ALLIED

Quarterly Report June 30, 2022

Urban environments for creativity and connectivity

07.27.22

ALLIED

Quarterly Report

June 30, 2022

Contents

Letter to Unitholders

Dear Fellow Unitholder:

Allied's second-quarter operations were strong. Average in-place net rent per occupied square foot rose to $25.29, up 4.1% from the comparable quarter last year and 0.6% from the prior quarter. Leasing activity continued to accelerate, with leased area rising to 90.9% by quarter-end, up 160 basis points from the end of the prior quarter, and occupied area rising to 89.5%, up 120 basis points.

Second-quarter financial results were in-line with our internal forecast. FFO per unit was 61 cents and AFFO per unit 54 cents, up from the comparable quarter last year by 0.7% and 1.9%, respectively. Same-asset NOI was up 0.6% from the comparable quarter last year. NAV per unit at quarter-end was $51.20, up from the end of the comparable quarter last year by 4.3% and up from the end of the prior quarter by 0.5%.

Rising interest rates and inflation have created macro-economic uncertainty for many businesses. Thus far, the impact on our operations and development completions has been negligible, and we don't expect material impact over the remainder of the year. The impact on acquisition activity, on the other hand, has been significant, with the result that we don't expect to pursue new acquisitions of consequence in the near-term. We've suspended discussions indefinitely with respect to the possible acquisition of 250 Front Street West in Toronto, though our right of first offer remains fully intact.

Fortunately, we completed our largest acquisition ever in the first quarter, along with our largest equity issuance ever, with equity being issued at NAV per unit at the time. We've already made significant progress integrating the six properties into our rental portfolio, increasing the leased area of the properties to 92.5% at the end of the quarter. We've developed relationships with all large users and are more confident than ever that we'll be able to improve operations and drive value in the near-term and over the longer-term.

We currently have over $365 million available on our revolving credit facility, with another $100 million available through the accordion feature. This liquidity is more than sufficient to meet our commitments over the remainder of 2022 and well into 2023.

We are intent on growing our business, not shrinking it, all with a view to serving knowledge-based organizations more comprehensively and profitably over time. Given the success of our 2022 acquisition program to date and the current level of macro-economic uncertainty, we'll focus primarily on operations and development completions for the remainder of the year. We expect this activity to drive significant growth in FFO per unit, AFFO per unit and NAV per unit in 2023 and beyond.

We continue to focus on enhancing our ESG practices, targets and disclosure. We published our third annual ESG Report in June, and we have completed our 2022 GRESB Assessment. We expect the results of this assessment in October and will publish them accordingly at that time. In our view, ESG is more topical and important than ever to a public real estate enterprise.

* * *

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 June 30, 2022

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 May 3, 2022. 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 three and six months ended June 30, 2022. 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 July 27, 2022, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2022. 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 21 and 25, respectively.

Q2 2022 Operating and Financial Highlights

Above all, Allied is an operator. For Allied, 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.

Q2 Operating Results

LEASED AREA

90.9%

OCCUPIED AREA

89.5%

AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT

$25.29

↑ 4.1%

RENT GROWTH ON RENEWING SPACE

Total rental portfolio

5.7%

Excluding Calgary

6.4%

WEIGHTED AVERAGE REMAINING LEASE TERM IN YEARS

Rental portfolio

5.5

Q2 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO [1]

↑ 0.6%

$84.8M

FFO PER UNIT [1][2]

$0.606

↑ 0.7%

AFFO PER UNIT [1][2]

$0.543

↑ 1.9%

Q2 Capital Allocation

$840.8M

Allocated to acquisitions

$82.3M

Allocated to development

Q2 Funding

$400.0M

Unsecured term loan issuance

$416.1M

Of liquidity [3]

Q2 Balance Sheet

NET DEBT AS A MULTIPLE OF ANNUALIZED ADJUSTED EBITDA [1]

9.6x

TOTAL INDEBTEDNESS RATIO [1]

33.9%

INTEREST COVERAGE RATIO [1][4]

3.2x

UNENCUMBERED INVESTMENT PROPERTIES [1]

$9.4B

87.0% of investment properties on a proportionate basis [1]

2021 ESG Results [5]

GRESB SCORE FOR STANDING INVESTMENTS

80/100

Up from 64/100 in 2020

ENERGY USE INTENSITY (EUI)

↓ 15.4%

from our 2019 baseline

GREENHOUSE GAS INTENSITY (GHGI)

↓ 12.4%

from our 2019 baseline

WATER USE INTENSITY (WUI)

↓ 43.3%

from our 2019 baseline

WASTE DIVERSION

↑ 1%

in average waste diversion from our 2019 baseline

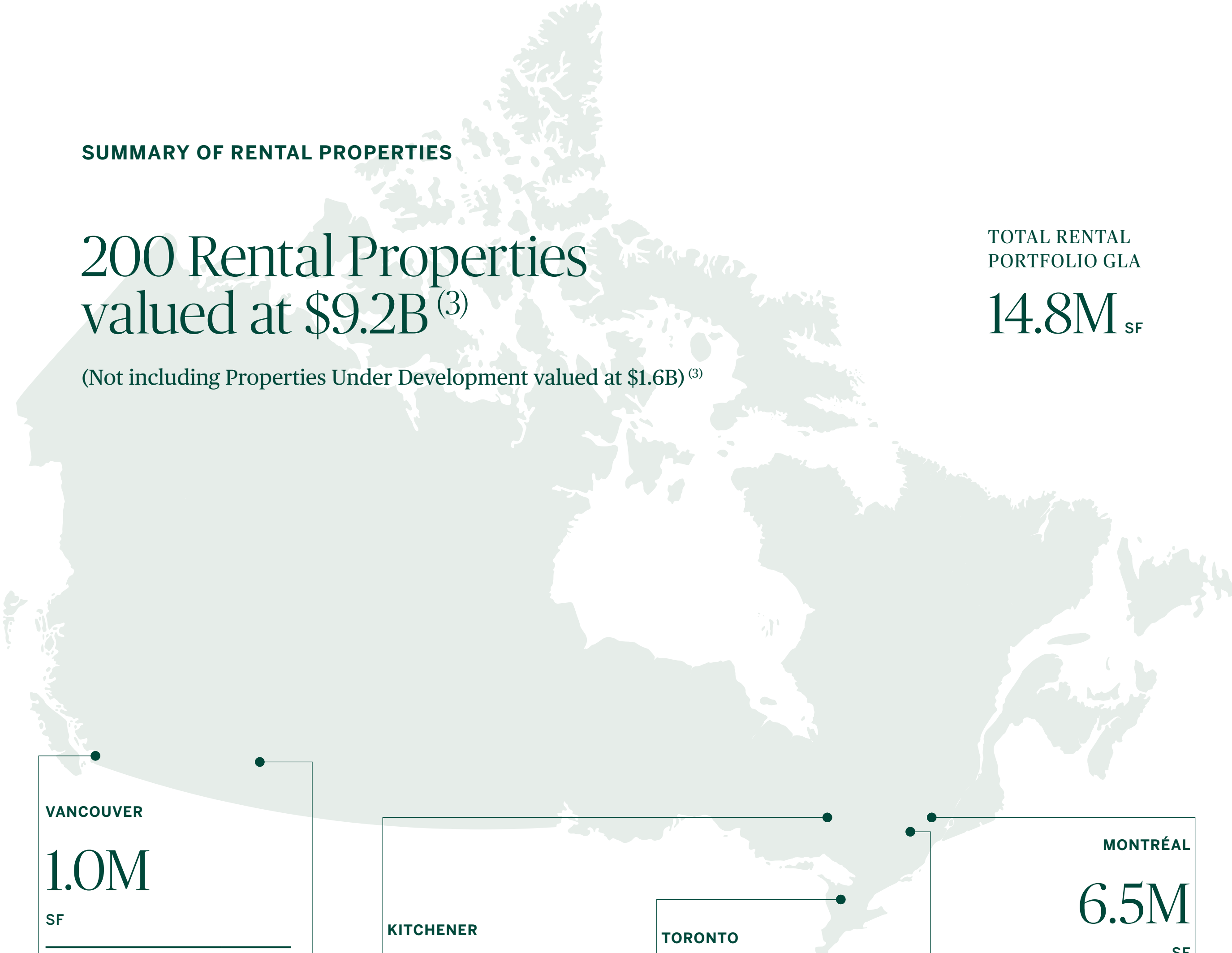
(1) This is a non-IFRS measure, refer to page 21.
(2) Excluding condominium related items and the mark-to-market adjustment on unit-based compensation on a diluted basis.
(3) Liquidity is the sum of cash and cash equivalents on a proportionate basis and the undrawn portion of Allied's unsecured revolving operating facility as at June 30, 2022.
(4) Including interest capitalized.
(5) For more information, refer to Allied's 2021 Environmental, Social and Governance Report published on June 27, 2022, available on www.alliedreit.com.

