construction lender). Interest accrues at a rate of 7.00% per annum and is payable on loan repayment. The loan is repayable at the earlier of November 23, 2023, or the closing of the condominium units. As at March 31, 2021, the loan receivable outstanding is $86,013 (December 31, 2020 - $84,566).

On March 18, 2019, Allied made an amendment to the joint arrangement with Perimeter to develop Breithaupt Phase III and a loan receivable arrangement to provide 50% of the pre-development costs. The facility is secured by a charge on the property (subordinated to the construction lender). Interest accrues at a rate of 7.00% per annum and is payable on loan repayment. The loan is repayable upon completion of development and rent commencement, which is anticipated to take place in the third quarter of 2022. As at March 31, 2021, the loan receivable outstanding is $10,637 (December 31, 2020 - $10,637).

On July 31, 2019, Allied entered into an arrangement with Westbank to provide a credit facility of up to $185,000, plus interest, for the land acquisition and the pre-development costs of 720 Beatty Street in Vancouver. The funding will initially be secured by a first mortgage on the property for a fixed term. On placement of construction financing, the mortgage will be secured by a charge on the property (subordinated to the construction lender). Interest accrues and is payable monthly at a rate of 7.00% per annum. The credit facility matures on December 9, 2025. As at March 31, 2021, the loan receivable outstanding is $89,895 (December 31, 2020 - $83,325).

Allied has assessed the expected credit losses on an individual loan basis. Allied assesses the risk of expected credit losses, including considering the status of corporate guarantees and/or registered mortgage charges and assignment of leases, outcome of credit checks on borrowers, results of monitoring the financial and operating performance of borrowers, results of the status of development projects and status of scheduled principal and interest payments. The expected credit losses estimated by Management considering the factors described above is $nil and $nil as at March 31, 2021 and December 31, 2020, respectively.

(b) As at March 31, 2021 and December 31, 2020, the balance of notes and other receivables is made up of individually insignificant notes receivable.

9. OTHER ASSETS

Other assets consist of the following:

	MARCH 31, 2021	DECEMBER 31, 2020
Equipment and other assets (1)	**$4,204**	$4,395
Property, plant and equipment (2)	**17,782**	17,782
Interest rate swap derivative assets	**1,232**	1,466
	$23,218	$23,643

(1) *During the three months ended March 31, 2021, and March 31, 2020, Allied recorded amortization of equipment and other assets of $306 and $374, respectively.*
(2) *Property, plant and equipment relates to owner-occupied property.*

10. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

	MARCH 31, 2021	DECEMBER 31, 2020
User trade receivables - net of allowance (a)	**$15,516**	$16,854
Other user receivables (b)	**2,435**	2,991
Miscellaneous receivables (c)	**18,503**	15,709
Prepaid expenses and deposits (d)	**27,801**	28,898
	$64,255	$64,452

(A) *User trade receivables*

User trade receivables include minimum rent, annual common area maintenance recoverable costs, property tax recovery billings and other recoverable charges.

An allowance is maintained for expected credit losses resulting from the inability of users to meet obligations under lease agreements. Allied actively reviews receivables on a continuous basis and determines the potentially uncollectible accounts on a per-user basis giving consideration to their credit risk and records an impairment based on expected credit losses as required.

The change in the allowance for expected credit loss is reconciled as follows:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Allowance for expected credit loss, beginning of period	**$6,649**	$3,899
Additional provision recorded during the period	**1,026**	342
Reversal of previous provisions	**40**	(325)
Receivables written off during the period	**(9)**	—
Allowance for expected credit loss, end of period	**$7,706**	$3,916

(B) *Other user receivables*

Other user receivables pertain to unbilled operating costs such as common area maintenance and property tax recoveries and chargebacks.

(C) *Miscellaneous receivables*

Miscellaneous receivables consist primarily of grants receivable from municipalities. As at March 31, 2021, there are no credit risk indicators that the debtors will not meet their payment obligations.

(D) *Prepaid expenses and deposits*

Prepaid expenses primarily relate to property operating expenses (mainly realty taxes and insurance), deposits relating to acquisitions of $2,141 (December 31, 2020 - $3,550) and deposits held in trust received from the sale of residential condominium units of $2,728 (December 31, 2020 - $1,613).

11. DEBT

Debt consists of the following items, net of financing costs:

	MARCH 31, 2021	DECEMBER 31, 2020
Mortgages payable (a)	**$568,479**	$716,813
Construction loans payable (b)	**64,581**	57,104
Unsecured revolving operating facilities (c)	**—**	60,000
Senior unsecured debentures (d)	**2,089,624**	1,642,119
Unsecured term loan (e)	**249,455**	249,426
	$2,972,139	$2,725,462
Current	**$21,023**	$26,668
Non-current	**2,951,116**	2,698,794
	$2,972,139	$2,725,462

(A) *Mortgages payable*

Mortgages payable have a weighted average stated interest rate of 4.34% as at March 31, 2021 (December 31, 2020 - 4.31%). The mortgages are secured by a first registered charge over specific investment properties and first general assignments of leases, insurance and registered chattel mortgages.