SUMMARY OF KEY OPERATING AND FINANCIAL PERFORMANCE MEASURES

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

($000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED JUNE 30, 2022	THREE MONTHS ENDED JUNE 30, 2021	SIX MONTHS ENDED JUNE 30, 2022	SIX MONTHS ENDED JUNE 30, 2021	YEAR ENDED DECEMBER 31, 2021
Leased area	**90.9%**	91.6%	**90.9%**	91.6%	90.4%
Occupied area	**89.5%**	91.1%	**89.5%**	91.1%	89.9%
Average in-place net rent per occupied square foot	**25.29**	24.30	**25.29**	24.30	24.64
Leased rate for leases maturing in the period	**48.3%**	59.5%	**60.8%**	64.9%	57.0%
Increase in net rent on renewing leases - total rental portfolio	**5.7%**	12.2%	**6.5%**	7.2%	7.9%
Increase in net rent on renewing leases - excluding Calgary	**6.4%**	12.0%	**8.5%**	10.7%	9.8%
Investment properties (1)(4)	**10,662,703**	8,943,785	**10,662,703**	8,943,785	9,527,105
Unencumbered investment properties (2)	**9,388,960**	7,052,930	**9,388,960**	7,052,930	9,064,010
Total assets (1)(4)	**11,620,469**	9,717,645	**11,620,469**	9,717,645	10,384,691
Cost of PUD as % of GBV (2)	**12.8%**	10.1%	**12.8%**	10.1%	11.2%
NAV per unit (6)	**51.20**	49.07	**51.20**	49.07	50.30
Debt (1)	**3,915,687**	2,980,536	**3,915,687**	2,980,536	3,453,284
Total indebtedness ratio (2)	**33.9%**	31.0%	**33.9%**	31.0%	33.5%
Annualized Adjusted EBITDA (2)	**404,404**	364,880	**385,646**	360,532	365,050
Net debt as a multiple of Annualized Adjusted EBITDA (2)	**9.6x**	8.0x	**10.1x**	8.1x	9.4x
Interest-coverage ratio - including interest capitalized and excluding financing prepayment costs (2)(3)	**3.2x**	3.4x	**3.3x**	3.3x	3.4x
Rental revenue (1)(4)	**154,417**	138,675	**299,237**	279,510	568,886
Net income (1)	**100,038**	98,523	**287,228**	176,045	443,151
Net income excluding fair value adjustments and financing prepayment costs (2)(3)(5)	**67,520**	65,422	**141,704**	129,339	261,854
Adjusted EBITDA (2)	**101,101**	91,220	**192,823**	180,266	365,050
Same Asset NOI - rental portfolio (2)	**84,795**	84,294	**169,136**	167,169	314,125
Same Asset NOI - total portfolio (2)	**85,682**	85,762	**171,077**	169,973	325,734
FFO (2)	**85,050**	76,580	**162,390**	135,995	253,376
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation (2)(3) :					
FFO	**84,747**	76,705	**162,320**	150,502	306,559
FFO per unit (diluted)	**0.606**	0.602	**1.210**	1.182	2.405
FFO payout-ratio	**72.1%**	70.5%	**72.1%**	71.9%	70.6%
AFFO	**75,947**	67,980	**147,518**	134,309	266,517
AFFO per unit (diluted)	**0.543**	0.533	**1.100**	1.054	2.091
AFFO payout-ratio	**80.5%**	79.6%	**79.4%**	80.6%	81.2%

(1) This measure is presented on an IFRS basis.
(2) This is a non-IFRS measure, refer to page 21.
(3) For the three and six months ended June 30, 2022, Allied incurred $nil and $nil, respectively, (June 30, 2021 - $nil and $14,161, respectively, and for the year ended December 31, 2021 - $52,610) of financing prepayment costs in connection with the favourable refinancing of unsecured debentures and first mortgages.
(4) Prior to Q4 2021, the comparative figures for investment properties, total assets and rental revenue were reported in this section on a proportionate share basis. The comparative figures for all prior periods have been revised to an IFRS basis.
(5) Prior to Q4 2021, the comparative figures for net income excluding fair value adjustments and financing prepayment costs were calculated on a proportionate share basis. The comparative figures for all prior periods have been revised to be calculated on an IFRS basis.
(6) Net asset value per unit ("NAV per unit") is calculated as follows: total equity as at the corresponding period ended, (per the unaudited condensed consolidated balance sheets) divided by the actual number of Units and class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Exchangeable LP Units") outstanding at period end.



SUMMARY OF RENTAL PROPERTIES

200 Rental Properties valued at $9.2B (3)

(Not including Properties Under Development valued at $1.6B) (3)

TOTAL RENTAL PORTFOLIO GLA

14.8M SF

VANCOUVER

1.0M SF

ALLIED OCCUPANCY	92.0%
MARKET OCCUPANCY (1)	92.8%
PROPERTIES	14
EMPLOYEES	18

CALGARY

1.3M SF

ALLIED OCCUPANCY	84.9%
MARKET OCCUPANCY (1)	66.3%
PROPERTIES	30
EMPLOYEES	35

KITCHENER

562K SF

ALLIED OCCUPANCY	93.3%
MARKET OCCUPANCY (1)(2)	73.5%
PROPERTIES	5
EMPLOYEES	4

TORONTO

5.2M SF

INCLUDING URBAN DATA CENTRES

509K SF

ALLIED OCCUPANCY	91.4%
MARKET OCCUPANCY (1)	88.1%
PROPERTIES	108
UDC PROPERTIES	3
ANCILLARY PARKING FACILITIES	9
EMPLOYEES	228

MONTRÉAL

6.5M SF

ALLIED OCCUPANCY	87.9%
MARKET OCCUPANCY (1)	84.7%
PROPERTIES	32
EMPLOYEES	89

OTTAWA

231K SF

ALLIED OCCUPANCY	99.0%
MARKET OCCUPANCY (1)	90.0%
PROPERTIES	2
EMPLOYEES	4

(1) *Source: cbre.ca, CBRE Canada Office Figures Q2 2022 Report.*
(2) *Kitchener market occupancy is based on the city of Waterloo market occupancy.*
(3) *The rental properties and properties under development values are on a proportionate basis. There are two rental properties where a total of 450K square feet are under development and 887K square feet are rental urban workspace.*

BUSINESS OVERVIEW AND STRATEGY

Allied is a leading operator of distinctive urban workspace in Canada's major cities and 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 operator 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 third 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. Clustering also allows Allied to accommodate needs for expansion and contraction within the 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 1001 Boulevard Robert-Bourassa in Montréal is another good example. Through a user-led transformation, a small portion of the workspace at this property 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 and Sun Life Financial at Allied's de Gaspé properties in Montréal. 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 1001 Boulevard Robert-Bourassa 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")

Environmental, social and governance sensitivities are an integral part of Allied. They flow from its evolution as an organization focused on the provision of distinctive urban workspace and network-dense 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.

ESG OVERSIGHT & REPORTING

Allied's Board and Management are committed to making its inherent approach to ESG more manifest, deliberate and measurable. They have always believed that submitting to informed scrutiny will make Allied a better business, and formally submitting to ESG scrutiny is no exception in this regard. The Trustees are responsible for the oversight of the ESG Strategy and initiatives developed by Management. The Board's Governance, Compensation and Nomination Committee oversees and monitors Allied's ESG performance and reviews Allied's ESG Report, ESG Policy and other governance policies and practices annually. Allied established an Executive ESG Committee to assist Management and the Board in defining, designing, implementing, expanding and evaluating Allied's ESG Strategy and ESG initiatives. The Committee reports and makes recommendations to Management and the Board at least once annually.

On the recommendation of the Governance, Compensation and Nomination Committee, in 2021, the Board established four ESG Accountability Corporate Targets, the achievement of which the Governance, Compensation and Nomination Committee and the Board analyzed as part of its assessment of incentive bonus awards for the executive officers.

In June 2022, Allied published its third Annual ESG Report in accordance with the Global Reporting Initiative (GRI) 2021 Universal Standards, the Sustainability Accounting Standards Board (SASB) Real Estate Standard and for the first time, the United Nations Sustainable Development Goals (UN SDGs) and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

ESG HIGHLIGHTS

Outperformed 2024 Targets

In 2021, Allied exceeded its 2024 reduction targets for Energy Use Intensity (EUI), Greenhouse Gas Intensity (GHGI) and Water Use Intensity (WUI).

Reduced Energy Use by 15.4% & GHG Emissions by 12.4%

In 2021, Allied reduced its energy use and greenhouse gas emissions by 15.4% and 12.4%, respectively, compared to the 2019 baseline, surpassing its 2024 reduction targets.

Reduced Water Use by 43.3%

In 2021, Allied reduced its water use to 38 L/ft^2, exceeding its 2024 reduction target by 43.3% compared to the 2019 baseline.

Improved our GRESB Score by 16 Points

In 2021, Allied scored 80/100 for its standing investments, a 16-point improvement from 2020 and scored 75/100 for its development portfolio.

Issued $1.1 Billion of Green Bonds

In 2021, Allied announced its Green Financing Framework. In February 2021, Allied issued its first green bond for $600 million and in August 2021 it issued its second green bond for $500 million. In December 2021 and June 2022, Allied published Green Bond Reports on the full allocation of the respective net proceeds for its February 2021 and August 2021 green bond issuances.

Initiated Allied's Net Zero Carbon Plan

In early 2022, Allied committed to developing a Net Zero Carbon (NZC) Plan which will identify a clear pathway for Allied to reach net zero in alignment with the Science Based Targets Initiative's (SBTi) Corporate Net-Zero Standard v1.0.

Recognized as a Canadian "Best Employer"

In 2020 and 2021, Allied engaged Kincentric to conduct a third-party employee engagement survey. In 2021, Allied's overall engagement score was 77%, ranking in Canada's top quartile for the second year in a row.

Improved All User Experience Assessment Ratings

In November 2021, Allied completed its second annual third-party User Experience Assessment Survey. Results demonstrated considerable progress from 2020, with improved ratings in all areas surveyed.

Piloted HOME Initiative

In 2021, in partnership with WoodGreen Community Services, a local social service agency, Allied provided two families with housing and social supports.

BUSINESS ENVIRONMENT AND OUTLOOK

Allied's internal forecast for 2022 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 2022.

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 and other constituents.

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 listed below, including 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, cash flow from operating activities, or any other measure prescribed under IFRS. These terms are defined in the following table and reconciliations to the most comparable IFRS measure are referenced, as applicable. The following 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.

NON-IFRS MEASURE	DEFINITION	RECONCILIATION
Allied's proportionate share or proportionate basis	All references to "proportionate share" or "proportionate basis" refer to a non-IFRS financial measure representing Allied's proportionate share of equity accounted investments. Allied applies the equity method of accounting to its joint venture, TELUS Sky, as prescribed under IFRS. Management presents the proportionate share of its interests in joint arrangements that are accounted for using the equity method as it is viewed as relevant in demonstrating Allied's performance and is the basis of many of Allied's key performance measures.	Section II - Operations, Section V - Asset Profile, Section VI - Liquidity and Capital Resources
Funds from Operations ("FFO") **and** **FFO excluding condominium costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation**	FFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its January 2022 White Paper ("White Paper"). FFO is defined as net income and comprehensive income less certain adjustments, on a proportionate basis, including fair value changes in investment properties and derivative instruments, incremental leasing costs and amortization of improvement allowances. FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. Management believes FFO is a key measure of operating performance. FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation starts with FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium and financing prepayment items are not indicative of recurring operating performance, and the mark-to-market adjustments of unit-based compensation can fluctuate widely with the market.	Section II - Operations - Other Financial Performance Measures

NON-IFRS MEASURE	DEFINITION	RECONCILIATION
Adjusted Funds from Operations ("AFFO") **and** **AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation**	AFFO is a non-IFRS financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in its White Paper. AFFO is defined as FFO less amortization of straight-line rents, regular leasing expenditures, regular and recoverable maintenance capital expenditures, and incremental leasing costs (related to regular leasing expenditures). AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. Management considers AFFO to be a useful measure of recurring economic earnings and relevant in understanding Allied's ability to service its debt, fund capital expenditures and provide distributions to Unitholders. AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation starts with AFFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium and financing prepayment items are not indicative of recurring economic earnings, and the mark-to-market adjustments of unit-based compensation can fluctuate widely with the market.	Section II - Operations - Other Financial Performance Measures
Net income excluding fair value adjustments and financing prepayment costs	Net income excluding fair value adjustments and financing prepayment costs is a non-IFRS financial measure that starts with net income and removes the effects of fair value gains or losses on investment properties and investment properties held for sale, or derivative instruments, the mark-to-market adjustment on unit-based compensation, and financing prepayment costs on an IFRS basis. Management considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the market and financing prepayment costs are non-recurring in nature.	Section II - Operations
Net Rental Income ("NRI")	NRI is a non-IFRS financial measure defined as rental revenue less property operating costs on a proportionate basis. It excludes condominium revenue and condominium cost of sales. The most comparable IFRS figure is operating income. Management considers NRI to be a useful measure of the operating performance of its rental properties portfolio.	Section II - Operations - Net Operating Income
Net Operating Income ("NOI")	NOI is a non-IFRS financial measure defined as NRI excluding the impact of non-cash items such as amortization of improvement allowances and the amortization of straight-line rents on a proportionate basis. The most directly comparable IFRS measure to NOI is Operating Income. Management believes this is a useful measure as it demonstrates the cash generating operating performance of its income producing properties.	Section II - Operations - Net Operating Income
Same Asset NOI	Same asset NOI is a non-IFRS measure defined as NOI for the properties that Allied owned and operated for the entire duration of both the current and comparative period. The most directly comparable IFRS measure to same asset NOI is Operating Income. Management believes this is a useful measure as NOI growth can be assessed on its portfolio excluding the impact of acquisition and disposition activities. Allied uses same asset NOI to evaluate the performance of its properties.	Section II - Operations - Same Asset NOI

NON-IFRS MEASURE	DEFINITION	RECONCILIATION
Normalized Last Quarter Annualized ("LQA") NOI	Normalized LQA NOI is a non-IFRS measure defined as the normalized NOI of an individual property or portfolio for the most recently completed quarter multiplied by four. In the calculation of this metric, non-recurring items are excluded from LQA NOI. The most directly comparable IFRS measure to normalized LQA NOI is Operating Income. Management considers normalized LQA NOI relevant in analyzing the operations of its rental properties on a property-by-property or portfolio basis.	N/A
Gross Book Value ("GBV")	Gross Book Value is a non-IFRS measure defined as the total assets of Allied on a proportionate basis. The most directly comparable IFRS measure to GBV is total assets. Management believes GBV is a useful measure to assess the growth in Allied's total portfolio of rental and development properties.	Section V - Asset Profile
Unencumbered investment properties	Unencumbered investment properties is a non-IFRS measure defined as the value of investment properties which are free and clear of any encumbrances. This is calculated on a proportionate share basis. Management believes unencumbered investment properties is a useful measure to assess the borrowing capacity of Allied.	N/A
Cost of Properties Under Development ("PUD") as a percentage of GBV	Cost of PUD as a percentage of GBV is a non-IFRS measure defined as the book value of Allied's properties under development, on a proportionate basis, divided by the GBV at period-end. Management believes this is a useful metric in assessing development risk. Allied has a limit of 15% as outlined in its Declaration of Trust.	Section V - Asset Profile
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") **and**	Adjusted EBITDA is a non-IFRS measure calculated on a proportionate basis comprised of earnings before interest expense, income taxes, depreciation and amortization expense (including amortization of improvement allowances), gains and losses on disposal of investment properties and the fair value gains or losses associated with investment properties and investment properties held for sale, financial instruments, and unit-based compensation.	Section II - Operations - Other Financial Performance Measures
Annualized Adjusted EBITDA	Annualized Adjusted EBITDA is a non-IFRS measure calculated as the Adjusted EBITDA for the current period annualized. The most directly comparable IFRS measure to Adjusted EBITDA and Annualized Adjusted EBITDA is net income and comprehensive income. Management believes Adjusted EBITDA and Annualized Adjusted EBITDA are useful metrics to determine Allied's ability to service its debt, finance capital expenditures and provide distributions to its Unitholders.	
Net debt	Net debt is a non-IFRS measure, calculated on a proportionate basis, as debt less cash and cash equivalents. The most directly comparable IFRS measure to net debt is debt. Management considers net debt a useful measure for evaluating debt levels and interest coverage.	Section VI - Liquidity and Capital Resources - Debt
Net debt as a multiple of Annualized Adjusted EBITDA	Net debt as a multiple of Annualized Adjusted EBITDA is a non-IFRS measure of Allied's financial leverage and is defined as net debt divided by Annualized Adjusted EBITDA. This measure indicates the number of years required for Allied's Annualized Adjusted EBITDA to repay all outstanding debts, taking into consideration the cash on hand to decrease debt. Management considers this metric a useful measure for evaluating Allied's ability to service its debt.	N/A

NON-IFRS MEASURE	DEFINITION	RECONCILIATION
FFO and AFFO Payout-Ratios **and** **FFO and AFFO Payout-Ratios excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation**	FFO and AFFO payout-ratios and FFO and AFFO payout-ratios excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation are non-IFRS measures. These payout ratios are calculated by dividing the actual distributions by FFO, AFFO and FFO and AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation in a given period. Management considers these metrics a useful way to evaluate Allied's distribution paying capacity.	N/A
Interest Coverage Ratio **and** **Interest Coverage Ratio - including interest capitalized and excluding financing prepayment costs**	Interest coverage ratio and interest coverage ratio including interest capitalized and excluding financing prepayment costs are non-IFRS measures calculated on a trailing twelve-month basis and are defined as Adjusted EBITDA divided by interest expense with interest capitalized included and financing prepayment costs excluded. Management considers these metrics useful as they indicate Allied's ability to meet its interest cost obligations on a trailing twelve-month basis.	N/A
Total Indebtedness Ratio	Total indebtedness ratio is a non-IFRS measure of Allied's financial leverage, which is calculated on a proportionate basis by taking debt plus outstanding letters of credit divided by total assets. Management considers this metric useful as it indicates Allied's ability to meet its debt obligations.	Section V - Asset Profile

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 NOI due to development activities; expected annualized adjusted EBITDA on the properties acquired from Choice Properties; expected capital expenditure and allocation over 2022; 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, financing prepayment costs and the mark-to-market adjustment on unit-based compensation and AFFO per unit excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation; 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; the development of a Net Zero Carbon (NZC) Plan and the identification of a clear pathway for Allied to reach net zero; 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, Unit price changes, 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, 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 July 27, 2022, 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 three and six months ended June 30, 2022, and the comparable period in 2021.