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	MARCH 31, 2021	DECEMBER 31, 2020
Remaining 2021	**15,666**	**—**	**15,666**	
2022	**20,645**	**76,409**	**97,054**	
2023	**16,781**	**225,585**	**242,366**	
2024	**4,726**	**152,472**	**157,198**	
2025	**6,596**	**8,788**	**15,384**	
2026	**1,391**	**20,443**	**21,834**	
2027	**487**	**—**	**487**	
2028	**293**	**14,457**	**14,750**	
2030	**5,000**	**—**	**5,000**	
Mortgages, principal	**$71,585**	**$498,154**	**$569,739**	$715,043
Net premium on assumed mortgages			**640**	3,555
Net financing costs			**(1,900)**	(1,785)
			$568,479	$716,813

(B) *Construction loans payable*

As of March 31, 2021, and December 31, 2020, Allied's obligation under the construction loans is as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	MARCH 31, 2021	DECEMBER 31, 2020
Adelaide & Duncan	50%	August 11, 2023	**49,159**	44,051
Breithaupt Phase III	50%	December 2, 2022	**9,775**	7,406
KING Toronto	50%	December 17, 2024	**5,647**	5,647
			$64,581	$57,104

On January 31, 2019, the Adelaide & Duncan joint arrangement obtained a $270,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $135,000. The loan matures on August 11, 2023, and bears interest at bank prime plus 35 basis points or bankers' acceptance rate plus 135 basis points. Allied is providing a joint and several guarantee, limited to $135,000, to support the construction facility and is earning a related guarantee fee. On August 23, 2019, the Adelaide & Duncan joint arrangement entered into a swap agreement to fix 75% of the construction costs up to $209,572 at 2.86%.

On February 21, 2020, Allied and Perimeter obtained a $138,000 construction loan for the Breithaupt Phase III joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $69,000. The loan matures on December 2, 2022, and bears interest at bank prime or bankers' acceptance rate plus 120 basis points. Allied is providing a joint and several guarantee, limited to $69,000, to support the facility and is earning a related guarantee fee.

On December 17, 2020, Allied and Westbank obtained a $465,000 green construction loan for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is $232,500. The loan matures on December 17, 2024, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points. Allied is providing a joint and several guarantee, limited to $232,500, to support the facility and is earning a related guarantee fee.

(C) *Unsecured revolving operating facilities*

As of March 31, 2021, and December 31, 2020, Allied's obligations under the unsecured revolving operating facilities (the "Unsecured Facilities") are as follows:

			MARCH 31, 2021				
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $500,000 (1)	January 30, 2024	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	**0.24%**	**$500,000**	**$—**	**$(18,963)**	**$481,037**

(1) *This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $600,000.*

(2) *The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this unsecured facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.*

			DECEMBER 31, 2020				
	MATURITY DATE	INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured facility limit $400,000 (1)	January 30, 2023	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$400,000	$(60,000)	$(22,420)	$317,580
Unsecured facility limit $100,000	April 20, 2021	Prime + 0.45% or Bankers' acceptance + 1.45%	0.29%	$100,000	$—	$—	$100,000
				$500,000	$(60,000)	$(22,420)	$417,580

(1) *This unsecured facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $500,000.*

(2) *The interest rates on drawings for this facility are subject to certain conditions being met. In the event that these conditions are not met, this unsecured facility will bear interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.*

On April 21, 2020, Allied entered into a $100,000 bilateral unsecured line of credit which matures on April 20, 2021, bearing interest at bank prime plus 45 basis points or bankers' acceptance plus 145 basis points with a standby fee of 29 basis points.

On January 29, 2021, Allied amended the unsecured facilities to merge the two existing facilities into one facility with a limit of $500,000 plus a $100,000 accordion feature and to extend the maturity to January 30, 2024.

(D) *Senior unsecured debentures*

As of March 31, 2021, and December 31, 2020, Allied's obligation under the senior unsecured debentures is as follows:

SERIES	INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	MARCH 31, 2021	DECEMBER 31, 2020
Series B	3.934%	November 14, 2022	May 14 and November 14	—	150,000
Series C	3.636%	April 21, 2025	April 21 and October 21	**200,000**	200,000
Series D	3.394%	August 15, 2029	February 15 and August 15	**300,000**	300,000
Series E	3.113%	April 8, 2027	April 8 and October 8	**300,000**	300,000
Series F	3.117%	February 21, 2030	February 21 and August 21	**400,000**	400,000
Series G	3.131%	May 15, 2028	May 15 and November 15	**300,000**	300,000
Series H	1.726%	February 12, 2026	February 12 and August 12	**600,000**	—
Unsecured Debentures, principal				**$2,100,000**	$1,650,000
Net financing costs				**(10,376)**	(7,881)
				$2,089,624	$1,642,119

The Series B, C, D, E, F, G and H Senior Unsecured Debentures are collectively referred to as the "Unsecured Debentures".

On February 21, 2020, Allied issued $400,000 of 3.117% Series F Senior Unsecured Debentures (the "Series F Debentures") due February 21, 2030, with semi-annual interest payments due on February 21 and August 21 each year commencing on August 21, 2020. Debt financing costs of $2,350 were incurred and recorded against the principal owing.

Proceeds from the Series F Debentures were used to prepay $200,000 aggregate principal amount of the Unsecured Term Facility maturing March 16, 2021, repay amounts drawn on the Unsecured Facility in the amount of $110,000, to fund Allied's development and value-add initiatives and for general working capital purposes.

On May 15, 2020, Allied issued $300,000 of 3.131% Series G Senior Unsecured Debentures (the "Series G Debentures") due May 15, 2028, with semi-annual interest payments due on May 15 and November 15 each year commencing on November 15, 2020. Debt financing costs of $1,950 were incurred and recorded against the principal owing.

Proceeds from the Series G Debentures were used to repay amounts drawn on the Unsecured Facility in the amount of $240,000 and for general working capital purposes.