NET INCOME AND COMPREHENSIVE INCOME

The following table reconciles the unaudited condensed consolidated statements of income and comprehensive income on an IFRS basis to a proportionate basis, which is a non-IFRS measure, for the three and six months ended June 30, 2022, and June 30, 2021. Refer to Non-IFRS measures on page 21.

There is an additional table to reconcile net income and comprehensive income to net income excluding fair value adjustments and financing prepayment costs, a non-IFRS measure, for the three and six months ended June 30, 2022, and June 30, 2021. Refer to Non-IFRS measures on page 21.

	THREE MONTHS ENDED					
	JUNE 30, 2022			JUNE 30, 2021		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue	**$154,417**	**$1,686**	**$156,103**	$138,675	$1,384	$140,059
Property operating costs	**(63,667)**	**(1,041)**	**(64,708)**	(56,748)	(690)	(57,438)
Net rental income	**90,750**	**645**	**91,395**	81,927	694	82,621
Operating income	**$90,750**	**$645**	**$91,395**	$81,927	$694	$82,621
Interest expense	**(18,841)**	**—**	**(18,841)**	(16,797)	(8)	(16,805)
General and administrative expenses	**(5,592)**	**—**	**(5,592)**	(7,218)	—	(7,218)
Condominium marketing expenses	**(199)**	**—**	**(199)**	(125)	(5)	(130)
Amortization of other assets	**(269)**	**—**	**(269)**	(303)	—	(303)
Interest income	**7,556**	**2**	**7,558**	8,146	—	8,146
Fair value gain (loss) on investment properties and investment properties held for sale	**21,272**	**(6,030)**	**15,242**	38,187	(889)	37,298
Fair value gain (loss) on derivative instruments	**10,744**	**—**	**10,744**	(5,086)	—	(5,086)
Net loss from joint venture	**(5,383)**	**5,383**	**—**	(208)	208	—
Net income and comprehensive income	**$100,038**	**$—**	**$100,038**	$98,523	$—	$98,523

	THREE MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021
Net income and comprehensive income	**$100,038**	$98,523
Fair value gain on investment properties and investment properties held for sale	**(21,272)**	(38,187)
Fair value (gain) loss on derivative instruments	**(10,744)**	5,086
Mark-to-market adjustment on unit-based compensation	**(502)**	—
Net income excluding fair value adjustments and financing prepayment costs [1]	**$67,520**	$65,422

(1) The comparative figure has been revised to be calculated on an IFRS basis from proportionate basis.

On an IFRS basis, net income and comprehensive income for the three months ended June 30, 2022, increased by $1,515 over the comparable period in 2021, primarily due to fair value adjustments, an increase in operating income, and a decrease in general and administrative expenses, partially offset by an increase in interest expense.

	SIX MONTHS ENDED					
	JUNE 30, 2022			JUNE 30, 2021		
	IFRS BASIS	**INVESTMENT IN JOINT VENTURE**	**PROPORTIONATE BASIS**	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Rental revenue	**$299,237**	**$3,088**	**$302,325**	$279,510	$2,333	$281,843
Property operating costs	**(125,253)**	**(2,004)**	**(127,257)**	(116,466)	(1,402)	(117,868)
Net rental income	**173,984**	**1,084**	**175,068**	163,044	931	163,975
Operating income	**$173,984**	**$1,084**	**$175,068**	$163,044	$931	$163,975
Interest expense	**(35,510)**	**—**	**(35,510)**	(48,645)	(10)	(48,655)
General and administrative expenses	**(12,474)**	**—**	**(12,474)**	(13,421)	—	(13,421)
Condominium marketing expenses	**(312)**	**—**	**(312)**	(346)	(14)	(360)
Amortization of other assets	**(530)**	**—**	**(530)**	(609)	—	(609)
Interest income	**14,580**	**2**	**14,582**	14,090	—	14,090
Fair value gain on investment properties and investment properties held for sale	**115,200**	**1,262**	**116,462**	45,388	158	45,546
Fair value gain on derivative instruments	**29,942**	**—**	**29,942**	15,479	—	15,479
Net income from joint venture	**2,348**	**(2,348)**	**—**	1,065	(1,065)	—
Net income and comprehensive income	**$287,228**	**$—**	**$287,228**	$176,045	$—	$176,045

	SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021
Net income and comprehensive income	**$287,228**	$176,045
Fair value gain on investment properties and investment properties held for sale	**(115,200)**	(45,388)
Fair value gain on derivative instruments	**(29,942)**	(15,479)
Mark-to-market adjustment on unit based compensation	**(382)**	—
Financing prepayment costs	**—**	14,161
Net income excluding fair value adjustments and financing prepayment costs	**$141,704**	$129,339

On an IFRS basis, net income and comprehensive income for the six months ended June 30, 2022, increased by $111,183 over the comparable period in 2021 primarily due to fair value adjustments, an increase in operating income, and a decrease in interest expense.

NET OPERATING INCOME ("NOI")

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 and six months ended June 30, 2022, as compared to the same period in the prior year.

The following table reconciles operating income to net operating income, a non-IFRS measure. Refer to non-IFRS measures on page 21.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Operating income, IFRS basis	**$90,750**	$81,927	**$173,984**	$163,044
Add: investment in joint venture	**645**	694	**1,084**	931
Operating income, proportionate basis	**91,395**	82,621	**175,068**	163,975
Amortization of improvement allowances (1)	**8,441**	7,801	**16,341**	15,982
Amortization of straight-line rents (1)	**(1,283)**	(782)	**(1,742)**	(2,709)
NOI	**$98,553**	$89,640	**$189,667**	$177,248

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and six months ended June 30, 2022: amortization improvement allowances of $158 and $291, respectively (June 30, 2021 - $(213) and $(99), respectively), and amortization of straight-line rents of $(232) and $(482), respectively (June 30, 2021 - $(284) and $(538), respectively).

The following tables set out the NOI by segment and space type from the rental and development properties for the three and six months ended June 30, 2022, and the comparable period in 2021.

	THREE MONTHS ENDED				CHANGE	
SEGMENT	**JUNE 30, 2022**		JUNE 30, 2021		$	%
Urban Workspace						
Montréal & Ottawa	**$29,443**	**29.9%**	$28,392	31.7%	$1,051	3.7%
Toronto & Kitchener	**39,306**	**39.9**	35,641	39.8	3,665	10.3
Calgary & Edmonton	**5,426**	**5.5**	5,196	5.8	230	4.4
Vancouver	**8,596**	**8.7**	4,992	5.5	3,604	72.2
Urban Workspace - Total	**$82,771**	**84.0%**	$74,221	82.8%	$8,550	11.5%
Urban Data Centres	**$15,782**	**16.0%**	$15,419	17.2%	$363	2.4%
NOI	**$98,553**	**100.0%**	$89,640	100.0%	$8,913	9.9%

TYPE OF SPACE	THREE MONTHS ENDED JUNE 30, 2022		JUNE 30, 2021		CHANGE $	%
Urban Workspace - Office	**$68,324**	**69.3%**	$63,734	71.1%	$4,590	7.2%
Urban Data Centres	**15,782**	**16.0**	15,419	17.2	363	2.4
Urban Workspace - Retail	**9,635**	**9.8**	7,670	8.6	1,965	25.6
Urban Workspace - Parking	**4,812**	**4.9**	2,817	3.1	1,995	70.8
NOI	**$98,553**	**100.0%**	$89,640	100.0%	$8,913	9.9%

The increase in NOI for the three months ended June 30, 2022, was due to acquisitions, increased variable parking revenue, and rent and occupancy growth in the UDC portfolio, partially offset by known non-renewals at Cité Multimédia in Montréal and 185 Spadina in Toronto.

SEGMENT	SIX MONTHS ENDED JUNE 30, 2022		JUNE 30, 2021		CHANGE $	%
Urban Workspace						
Montréal & Ottawa	**$57,668**	**30.4%**	$56,299	31.8%	$1,369	2.4%
Toronto & Kitchener	**75,685**	**39.9**	71,284	40.2	4,401	6.2
Calgary & Edmonton	**10,585**	**5.6**	9,751	5.5	834	8.6
Vancouver	**14,099**	**7.4**	10,058	5.7	4,041	40.2
Urban Workspace - Total	**$158,037**	**83.3%**	$147,392	83.2%	$10,645	7.2%
Urban Data Centres	**$31,630**	**16.7%**	$29,856	16.8%	$1,774	5.9%
NOI	**$189,667**	**100.0%**	$177,248	100.0%	$12,419	7.0%

TYPE OF SPACE	SIX MONTHS ENDED JUNE 30, 2022		JUNE 30, 2021		CHANGE $	%
Urban Workspace - Office	**$132,091**	**69.6%**	$126,905	71.7%	$5,186	4.1%
Urban Data Centres	**31,630**	**16.7**	29,856	16.8	1,774	5.9
Urban Workspace - Retail	**18,067**	**9.5**	14,962	8.4	3,105	20.8
Urban Workspace - Parking	**7,879**	**4.2**	5,525	3.1	2,354	42.6
NOI	**$189,667**	**100.0%**	$177,248	100.0%	$12,419	7.0%

The increase in NOI for the six months ended June 30, 2022, was due to acquisitions, increased variable parking revenue, and rent and occupancy growth in the UDC portfolio, partially offset by known non-renewals at Cité Multimédia in Montréal and 185 Spadina in Toronto.