On February 12, 2021, Allied issued $600,000 of 1.726% Series H Unsecured Debentures (the "Series H Debentures") due February 12, 2026, with semi-annual interest payments due on February 12 and August 12 each year commencing on August 12, 2021. Debt financing costs of $3,100 were incurred and recorded against the principal owing.

Proceeds from the Series H Debentures were used to redeem in full the $150,000 aggregate principal amount of 3.934% Series B Debentures due November 14, 2022, with a prepayment cost of $8,003, prepay $139,213 on a first mortgage with a prepayment cost of $6,158, repay $75,000 drawn on Allied's unsecured credit facility and for general working capital purposes.

The respective financing costs and premium recognized are amortized using the effective interest method and recorded to interest expense (note 11 (f)).

(E) *Unsecured term loan*

As of March 31, 2021, and December 31, 2020, Allied's obligation under the unsecured term loan is as follows:

	INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	MARCH 31, 2021	DECEMBER 31, 2020
Unsecured term loan	3.496%	January 14, 2031	Monthly	**$250,000**	$250,000
Net financing costs				**(545)**	(574)
				$249,455	$249,426

On February 10, 2020, Allied repaid $100,000 of the principal amount of Tranche 1 of an unsecured term facility (the "Unsecured Term Facility") due March 16, 2021. On March 4, 2020, Allied repaid $100,000 of the principal amount of Tranche 2, representing the remaining balance of the Unsecured Term Facility due March 16, 2021.

On August 11, 2020, Allied amended the unsecured term loan at a fixed interest rate of 3.496% (previously 3.992%), and extended the maturity date to January 14, 2031 (previously January 14, 2026).

The respective financing costs are amortized using the effective interest method and recorded to interest expense (note 11 (f)).

(F) *Interest expense*

Interest expense consists of the following:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Interest on debt:		
Mortgages payable	**$6,796**	$7,866
Construction loans payable	**453**	349
Unsecured Facilities	**462**	699
Unsecured Debentures	**14,256**	9,550
Unsecured term loan	**2,155**	3,300
Interest on lease liabilities	**2,269**	2,205
Amortization, premium on debt	**(227)**	(454)
Amortization, net financing costs	**587**	555
	$26,751	$24,070
Less: Interest capitalized to qualifying investment properties and residential inventory	**(9,064)**	(7,258)
Interest expense excluding prepayment costs	**$17,687**	$16,812
Prepayment costs	**14,161**	—
Interest expense	**$31,848**	$16,812

Borrowing costs have been capitalized to qualifying investment properties and residential inventory at a weighted average rate of 3.16% per annum (March 31, 2020 - 3.72%).

(G) *Schedule of principal repayments*

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, construction loans payable, Unsecured Facilities, Unsecured Debentures and unsecured term loan.

	REMAINING 2021	2022	2023	2024	2025	THEREAFTER	TOTAL
Mortgages payable, principal repayments	$15,666	$20,645	$16,781	$4,726	$6,596	$7,171	$71,585
Mortgages payable, balance due at maturity	—	76,409	225,585	152,472	8,788	34,900	498,154
Construction loans payable	—	9,775	49,159	5,647	—	—	64,581
Unsecured Debentures	—	—	—	—	200,000	1,900,000	2,100,000
Unsecured term loan	—	—	—	—	—	250,000	250,000
Total	$15,666	$106,829	$291,525	$162,845	$215,384	$2,192,071	$2,984,320

A description of Allied's risk management objectives and policies for financial instruments is provided in note 25.

12. LEASE LIABILITIES

Allied's future minimum lease liability payments as a lessee are as follows:

	REMAINING 2021 (1)	2022 - 2025 (1)	THEREAFTER	MARCH 31, 2021	DECEMBER 31, 2020
Future minimum lease payments	**$7,581**	**$41,018**	**$442,734**	**$491,333**	$493,501
Interest accrued on lease obligations	**99**	**78**	**—**	**177**	560
Less: amounts representing interest payments	**(7,680)**	**(41,096)**	**(285,283)**	**(334,059)**	(336,993)
Present value of lease payments	**$—**	**$—**	**$157,451**	**$157,451**	$157,068

(1) *The future minimum lease payments prior to 2025 are less than the effective interest on the lease liabilities.*

Some of Allied's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the unaudited condensed consolidated statements of income and comprehensive income as required when contingent criteria are met. The lease agreements contain renewal options, purchase options, escalation clauses, additional debt and further leasing clauses. For the three months ended March 31, 2021, minimum lease payments of $2,156 were paid by Allied (March 31, 2020 - $2,141).

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	MARCH 31, 2021	DECEMBER 31, 2020
Trade payables and other liabilities	**$177,597**	$169,434
Prepaid user rents	**76,057**	75,090
Accrued interest payable	**17,019**	16,139
Distributions payable to Unitholders	**18,033**	17,498
Residential deposits (1)	**37,625**	36,506
Interest rate swap derivative liabilities	**5,740**	26,539
	$332,071	$341,206
Current	**$288,706**	$278,161
Non-current (2)	**43,365**	63,045
	$332,071	$341,206

(1) *Residential deposits relate to the sale of residential condominium units at KING Toronto.*
(2) *Non-current liabilities as at March 31, 2021, are composed of residential deposits totaling $37,625 and interest rate swap derivative liabilities totaling $5,740 (December 31, 2020 - $36,506 and $26,539, respectively).*

14. FAIR VALUE MEASUREMENTS

The classification, measurement basis and related fair value disclosures of the financial assets and liabilities are summarized in the following table:

		MARCH 31, 2021		DECEMBER 31, 2020	
	CLASSIFICATION/ MEASUREMENT	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial Assets:					
Loans and notes receivable (note 8)	Amortized cost	**335,858**	**338,683**	322,636	355,819
Loan receivable from joint venture (note 7)	Amortized cost	**113,287**	**113,287**	113,287	117,725
Cash and cash equivalents (note 20)	Amortized cost	**167,479**	**167,479**	45,512	45,512
Accounts receivable (note 10)	Amortized cost	**36,454**	**36,454**	35,554	35,554
Interest rate swap derivative assets (note 9)	FVTPL	**1,232**	**1,232**	1,466	1,466
Financial Liabilities:					
Debt (note 11)					
Mortgages	Amortized cost	**568,479**	**593,699**	716,813	755,780
Construction loans payable	Amortized cost	**64,581**	**64,581**	57,104	57,104
Unsecured Facilities	Amortized cost	**—**	**—**	60,000	60,000
Unsecured Debentures	Amortized cost	**2,089,624**	**2,129,268**	1,642,119	1,754,526
Unsecured term loan	Amortized cost	**249,455**	**253,754**	249,426	277,963
Interest rate swap liability (note 13)	FVTPL	**5,740**	**5,740**	26,539	26,539
Accounts payable and other liabilities (note 13)	Amortized cost	**326,331**	**326,331**	314,667	314,667

Allied uses various methods in estimating the fair value of assets and liabilities that are measured on a recurring or non-recurring basis in the unaudited condensed consolidated balance sheet after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

– Level 1 - quoted prices in active markets for identical assets and liabilities;
– Level 2 - inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
– Level 3 - valuation technique for which significant inputs are not based on observable market data.

The following table presents the hierarchy of the significance of inputs in determining the fair value of assets and liabilities for measurement or disclosure based on Allied's accounting policy for such instrument:

	MARCH 31, 2021			DECEMBER 31, 2020		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loans and notes receivable (note 8)	—	338,683	—	—	355,819	—
Loan receivable from joint venture (note 7)	—	113,287	—	—	117,725	—
Cash and cash equivalents (note 20)	167,479	—	—	45,512	—	—
Accounts receivable (note 10)	—	36,454	—	—	35,554	—
Interest rate swap derivative assets (note 9)	—	1,232	—	—	1,466	—
Financial Liabilities:						
Debt (note 11)						
Mortgages	—	593,699	—	—	755,780	—
Construction loans payable	—	64,581	—	—	57,104	—
Unsecured Facilities	—	—	—	—	60,000	—
Unsecured Debentures	—	2,129,268	—	—	1,754,526	—
Unsecured term loan	—	253,754	—	—	277,963	—
Interest rate swap liability (note 13)	—	5,740	—	—	26,539	—
Accounts payable and other liabilities (note 13)	—	326,331	—	—	314,667	—

There were no transfers between levels of the fair value hierarchy in either period.

The following summarizes the significant methods and assumptions used in estimating the fair value of Allied's financial assets and liabilities measured at fair value:

Interest Rate Swap Derivative Contracts

The fair value of Allied's interest rate derivative contracts, which represent a net liability as at March 31, 2021, is $4,508 (December 31, 2020 - $25,073). The fair value of the derivative contracts is determined using forward interest rates observable in the market (Level 2).

	MARCH 31, 2021	DECEMBER 31, 2020
Interest rate swap derivative asset (note 9)	$1,232	$1,466
Interest rate swap derivative liability (note 13)	(5,740)	(26,539)
Total	$(4,508)	$(25,073)

Debt

The fair value of debt is determined by discounting the cash flows of these financial instruments using period end market rates for instruments of similar terms and credit risks that are observable in the market (Level 2).

15. UNITHOLDERS' EQUITY

The following represents the number of Units issued and outstanding, and the related carrying value of Unitholders' equity, for the three months ended March 31, 2021, and for the year ended December 31, 2020.

	MARCH 31, 2021		DECEMBER 31, 2020	
	UNITS	AMOUNT	UNITS	AMOUNT
Units, beginning of period	**127,259,218**	**$3,884,661**	122,838,799	$3,725,472
Restricted Unit Plan (net of forfeitures) (note 16(b))	**—**	**(2,008)**	—	(2,695)
Unit Option Plan - options exercised (note 16(a))	**—**	**—**	277,311	9,805
Unit issuance	**—**	**—**	4,143,108	152,079
Units, end of period	**127,259,218**	**$3,882,653**	127,259,218	$3,884,661

On September 4, 2020, Allied raised gross proceeds of $153,295 through a private placement issuance of 4,143,108 Units at a price of $37.00 per Unit. Costs relating to the issuance totaled $1,216 and were applied against the gross proceeds of the issuance and charged against Unitholders' equity.

Allied does not hold any of its own Units, nor does Allied reserve any Units for issue under options and contracts.

Distributions

On April 15, 2021, Allied declared a distribution for the month of April 2021 of $0.1417 per Unit, representing $1.70 per Unit on an annualized basis to Unitholders of record on April 30, 2021.

Normal Course Issuer Bid

On February 22, 2021, Allied received approval from the Toronto Stock Exchange ("TSX") for the renewal of its normal course issuer bid ("NCIB"), which entitles Allied to purchase up to 12,531,845 of its outstanding Units, representing approximately 10% of its public float as at February 11, 2021. The NCIB commenced February 24, 2021, and will expire on February 23, 2022, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied's Restricted Unit Plan or to employees pursuant to Allied's employee programs.