SAME ASSET NOI

Same asset NOI, a non-IFRS measure in the table below, refers to those investment properties that were owned by Allied from April 1, 2021, to June 30, 2022. Same asset NOI of the development portfolio for the three months ended June 30, 2022, consists of Breithaupt Phase III, Adelaide & Duncan, 185 Spadina, College & Manning, KING Toronto, The Well, QRC West Phase II, King & Brant, 400 Atlantic, Boardwalk-Revillon Building, 342 Water Street and portions of 1001 Boulevard Robert-Bourassa and RCA Building - 1001 Lenoir Street. Same asset NOI of the assets held for sale for the three months ended June 30, 2022, consists of two investment properties. Refer to non-IFRS measures on page 21.

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Urban Workspace				
Montréal & Ottawa	**$27,349**	$28,041	$(692)	(2.5)%
Toronto & Kitchener	**31,767**	31,462	305	1.0
Calgary	**4,612**	4,473	139	3.1
Vancouver	**5,285**	4,899	386	7.9
Urban Workspace	**$69,013**	$68,875	$138	0.2%
Urban Data Centres	**15,782**	15,419	363	2.4%
Rental Portfolio - Same Asset NOI	**$84,795**	$84,294	$501	0.6%
Urban Workspace	**697**	1,306	(609)	(46.6)
Development Portfolio - Same Asset NOI	**$697**	$1,306	$(609)	(46.6)%
Assets Held for Sale - Same Asset NOI	**$190**	$162	$28	17.3%
Total Portfolio - Same Asset NOI	**$85,682**	$85,762	$(80)	(0.1)%
Acquisitions	**9,702**	186	9,516	
Dispositions	**685**	310	375	
Lease terminations	**198**	388	(190)	
Development fees and corporate items	**2,286**	2,994	(708)	
NOI	**$98,553**	$89,640	$8,913	9.9%
Amortization of improvement allowances	**(8,441)**	(7,801)	(640)	
Amortization of straight-line rents	**1,283**	782	501	
Operating income, proportionate basis	**$91,395**	$82,621	$8,774	10.6%
Less: investment in joint venture	**645**	694	(49)	(7.1)%
Operating income, IFRS basis	**$90,750**	$81,927	$8,823	10.8%

Same asset NOI of the total portfolio decreased by $80 or 0.1% for the three months ended June 30, 2022. Same asset NOI of the rental portfolio increased by $501 or 0.6% as a result of increased variable parking revenue, rent growth and economic occupancy in Toronto, Vancouver, and Montréal and rent and ancillary revenue growth in the UDC portfolio. This was partially offset by known non-renewals at Cité Multimédia in Montréal.

Same asset NOI of the development portfolio decreased by $609 or 46.6%, primarily due to lower occupancy at 185 Spadina with the commencement of redevelopment activities.

Same asset NOI, a non-IFRS measure in the table below, refers to those investment properties that were owned by Allied from January 1, 2021, to June 30, 2022. Same asset NOI of the development portfolio for the six months ended June 30, 2022, consists of Breithaupt Phase III, Adelaide & Duncan, 185 Spadina, College & Manning, KING Toronto, The Well, QRC West Phase II, King & Brant, 400 Atlantic, Boardwalk-Revillon Building, 342 Water Street and portions of 1001 Boulevard Robert-Bourassa and RCA Building - 1001 Lenoir Street. Same asset NOI of the assets held for sale for the six months ended June 30, 2022, consists of two investment properties. Refer to non-IFRS measures on page 21.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Urban Workspace				
Montréal & Ottawa	**$54,645**	$55,617	$(972)	(1.7)%
Toronto & Kitchener	**63,637**	63,584	53	0.1
Calgary	**8,961**	8,213	748	9.1
Vancouver	**10,263**	9,899	364	3.7
Urban Workspace	**137,506**	137,313	193	0.1%
Urban Data Centres	**31,630**	29,856	1,774	5.9%
Rental Portfolio - Same Asset NOI	**$169,136**	$167,169	$1,967	1.2%
Urban Workspace	**1,529**	2,482	(953)	(38.4)%
Development Portfolio - Same Asset NOI	**$1,529**	$2,482	$(953)	(38.4)%
Assets Held for Sale - Same Asset NOI	**$412**	$322	$90	28.0%
Total Portfolio - Same Asset NOI	**$171,077**	$169,973	$1,104	0.6%
Acquisitions	**11,813**	262	11,551	
Dispositions	**980**	608	372	
Lease terminations	**323**	570	(247)	
Development fees and corporate items	**5,474**	5,835	(361)	
NOI	**$189,667**	$177,248	$12,419	7.0%
Amortization of improvement allowances	**(16,341)**	(15,982)	(359)	
Amortization of straight-line rents	**1,742**	2,709	(967)	
Operating income, proportionate basis	**$175,068**	$163,975	$11,093	6.8%
Less: investment in joint venture	**1,084**	931	153	16.4%
Operating income, IFRS basis	**$173,984**	$163,044	$10,940	6.7%

Same asset NOI of the total portfolio increased by $1,104 or 0.6% for the six months ended June 30, 2022. Same asset NOI of the rental portfolio increased by $1,967 or 1.2% as a result of rent growth and economic occupancy in Toronto, Vancouver, Calgary, and Montréal, increased variable parking revenue, and rent, occupancy, and ancillary revenue growth in the UDC portfolio. This was partially offset by known non-renewals at Cité Multimédia in Montréal.

Same asset NOI of the development portfolio decreased by $953 or 38.4% primarily due to lower occupancy at 185 Spadina with the commencement of redevelopment activities.

INTEREST EXPENSE

Interest expense for the three and six months ended June 30, 2022, and 2021, are as follows:

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Interest on debt:				
Mortgages payable	**$1,211**	$6,075	$(4,864)	(80.1)%
Construction loans payable	**1,289**	532	757	142.3
Promissory note payable	**504**	—	504	100.0
Unsecured Facility	**1,748**	438	1,310	299.1
Unsecured Debentures	**18,684**	14,793	3,891	26.3
Unsecured Term Loans	**4,254**	2,180	2,074	95.1
Interest on lease liabilities	**2,318**	2,274	44	1.9
Amortization, net discount (premium) on debt	**841**	(104)	945	908.7
Amortization, net financing costs	**607**	623	(16)	(2.6)
	$31,456	$26,811	$4,645	17.3%
Interest capitalized to qualifying investment properties and residential inventory	**(12,615)**	(10,014)	(2,601)	26.0
Interest expense excluding financing prepayment costs	**$18,841**	$16,797	$2,044	12.2%
Financing prepayment costs	**—**	—	—	—
Interest expense, IFRS basis	**$18,841**	$16,797	$2,044	12.2%

For the three months ended June 30, 2022, interest expense on an IFRS basis increased by $2,044 or 12.2% over the comparable period primarily due to a higher balance of unsecured debentures and unsecured term loans, partially offset by a lower balance of mortgages payable and higher capitalized interest.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Interest on debt:				
Mortgages payable	**$2,298**	$12,871	$(10,573)	(82.1)%
Construction loans payable	**2,296**	985	1,311	133.1
Promissory note payable	**504**	—	504	100.0
Unsecured Facility	**3,656**	900	2,756	306.2
Unsecured Debentures	**37,358**	29,049	8,309	28.6
Unsecured Term Loans	**6,407**	4,335	2,072	47.8
Interest on lease liabilities	**4,630**	4,543	87	1.9
Amortization, net discount (premium) on debt	**682**	(331)	1,013	306.0
Amortization, net financing costs	**1,213**	1,210	3	0.2
	$59,044	**$53,562**	$5,482	10.2%
Interest capitalized to qualifying investment properties and residential inventory	**(23,534)**	(19,078)	(4,456)	23.4
Interest expense excluding financing prepayment costs	**$35,510**	$34,484	$1,026	3.0%
Financing prepayment costs	**—**	14,161	(14,161)	(100.0)
Interest expense, IFRS basis	**$35,510**	**$48,645**	**$(13,135)**	**(27.0)%**

For the six months ended June 30, 2022, interest expense on an IFRS basis decreased by $13,135 or 27.0% primarily due to a financing prepayment cost in the comparative period, a lower balance of mortgages payable and higher capitalized interest, partially offset by a higher balance of unsecured debentures and unsecured term loans, and higher draws on the unsecured facility.

For the three and six months ended June 30, 2022, 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, 2021, 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 lease commencement.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and six months ended June 30, 2022 and 2021, are as follows:

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Salaries and benefits	**$5,053**	$6,231	$(1,178)	(18.9)%
Professional and trustees fees	**1,480**	1,123	357	31.8
Office and general expenses	**1,297**	1,296	1	0.1
	$7,830	$8,650	$(820)	(9.5)%
Capitalized to qualifying investment properties	**(2,238)**	(1,432)	(806)	(56.3)
Total general and administrative expenses, IFRS basis	**$5,592**	$7,218	$(1,626)	(22.5)%

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Salaries and benefits	**$10,664**	$11,068	$ (404)	(3.7)%
Professional and trustees fees	**3,657**	2,493	1,164	46.7
Office and general expenses	**2,608**	2,631	(23)	(0.9)
	$16,929	$16,192	$737	4.6%
Capitalized to qualifying investment properties	**(4,455)**	(2,771)	(1,684)	(60.8)
Total general and administrative expenses, IFRS basis	**$12,474**	$13,421	$ (947)	(7.1)%

For the three and six months ended June 30, 2022, general and administrative expenses decreased by $1,626 or 22.5% and $947 or 7.1%, respectively, from the comparative period primarily due to higher consulting fees, restricted units granted to trustees and severance expense incurred in the comparable period.

INTEREST INCOME

Interest income for the three and six months ended June 30, 2022 and 2021, are as follows:

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Interest on loans receivable	**$6,673**	$5,918	$755	12.8%
Guarantee fees	**669**	2,063	(1,394)	(67.6)
Interest on cash and cash equivalents and other	**214**	165	49	29.7
Interest income, IFRS basis	**$7,556**	$8,146	$(590)	(7.2)%

For the three months ended June 30, 2022, interest income decreased by $590 or 7.2% over the comparative period primarily due to a retroactive guarantee fee in the comparative period, partially offset by a higher balance of loans receivable.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2022	JUNE 30, 2021	$	%
Interest on loans receivable	**$13,037**	$11,555	$1,482	12.8%
Guarantee fees	**1,288**	2,196	(908)	(41.3)
Interest on cash and cash equivalents and other	**255**	339	(84)	(24.8)
Interest income, IFRS basis	**$14,580**	$14,090	$490	3.5%

For the six months ended June 30, 2022, interest income increased by $490 or 3.5% from the comparable period, primarily due to a higher balance of loans receivable, partially offset by a retroactive guarantee fee in the comparative period.

OTHER FINANCIAL PERFORMANCE MEASURES

FUNDS FROM OPERATIONS ("FFO") AND FFO EXCLUDING CONDOMINIUM RELATED ITEMS, FINANCING PREPAYMENT COSTS AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

Allied's calculation of FFO, a non-IFRS measure, is in compliance with REALPAC's standardized definition in the White Paper. FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation, a non-IFRS measure, starts with the standardized definition of FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. Refer to non-IFRS measures on page 21.

Allied initiated condominium pre-sales at KING Toronto, a 50/50 joint venture with Westbank, in the fourth quarter of 2018. For the three and six months ended June 30, 2022, Allied incurred (at its share) $199 and $312, respectively, 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.

For the three months ended June 30, 2022, FFO per Unit excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation totaled $0.606. This is an increase of $0.004 or 0.7% over the comparable period in the prior year. The increase was primarily due to an increase in NOI and a decrease in general and administrative expenses, partially offset by an increase in interest expense.

For the six months ended June 30, 2022, FFO per unit excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation totaled $1.210. This is an increase of $0.028 or 2.4% over the comparable period in the prior year. The increase was primarily due to an increase in NOI and a decrease in interest expense.

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, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. Refer to non-IFRS measures on page 21. For the three and six months ended June 30, 2022, the FFO pay-out ratio excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation was 72.1% and 72.1%, respectively.

ADJUSTED FUNDS FROM OPERATIONS (“AFFO”) EXCLUDING CONDOMINIUM RELATED ITEMS, FINANCING PREPAYMENT COSTS AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

Allied’s calculation of AFFO, a non-IFRS measure, is in compliance with REALPAC’s standardized definition in the White Paper. AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation, a non-IFRS measure, starts with the standardized definition of AFFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs and the mark-to-market adjustment on unit-based compensation. Refer to non-IFRS measures on page 21.

For the three months ended June 30, 2022, AFFO per Unit excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation totaled $0.543. This represents an increase of $0.010 or 1.9% over the comparable period in the prior year. The increase was primarily due to the changes in FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation discussed above and lower regular and recoverable maintenance capital expenditures, partially offset by higher leasing expenditures.

For the six months ended June 30, 2022, AFFO per unit excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation totaled $1.100. This represents an increase of $0.046 or 4.4% over the comparable period in the prior year. The increase was primarily due to the changes in FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation discussed above and lower regular and recoverable maintenance capital expenditures, partially offset by higher regular leasing 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, financing prepayment costs and the mark-to-market adjustment on unit-based compensation, which is the ratio of actual distributions to AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation in a given period. For the three and six months ended June 30, 2022, the AFFO pay-out ratio excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation was 80.5% and 79.4%, respectively.

RECONCILIATION OF FFO AND AFFO

The following table reconciles Allied’s net income to FFO, FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation and AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation, which are on a non-IFRS basis, for the three and six months ended June 30, 2022 and June 30, 2021. Refer to non-IFRS measures on page 21.

	THREE MONTHS ENDED		
	JUNE 30, 2022	JUNE 30, 2021	CHANGE
Net income and comprehensive income	**$100,038**	$98,523	$1,515
Adjustment to fair value of investment properties and investment properties held for sale	**(21,272)**	(38,187)	16,915
Adjustment to fair value of derivative instruments	**(10,744)**	5,086	(15,830)
Incremental leasing costs	**2,216**	1,913	303
Amortization of improvement allowances	**8,283**	8,014	269
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**6,030**	889	5,141
Amortization of improvement allowances	**158**	(213)	371
Interest expense (1)	**341**	555	(214)
FFO	**$85,050**	$76,580	$8,470
Condominium marketing costs	**199**	125	74
Mark-to-market adjustment on unit-based compensation	**(502)**	—	(502)
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$84,747**	$76,705	$8,042
Amortization of straight-line rents	**(1,051)**	(498)	(553)
Regular leasing expenditures (2)	**(3,783)**	(3,039)	(744)
Regular maintenance capital expenditures	**(705)**	(1,416)	711
Incremental leasing costs (related to regular leasing expenditures)	**(1,551)**	(1,340)	(211)
Recoverable maintenance capital expenditures	**(1,478)**	(2,148)	670
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(232)**	(284)	52
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$75,947**	$67,980	$7,967
Weighted average number of units (3)			
Basic	**139,761,340**	127,259,218	12,502,122
Diluted	**139,860,134**	127,443,551	12,416,583
Per unit - basic			
FFO	**$0.609**	$0.602	$0.007
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.606**	$0.603	$0.003
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.543**	$0.534	$0.009
Per unit - diluted			
FFO	**$0.608**	$0.601	$0.007
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.606**	$0.602	$0.004
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.543**	$0.533	$0.010

	THREE MONTHS ENDED		
	JUNE 30, 2022	JUNE 30, 2021	CHANGE
Pay-out Ratio			
FFO	**71.9%**	70.6%	1.3%
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**72.1%**	70.5%	1.6%
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**80.5%**	79.6%	0.9%

(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.

(2) Refer to Capital Expenditures on page 44 for a description of regular leasing expenditures.

(3) The weighted average number of units includes Units and Exchangeable LP Units. The Exchangeable LP Units are classified as equity in the unaudited condensed consolidated balance sheets as non-controlling interests.

	SIX MONTHS ENDED		
	JUNE 30, 2022	JUNE 30, 2021	CHANGE
Net income and comprehensive income	**$287,228**	$176,045	$111,183
Adjustment to fair value of investment properties and investment properties held for sale	**(115,200)**	(45,388)	(69,812)
Adjustment to fair value of derivative instruments	**(29,942)**	(15,479)	(14,463)
Incremental leasing costs	**4,569**	3,871	698
Amortization of improvement allowances	**16,050**	16,081	(31)
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**(1,262)**	(158)	(1,104)
Amortization of improvement allowances	**291**	(99)	390
Interest expense [1]	**656**	1,122	(466)
FFO	**$162,390**	$135,995	$26,395
Condominium marketing costs	**312**	346	(34)
Financing prepayment costs	**—**	14,161	(14,161)
Mark-to-market adjustment on unit-based compensation	**(382)**	—	(382)
FFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**$162,320**	$150,502	$11,818
Amortization of straight-line rents	**(1,260)**	(2,171)	911
Regular leasing expenditures [2]	**(6,978)**	(5,530)	(1,448)
Regular maintenance capital expenditures	**(1,091)**	(2,124)	1,033
Incremental leasing costs (related to regular leasing expenditures)	**(3,198)**	(2,710)	(488)
Recoverable maintenance capital expenditures	**(1,793)**	(3,120)	1,327
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(482)**	(538)	56
AFFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**$147,518**	$134,309	$13,209

	SIX MONTHS ENDED		
	JUNE 30, 2022	JUNE 30, 2021	CHANGE
Weighted average number of units [3]			
Basic	**133,949,961**	127,259,218	6,690,743
Diluted	**134,103,918**	127,381,585	6,722,333
Per unit - basic			
FFO	**$1.212**	$1.069	$0.143
FFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**$1.212**	$1.183	$0.029
AFFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**$1.101**	$1.055	$0.046
Per unit - diluted			
FFO	**$1.211**	$1.068	$0.143
FFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**$1.210**	$1.182	$0.028
AFFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**$1.100**	$1.054	$0.046
Pay-out Ratio			
FFO	**72.1%**	79.6%	(7.5)%
FFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**72.1%**	71.9%	0.2%
AFFO excluding condominium related items, financing prepayment costs and mark-to-market adjustment on unit-based compensation	**79.4%**	80.6%	(1.2)%

(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.