During the three months ended March 31, 2021, Allied purchased 55,158 Units for $2,008 at a weighted average price of $36.41 per Unit under its NCIB program, of which 55,103 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 55 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

16. UNIT OPTION AND RESTRICTED UNIT PLANS

(A) *Unit Option Plan*

Allied adopted a Unit Option Plan providing for the issuance, from time to time, at the discretion of the trustees, of options to purchase Units for cash. Participation in the Unit Option Plan is restricted to certain employees of Allied. The Unit Option Plan complies with the requirements of the TSX. The exercise price of any option granted will not be less than the closing market price of the Units on the day preceding the date of grant. Options granted prior to February 22, 2017, vest evenly over three years and options granted subsequently vest evenly over four years from the date of grant. All options are settled in Units.

SUMMARY OF UNIT OPTION GRANTS:

Date granted	Expiry date	Unit options granted	Exercise price	Exercised - life to date	Forfeited - life to date	Net outstanding	Vested
March 1, 2016	March 1, 2026	540,480	$31.56	(344,499)	(19,132)	176,849	176,849
February 22, 2017	February 22, 2027	279,654	$35.34	(23,576)	—	256,078	256,078
February 14, 2018	February 14, 2028	198,807	$40.30	(14,685)	—	184,122	134,999
February 13, 2019	February 13, 2029	323,497	$47.53	(2,717)	(1,830)	318,950	165,577
February 5, 2020	February 5, 2030	352,230	$54.59	—	—	352,230	96,026
February 3, 2021	February 3, 2031	442,233	$36.55	—	—	442,233	—
		2,136,901		(385,477)	(20,962)	1,730,462	829,529

	THREE MONTHS ENDED MARCH 31, 2021		YEAR ENDED DECEMBER 31, 2020	
	The range of exercise prices	**Weighted average remaining contractual life (years)**	The range of exercise prices	Weighted average remaining contractual life (years)
For the Units outstanding at the end of the period	**$31.56-54.59**	**7.88**	$31.56-54.59	7.45

	THREE MONTHS ENDED MARCH 31, 2021		YEAR ENDED DECEMBER 31, 2020	
	Number of Units	**Weighted average exercise price**	Number of Units	Weighted average exercise price
Balance, beginning of period	**1,288,229**	**$43.81**	1,213,310	$38.75
Granted	**442,233**	**36.55**	352,230	54.59
Exercised	**—**	**—**	(277,311)	35.35
Balance, end of period	**1,730,462**	**$42.04**	1,288,229	$43.81
Units exercisable at the end of the period	**829,529**	**$40.05**	548,396	$37.25

Allied accounts for its Unit Option Plan using the fair value method, under which compensation expense is measured at the date options are granted and recognized over the vesting period.

Allied utilizes the Black-Scholes Model for the valuation of Unit options with no performance criteria.

Assumptions utilized in the Black-Scholes Model for option valuation are as follows:

	THREE MONTHS ENDED MARCH 31, 2021	YEAR ENDED DECEMBER 31, 2020
Unit options granted	**442,233**	352,230
Unit option holding period (years)	**10**	10
Volatility rate	**21.38%**	17.04%
Distribution yield	**4.65%**	3.00%
Risk-free interest rate	**0.84%**	1.36%
Value of options granted	**$1,441**	$2,187

The underlying expected volatility was determined by reference to historical data of Allied's Units over 10 years.

For the three months ended March 31, 2021, Allied recorded a share-based payment expense of $450 in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income (for the three months ended March 31, 2020 - $477).

(B) *Restricted Unit Plan*

Certain employees and the Trustees of Allied may be granted Restricted Units pursuant to the terms of the Restricted Unit Plan, which are subject to vesting conditions and disposition restrictions, in order to provide a long-term compensation incentive. The Restricted Units will not vest and remain subject to forfeiture until the participant has held his or her position with Allied for a specific period of time. One third of the Restricted Units vest on each of the first, second and third anniversaries from the date of grant for employees. Restricted Units granted to non-management trustees are fully vested on the grant date. Units required under the Restricted Unit Plan are acquired in the secondary market through a custodian and then distributed to the individual participant accounts. The following is a summary of the activity of Allied's Restricted Unit Plan:

	THREE MONTHS ENDED	YEAR ENDED
	MARCH 31, 2021	DECEMBER 31, 2020
Restricted Units, beginning of period	**288,135**	287,023
Granted	**55,103**	48,148
Expired	**(47,272)**	(45,640)
Forfeited	**—**	(1,396)
Restricted Units, end of period	**295,966**	288,135

For the three months ended March 31, 2021, Allied recorded a share-based payment expense of $1,034 in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income (for the three months ended March 31, 2020 - $1,194).

17. WEIGHTED AVERAGE NUMBER OF UNITS

The weighted average number of Units for the purpose of calculating basic and diluted income per unit is as follows:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Basic	**127,259,218**	122,982,792
Unit Option Plan	**70,160**	272,468
Fully diluted	**127,329,378**	123,255,260

18. TOTAL REVENUE

Total revenue includes the following:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Rental revenue [1]	**$66,588**	$64,256
Tax and insurance recoveries	**26,676**	25,452
Miscellaneous revenue [2]	**5,556**	6,030
Operating cost recoveries	**42,015**	43,239
Total rental revenue from investment properties	**$140,835**	$138,977

(1) Includes straight-line rent, amortization of tenant improvements and parking revenue earned at properties.
(2) Includes lease terminations, third-party managed parking, variable percentage rent and other miscellaneous items.

Future minimum rental income is as follows:

	REMAINING 2021	2022-2025	THEREAFTER	TOTAL
Future minimum rental income	$226,644	$970,039	$1,057,905	$2,254,588

19. GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Salaries and benefits	**$4,837**	$5,197
Professional and trustee fees	**1,370**	1,520
Office and general expenses	**1,335**	1,067
	$7,542	$7,784
Capitalized to qualifying investment properties	**(1,339)**	(1,179)
Total general and administrative expenses	**$6,203**	$6,605

20. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include the following components:

	MARCH 31, 2021	DECEMBER 31, 2020
Cash	**$66,881**	$45,012
Short-term deposits	**100,598**	500
Total cash and cash equivalents	**$167,479**	$45,512

The following summarizes supplemental cash flow information in operating activities:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Supplemental		
Interest paid on debt (including capitalized interest and prepayment costs (note 11))	**$42,271**	$19,591

The following summarizes supplemental cash flow information in investing activities:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Supplemental		
Mortgages assumed (note 4)	**$—**	$10,000

The following summarizes the change in non-cash operating items:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Net change in accounts receivable, prepaid expenses and deposits	**$197**	$1,734
Add back: Deposits on acquisitions	**1,311**	20,000
Net change in loans and notes receivable	**(13,222)**	(11,699)
Add back: Proceeds from notes receivable	**(26)**	(68)
Add back: Loan receivable issued to third-party	**13,248**	9,255
Add back: Non-cash interest income	**1,612**	1,522
Net change in accounts payable and other liabilities	**(9,135)**	44,997
Less: Non-cash interest	**1,359**	(4,479)
Less: Distributions payable to Unitholders	**(535)**	(590)
Less: Mortgage interest swap liabilities	**20,799**	(18,544)
Less: Accrued amounts from acquired properties (net of assumed mortgage premiums)	**(1,296)**	(7,625)
Change in non-cash operating items	**$14,312**	$34,503

21. JOINT OPERATIONS

Allied has investments in properties under joint arrangements which are accounted for as joint operations. The following tables summarize Allied's ownership interests in joint operations and its share of the rights to the assets, its share of the obligations with respect to liabilities, and its share of revenues and expenses for the joint operations in which it participates.

Allied's joint arrangements are governed by agreements with the respective co-owners. Included within the agreements are standard exit and transfer provisions that include, but are not limited to, buy/sell and/or right of first offers or refusals that provide for unwinding the arrangement. Allied is liable for its proportionate share of the obligations of the arrangement. In the event that there is default on payment by the co-owner, credit risk is typically mitigated with an option to remedy any non-performance by the defaulting co-owner, as well as recourse against the asset, whereby claims would be against both the underlying real estate investments and the co-owner in default.

PROPERTIES	LOCATION	CURRENT STATUS	OWNERSHIP MARCH 31, 2021	OWNERSHIP DECEMBER 31, 2020
478 King W	Toronto, ON	Rental Property	50%	50%
642 King W	Toronto, ON	Rental Property	50%	50%
731-10th SW	Calgary, AB	Rental Property	50%	50%
802-838 11th SW, Glenbow Assembly	Calgary, AB	Rental Property	50%	50%
Adelaide & Duncan	Toronto, ON	Property Under Development	50%	50%
Breithaupt Block	Kitchener, ON	Rental Property and Property Under Development	50%	50%
College & Manning	Toronto, ON	Rental Property and Property Under Development	50%	50%
College & Palmerston	Toronto, ON	Rental Property	50%	50%
KING Toronto	Toronto, ON	Property Under Development	50%	50%
King Portland Centre	Toronto, ON	Rental Property	50%	50%
Sherwin Block	Calgary, AB	Rental Property	50%	50%
The Well (1)	Toronto, ON	Property Under Development	50%	50%

(1) Allied owns an undivided 40% interest in the residential component and an undivided 50% interest in the commercial component of The Well. The residential component is comprised of parking and transfer floor slab developments along with air rights, which were sold by the co-ownership in 2016, with the first phase closed on December 23, 2020, the second phase closed on April 7, 2021, and the remaining phases expected to close by the end of 2021 when certain specified conditions are met. The commercial component is comprised of the office and retail components of the property under development.

	MARCH 31, 2021	DECEMBER 31, 2020
Total assets	**$1,310,780**	$1,258,241
Total liabilities	**$353,778**	$340,930

	THREE MONTHS ENDED MARCH 31, 2021	THREE MONTHS ENDED MARCH 31, 2020
Revenue	**$4,132**	$5,009
Expenses	**(2,266)**	(2,965)
Income before fair value adjustment on investment properties	**1,866**	2,044
Fair value gain on investment properties	**13,076**	15,665
Net income	**$14,942**	$17,709

22. SEGMENTED INFORMATION

IFRS 8, *Operating Segments*, requires reportable segments to be determined based on internal reports that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to the segment and assessing its performance. Allied has determined that its CODM is the President and Chief Executive Officer. Allied's operating segments are managed by use of properties and geographical locations. Urban Data Centres are comprised of properties operating similar to data centres and colocation facilities. The urban office properties are managed by geographic location consisting of three areas.

The CODM measures and evaluates the performance of Allied's operating segments based on net rental income and condominium profits. Condominium profits during the three months ended March 31, 2021, and March 31, 2020, were $nil and $nil, respectively.

Management reviews assets and liabilities on a total basis and therefore assets and liabilities are not included in the segmented information below.

Allied does not allocate interest expense to segments as debt is viewed by Management to be used for the purpose of acquisitions, development and improvement of all the properties. Similarly, general and administrative expenses, interest income, fair value of investment properties and fair value of derivative instruments are not allocated to operating segments.