(2) Refer to Capital Expenditures on page 44 for a description of regular leasing expenditures.

(3) The weighted average number of units includes Units and Exchangeable LP Units. The Exchangeable LP Units are classified as equity in the unaudited condensed consolidated balance sheets as non-controlling interests.

CAPITAL EXPENDITURES

Our portfolio requires ongoing maintenance capital expenditures and leasing expenditures.

Regular maintenance capital expenditures are costs incurred to maintain and sustain the existing property infrastructure such as for structural repairs. Recoverable maintenance capital expenditures are typically not structural in nature, but allow the building to operate more efficiently, such as investing in building automation systems and HVAC systems. These improvements provide a direct benefit to users and can be recovered over the useful life of the asset according to the lease. Both regular maintenance capital expenditures and recoverable maintenance capital expenditures are deducted in the calculation of AFFO.

Regular leasing expenditures are leasing costs incurred to maintain the existing revenues of a property and are deducted in the calculation of AFFO. These costs are considered operational, and typically include improvement allowances, landlord's work and leasing commissions required to replace or renew users at existing rates or market rates.

For the three months ended June 30, 2022, Allied incurred (i) $3,783 in regular leasing expenditures or $12.13 per occupied square foot, (ii) $705 in regular maintenance capital expenditures and (iii) $1,478 of recoverable maintenance capital expenditures.

For the six months ended June 30, 2022, Allied incurred (i) $6,978 in regular leasing expenditures or $12.49 per occupied square foot, (ii) $1,091 in regular maintenance capital expenditures and (iii) $1,793 of recoverable maintenance capital expenditures.

Revenue-enhancing capital is invested to increase the revenue generating ability of the properties. These typically include investments to change the use of space, increase gross leasable area, or materially improve the aesthetics or efficiency of a property. Development costs are investments to generate new revenue streams and/or to increase the productivity of a property. These consist of pre-development costs, carrying costs, direct construction costs, leasing costs, improvement allowances, borrowing costs, and direct costs of internal staff directly attributable to the projects under development.

For the three and six months ended June 30, 2022, Allied invested $107,028 and $189,563, respectively, of revenue enhancing capital into the rental and development portfolio to enhance its income-producing capability and in ongoing development activity.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Regular maintenance capital expenditures	**$705**	$1,416	**$1,091**	$2,124
Recoverable maintenance capital expenditures	**$1,478**	$2,148	**$1,793**	$3,120
Regular leasing expenditures	**$3,783**	$3,039	**$6,978**	$5,530
Revenue-enhancing capital and development costs	**$107,028**	$95,283	**$189,563**	$178,859

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

The following table reconciles Allied's net income and comprehensive income to Adjusted EBITDA, a non-IFRS measure, for the three and six months ended June 30, 2022 and June 30, 2021. Refer to non-IFRS measures on page 21.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Net income and comprehensive income for the period	**$100,038**	$98,523	**$287,228**	$176,045
Interest expense	**18,841**	16,805	**35,510**	48,655
Amortization of other assets	**269**	303	**530**	609
Amortization of improvement allowances	**8,441**	7,801	**16,341**	15,982
Fair value gain on investment properties and investment properties held for sale	**(15,242)**	(37,298)	**(116,462)**	(45,546)
Fair value (gain) loss on derivative instruments	**(10,744)**	5,086	**(29,942)**	(15,479)
Mark-to-market adjustment on unit-based compensation	**(502)**	—	**(382)**	—
Adjusted EBITDA	**$101,101**	$91,220	**$192,823**	$180,266

Section III
–Leasing

Allied strives to maintain high levels of occupancy and leased area. At June 30, 2022, Allied's rental portfolio was 90.9% leased.

STATUS

Leasing status for the rental portfolio as at June 30, 2022, is summarized below:

	SIX MONTHS ENDED	
	GLA	AS A % OF TOTAL GLA [1]
Leased area (occupied & committed) on January 1, 2022	**12,861,227**	**90.4%**
Vacancy committed for future leases	(70,606)	
Occupancy - beginning of period	**12,790,621**	**89.9%**
Previously committed vacant space now occupied	3,562	
New leases and expansions on vacant space	236,331	
New vacancies during the period	(264,522)	
Surrender/early termination agreements	(202,765)	
Suite additions, remeasurements and removals	7,522	
Occupancy (pre-2022 acquisitions, dispositions and transfers)	**12,570,749**	**88.3%**
Occupancy related to acquired properties	1,110,553	
Occupancy related to transfers to/from PUD and investment properties held for sale	(422,799)	
Occupancy - end of period	**13,258,503**	**89.5%**
Vacancy committed for future leases	209,540	
Leased area (occupied & committed) on June 30, 2022	**13,468,043**	**90.9%**

(1) *Excludes properties under development, investment properties held for sale and residential GLA.*

Of the 14,812,272 square feet total GLA in Allied's rental portfolio, 13,258,503 square feet were occupied on June 30, 2022. Another 209,540 square feet were subject to contractual lease commitments with users whose leases commence subsequent to June 30, 2022, bringing the leased area to 13,468,043 square feet, which represents 90.9% of Allied's total rental portfolio GLA.

The table below outlines the rental portfolio's leased area as at June 30, 2022, for the stabilized properties and the transitional properties. Transitional properties consist of three properties (810 Saint Antoine, El Pro Lofts - 644 Courcelle, and 375 Water) where we have suppressed occupancy to facilitate longer term upgrade plans.

	JUNE 30, 2022	
	LEASED AREA (SF)	LEASED AREA (%)
Stabilized rental portfolio	13,188,891	91.3%
Transitional rental portfolio	279,152	74.6%
Total rental portfolio	**13,468,043**	**90.9%**

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

FIXTURING COMMENCEMENT (OCCUPANCY)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	THEREAFTER	TOTAL
Lease commitments - GLA	125,539	33,376	9,480	14,929	26,216	209,540
% of lease commitments	60.0%	15.9%	4.5%	7.1%	12.5%	100.0%

In most instances, occupancy commences with a 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.

In some instances, particularly in ground up developments, there may be fixturing periods outside of the term of the lease while base building work is being completed. In this case, capitalization is taking place so revenue is not recognized.

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

RENT COMMENCEMENT (ECONOMIC OCCUPANCY)	Q3 2022	Q4 2022	Q1 2023	Q2 2023	THEREAFTER	TOTAL
Lease commitments - GLA	61,834	24,002	20,878	14,929	87,897	209,540
% of lease commitments	29.5%	11.5%	10.0%	7.1%	41.9%	100.0%

Allied monitors the level of sub-lease space being marketed in its rental portfolio, below is a summary:

	JUNE 30, 2022	MARCH 31, 2022	DECEMBER 31, 2021	SEPTEMBER 30, 2021
Toronto	**249,239**	225,815	229,434	264,944
Montréal	**81,072**	126,618	169,429	176,260
Calgary	**15,006**	18,823	21,610	46,403
Vancouver	**16,035**	10,536	7,654	28,906
Total square feet	**361,352**	381,792	428,127	516,513
% of Total GLA	**2.4%**	2.5%	3.0%	3.7%

This level of marketed sub-lease space is consistent with past experience and does not represent an operating or leasing challenge.

ACTIVITY

Allied places a high value on user retention and when retention is neither possible nor desirable, Allied strives to introduce high-quality new users to its portfolio.

Leasing activity in connection with the rental portfolio for the six months ended June 30, 2022, is summarized in the following table:

	LEASABLE SF	LEASED SF BY JUNE 30	% LEASED BY JUNE 30	UNLEASED SF AT JUNE 30
Unleased area on January 1, 2022, including re-measurement [(1)]	1,380,949	352,104	25.5%	1,028,845
Maturities during the six months ended June 30, 2022 [(2)(3)]	660,333	403,415	61.1%	256,918
Maturities in remainder of 2022	977,104	181,038	18.5%	796,066
Total [(4)]	3,018,386	936,557		2,081,829
Unleased area related to properties acquired in 2022	96,707	17,433	18.0%	79,274
Maturities during the six months ended June 30, 2022 related to properties acquired in 2022 [(3)]	25,470	13,674	53.7%	11,796
Maturities in remainder of 2022 related to properties acquired in 2022	136,108	95,586	70.2%	40,522
Maturities in future years		61,135		
Total [(4)]	**3,276,671**	**1,124,385**		

(1) The unleased area on January 1, 2022, including re-measurement consists of Allied's rental properties owned as at June 30, 2022.
(2) Some maturities occurred at June 30, 2022, and are included in Allied's leased area.
(3) Of the total portfolio, 60.8% of the maturing space was leased for the six months ended June 30, 2022.
(4) The information above is net of transfers to/from PUD and investment properties held for sale.