The following summary tables present a reconciliation of operating income to net income for the three months ended March 31, 2021 and 2020.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, 2021	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY, EDMONTON & VANCOUVER [1]	URBAN DATA CENTRES	JOINT VENTURE (TELUS SKY)	TOTAL
Rental revenue from investment properties	$50,383	$52,110	$15,760	$23,531	$(949)	$140,835
Property operating costs	(25,244)	(19,713)	(7,064)	(8,409)	712	(59,718)
Net rental income and operating income	**$25,139**	**$32,397**	**$8,696**	**$15,122**	**$(237)**	**$81,117**
Interest expense						(31,848)
General and administrative expenses						(6,203)
Condominium marketing expenses						(221)
Amortization of other assets						(306)
Interest income						5,944
Fair value gain on investment properties						7,201
Fair value gain on derivative instruments						20,565
Net income from joint venture						1,273
Net income and comprehensive income						**$77,522**

(1) Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, 2020	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY, EDMONTON & VANCOUVER [1]	URBAN DATA CENTRES	JOINT VENTURE (TELUS SKY)	TOTAL
Rental revenue from investment properties	$48,821	$53,678	$15,489	$21,336	$(347)	$138,977
Property operating costs	(23,989)	(20,389)	(7,112)	(7,988)	260	(59,218)
Net rental income and operating income	**$24,832**	**$33,289**	**$8,377**	**$13,348**	**$(87)**	**$79,759**
Interest expense						(16,812)
General and administrative expenses						(6,605)
Condominium marketing expenses						(587)
Amortization of other assets						(374)
Interest income						5,253
Fair value gain on investment properties						215,076
Fair value loss on derivative instruments						(21,078)
Net income from joint venture						281
Net income and comprehensive income						**$254,913**

(1) Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.

23. INCOME TAXES

Allied qualifies as a REIT and MFT for income tax purposes. Pursuant to its Declaration of Trust, it also distributes or designates substantially all of its taxable income to Unitholders and deducts such distributions or designations for income tax purposes. Accordingly, there is no entity level tax and no provision for current and deferred income taxes in the financial statements. Income tax obligations relating to distributions of Allied are the obligations of the Unitholders.

24. RELATED PARTY TRANSACTIONS

Allied's related parties include its subsidiaries, nominee corporations, Allied Properties Management Trust, Allied Properties Management Limited Partnership, Allied Properties Management GP Limited, the TELUS Sky joint venture, key management, Board of Trustees, and their close family members.

Allied engages in third-party property management business, including the provision of services for properties in which a trustee of Allied has an ownership interest. For the three months ended March 31, 2021, real estate service revenue earned from these properties was $102 (three months ended March 31, 2020 - $91).

As at March 31, 2021, the loan to the TELUS Sky joint venture has a balance outstanding of $113,287 (December 31, 2020 - $113,287) (see note 7).

The transactions are in the normal course of operations and were measured at the amount set out in agreement between the respective property owners. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Transactions with key management personnel are summarized in the table below:

	THREE MONTHS ENDED	
	MARCH 31, 2021	MARCH 31, 2020
Salary, bonus and other short-term employee benefits	**$950**	$1,040
Unit-based compensation	**1,274**	1,425
Total	**$2,224**	$2,465

25. RISK MANAGEMENT

(A) *Capital management*

Allied defines capital as the aggregate of Unitholders' equity, mortgages payable, construction loans payable, Unsecured Facilities, Unsecured Debentures, unsecured term loan and lease liabilities. Allied manages its capital to comply with investment and debt restrictions pursuant to the Declaration of Trust, to comply with debt covenants, to ensure sufficient operating funds are available to fund business strategies, to fund leasing and capital expenditures, to fund acquisitions and development activities of properties, and to provide stable and growing cash distributions to Unitholders.

Various debt, equity and earnings distributions ratios are used to monitor capital adequacy requirements. For debt management, debt to gross book value and fair value, debt average term to maturity, and variable debt as a percentage of total debt are the primary ratios used in capital management. The Declaration of Trust requires Allied to maintain debt to gross book value, as defined by the Declaration of Trust, of less than 60% (65% including convertible debentures, if any) and the variable rate debt and debt having maturities of less than one year to not exceed 15% of gross book value. As at March 31, 2021, the debt to gross book value ratio was 31.1% (December 31, 2020 - 29.2%) and debts having variable interest rates or maturities of less than one year aggregated to 0.2% of gross book value (December 31, 2020 - 0.9%).

On November 19, 2019, Allied filed a short form base shelf prospectus allowing for the issuance, from time to time, of Units and debt securities, or any combination thereof having an aggregate offering price of up to $2,000,000. This document is valid for a 25-month period.

Allied has certain key financial covenants in its Unsecured Debentures, Unsecured Facility and unsecured term loan. The key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are evaluated by Allied on an ongoing basis to ensure compliance with the agreements. Allied was in compliance with each of the key financial covenants under these agreements as at March 31, 2021.

(B) *Market risk*

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in market prices. Allied is exposed to interest rate risk on its borrowings. Substantively all of Allied's mortgages payable as at March 31, 2021, are at fixed interest rates and are not exposed to changes in interest rates during the term of the debt. However, there is interest rate risk associated with Allied's fixed interest rate term debt due to the expected requirement to refinance such debts upon maturity. As fixed rate debt matures and as Allied utilizes additional floating rate debt under the Unsecured Facilities, Allied will be further exposed to changes in interest rates. As at March 31, 2021, the Unsecured Facilities, which are at floating interest rates and are exposed to changes in interest rates, had a balance outstanding of $nil (December 31, 2020 - $60,000). In addition, there is a risk that interest rates will fluctuate from the date Allied commits to a debt to the date the interest rate is set with the lender. As part of its risk management program, Allied endeavours to maintain an appropriate mix of fixed rate and floating rate debt, to stagger the maturities of its debt and to minimize the time between committing to a debt and the date the interest rate is set with the lender.

The following table illustrates the annualized sensitivity of income and equity to a reasonably possible change in interest rates of +/- 1.0%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

		-1.0%	+1.0%
AS AT MARCH 31, 2021	**CARRYING AMOUNT**	**INCOME IMPACT**	**INCOME IMPACT**
Mortgages payable maturing within one year	**$21,023**	**$210**	**$(210)**

(C) *Credit risk*

As Allied has provided loans and advances to facilitate property development, further credit risks arise in the event that borrowers default on the repayment of their amounts owing to Allied. Allied's loans and advances will be subordinate to prior ranking mortgages or charges. As at March 31, 2021, Allied had $333,774 outstanding in loans receivable (December 31, 2020 - $320,526) and $113,287 outstanding in joint venture loan receivable (December 31, 2020 - $113,287). In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the loan value. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges and assignment of leases, performing credit checks on potential borrowers, monitoring the financial and operating performance of borrowers, monitoring the status of development projects and ensuring interest payments are made on time. The expected credit losses estimated by Management, giving consideration to the factors above, as at March 31, 2021, and December 31, 2020, are $nil and $nil, respectively (note 8).

Credit risk from user receivables arises from the possibility that users may experience financial difficulty and be unable to fulfill their lease commitments, resulting in Allied incurring a financial loss. Allied manages credit risk to mitigate exposure to financial loss by staggering lease maturities, diversifying revenue sources over a large user base, ensuring no individual user contributes a significant portion of Allied's revenues and conducting credit reviews of new users. The expected credit losses estimated by Management at March 31, 2021, and March 31, 2020, are $7,706 and $3,916, respectively (Note 10 (a)).

Allied considers that all the financial assets that are not impaired or past due for each of the reporting dates under review are of good quality. The carrying amount of accounts receivable best represents Allied's maximum exposure to credit risk. None of Allied's financial assets are secured by collateral or other credit enhancements. An aging of trade receivables, including trade receivables past due but not impaired can be shown as follows:

	MARCH 31, 2021	MARCH 31, 2020
Less than 30 days	**$4,516**	$3,339
30 to 60 days	**3,445**	2,625
More than 60 days	**7,555**	4,886
Total	**$15,516**	$10,850

(D) *Liquidity risk*

Liquidity risk arises from the possibility of not having sufficient capital available to fund ongoing operations or the ability to refinance or meet obligations as they come due. Mitigation of liquidity risk is also managed through credit risk as discussed above. A significant portion of Allied's assets have been pledged as security under the related mortgages and other security agreements. Interest rates on the mortgages payable are between 3.59% and 4.80% for March 31, 2021 (December 31, 2020 - 3.59% and 4.80%).

As at March 31, 2021, Allied has entered into interest rate derivative contracts to limit its exposure to fluctuations in interest rates on $80,933 of its variable rate mortgages payable, $250,000 of its variable rate unsecured term loan and $43,919 of its construction loans (December 31, 2020 - $81,682, $250,000 and $37,881, respectively). Gains or losses arising from the change in fair values of the interest rate derivative contracts are recognized in the unaudited condensed consolidated statements of income and comprehensive income. For the three months ended March 31, 2021, Allied recognized as part of the change in fair value adjustment on derivative instruments a net gain of $20,565 (for the three months ended March 31, 2020 - a net loss of $21,078).

Liquidity and capital availability risks are mitigated by maintaining appropriate levels of liquidity, diversifying Allied's sources of funding, maintaining a well-staggered debt maturity profile and actively monitoring market conditions.

(E) *Maturity analysis*

The undiscounted future principal and interest payments on Allied's debt instruments are as follows:

	REMAINING 2021	2022	2023	2024	2025	THEREAFTER	TOTAL
Mortgages payable	$33,800	$119,469	$259,552	$161,748	$16,929	$44,378	$635,876
Construction loans payable	847	10,891	49,842	5,751	—	—	67,331
Unsecured Debentures	42,507	59,010	59,010	59,010	255,374	2,039,504	2,514,415
Unsecured term loan	6,585	8,740	8,740	8,740	8,740	294,035	335,580
Total	**$83,739**	**$198,110**	**$377,144**	**$235,249**	**$281,043**	**$2,377,917**	**$3,553,202**

26. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments for acquisitions, development activity and building renovations from leasing activity. The commitments as at March 31, 2021 and December 31, 2020, were $408,339 and $335,344, respectively.

Commitments as at March 31, 2021, and December 31, 2020, of $740 and $551, respectively, were held within equity accounted investments.

Allied is subject to legal and other claims in the normal course of business. Management and legal counsel evaluate all claims. In the opinion of Management these claims are generally covered by Allied's insurance policies and any liability from such remaining claims are not probable to occur and would not have a material effect on the unaudited condensed consolidated financial statements.

Allied, through a financial intermediary, has issued letters of credit in the amount of $28,707 as at March 31, 2021 (December 31, 2020 - $24,578).

27. SUBSEQUENT EVENTS

On April 7, 2021, Allied and its partners closed on the disposition of the second phase of The Well air rights and associated underground parking and transfer floor slab development for total cash consideration of $31,152 (at Allied's share) which represented the fair value so there is no gain or loss on disposition.

On April 22, 2021, Allied completed the purchase of the remaining 50% interest in 478 King Street West, Toronto, for total cash consideration of $10,500.

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