The tables below summarize the rental rates achieved for leases that were renewed in the rental portfolio for the three and six months ended June 30, 2022.

LEASING SPREAD ON RENEWALS	THREE MONTHS ENDED JUNE 30, 2022				SIX MONTHS ENDED JUNE 30, 2022			
	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET
Ending to Starting Base Rent								
Total Portfolio	$23.21	$24.53	5.7%	339,996	$23.21	$24.72	6.5%	555,676
Excluding Calgary	$23.58	$25.10	6.4%	328,563	$25.14	$27.27	8.5%	486,890
Average to Average Base Rent								
Total Portfolio	$22.83	$25.13	10.1%	339,996	$22.62	$25.42	12.4%	555,676
Excluding Calgary	$23.20	$25.68	10.7%	328,563	$24.54	$28.00	14.1%	486,890

LEASE RENEWAL RATE	FOR THE SIX MONTHS ENDED JUNE 30, 2022		
	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total leased SF	51.1%	39.8%	9.1%
Maturing leases - weighted average rent	$25.17	$22.31	$16.14
Renewal rate - weighted average rent	$28.97	$22.31	$11.38

Leasing activity resulted in an increase of 5.7% and 6.5% in the net rent per square foot from maturing leases upon renewal for the three and six months ended June 30, 2022, respectively. Excluding transactions in Calgary, the rental rates achieved on maturing leases resulted in an increase of 6.4% and 8.5% in net rent per square foot for the three and six months ended June 30, 2022, respectively.

The following table outlines leasing activity in the rental portfolio for the three and six months ended June 30, 2022.

	FOR THE THREE MONTHS ENDED JUNE 30, 2022			FOR THE SIX MONTHS ENDED JUNE 30, 2022		
	NEW LEASES	RENEWALS	TOTAL	NEW LEASES	RENEWALS	TOTAL
Tours			258			498
Net leased square feet	371,346	339,996	711,342	568,709	555,676	1,124,385
Number of transactions	84	76	160	129	125	254
Lease term (in years)	5.0	3.7	4.4	5.9	3.5	4.7
Net effective rent (per square foot per year) [1]						
Net annualized rent	$19.49	$25.13	$22.19	$21.45	$25.42	$23.41
Tenant improvements	(2.57)	(1.85)	(2.22)	(2.84)	(1.89)	(2.37)
Leasing commissions	(0.93)	(0.48)	(0.72)	(1.21)	(0.53)	(0.87)
Landlord's work	(1.41)	(0.20)	(0.83)	(1.12)	(0.12)	(0.63)
Total leasing costs	$(4.91)	$(2.53)	$(3.77)	$(5.17)	$(2.54)	$(3.87)
Net effective rent	**$14.58**	**$22.60**	**$18.42**	**$16.28**	**$22.88**	**$19.54**

(1) Calculated based on a weighted average of leased square feet.

USER PROFILE

The following sets out Allied's user-mix on the basis of percentage of rental revenue for the six months ended June 30, 2022:

CATEGORY	% OF RENTAL REVENUE JUNE 30, 2022
Business services and professional	33.1%
Telecommunications and information technology	31.1%
Media and entertainment	11.1%
Retail	9.2%
Financial services	4.6%
Government	4.5%
Parking and other	3.4%
Life sciences	1.9%
Educational and institutional	1.1%
	100.0%

The following sets out information on the top-10 users by rental revenue for the six months ended June 30, 2022:

USER	% OF RENTAL REVENUE JUNE 30, 2022	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	% OF TOTAL RENTAL GLA	CREDIT RATING DBRS/S&P/ MOODY'S
Global Technology Provider*	4.3%	1.7	0.7%	-/AAA/Aaa**
Ubisoft	2.4%	10.0	3.7%	Not Rated
Cologix	2.3%	16.1	0.5%	-/B/B3
Google Canada Corporation	2.2%	7.2	2.3%	-/AA+/Aa2**
Equinix	2.1%	2.8	0.4%	-/BBB/Baa2
National Capital Commission, a Canadian Crown Corporation	1.4%	12.0	1.3%	Not Rated
Bell Canada	1.4%	13.4	0.2%	BBB/BBB+/Baa2
Morgan Stanley	1.3%	7.4	1.5%	AH/A-/A1
TELUS Communications Inc.	1.2%	14.9	0.5%	BBBH/BBB+/Baa1
Société Québecoise des Infrastructures	1.1%	5.5	1.9%	Not Rated
	19.7%	**8.6**	**13.0%**	

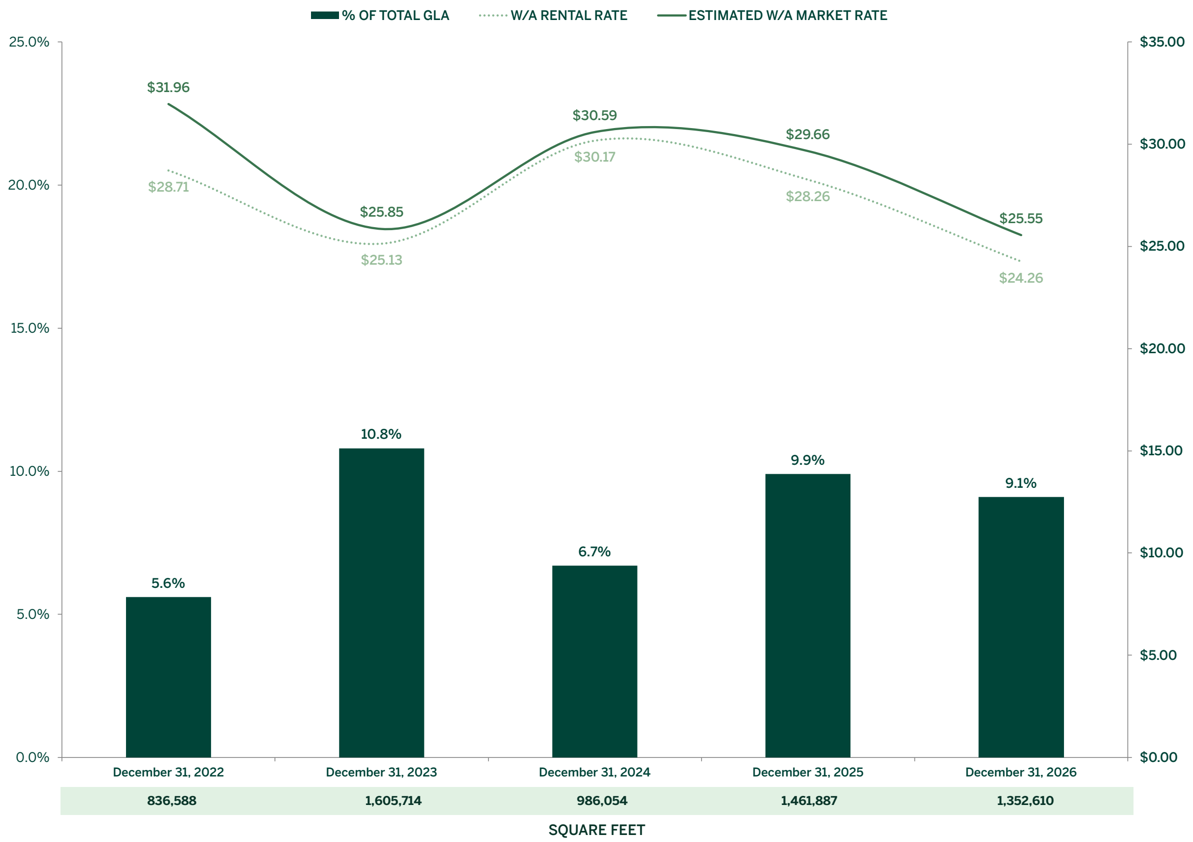
* *Cloud infrastructure, interconnection and office space*
** *Credit rating for parent company*

LEASE MATURITY

As at June 30, 2022, 90.9% of the GLA in Allied's rental portfolio was leased and its weighted average term to maturity was 5.5 years. The estimated 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 contains information on the urban workspace and UDC leases that mature up to 2026 and the corresponding estimated weighted average market rental rate as at June 30, 2022. 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, 2022	836,588	5.6%	28.71	31.96
December 31, 2023	1,605,714	10.8%	25.13	25.85
December 31, 2024	986,054	6.7%	30.17	30.59
December 31, 2025	1,461,887	9.9%	28.26	29.66
December 31, 2026	1,352,610	9.1%	24.26	25.55



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, 2022	182,522	2.7%	17.07	18.56
December 31, 2023	514,723	7.6%	17.37	17.40
December 31, 2024	323,659	4.8%	17.54	17.64
December 31, 2025	344,299	5.1%	17.70	17.83
December 31, 2026	542,348	8.0%	17.76	18.07

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2022	440,343	8.4%	21.38	25.50
December 31, 2023	638,336	12.1%	24.94	28.74
December 31, 2024	390,601	7.4%	32.54	33.05
December 31, 2025	741,063	14.1%	26.61	29.91
December 31, 2026	515,094	9.8%	26.75	29.88

CALGARY	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2022	53,464	4.2%	8.99	12.51
December 31, 2023	211,696	16.5%	21.57	13.76
December 31, 2024	91,988	7.2%	21.03	14.75
December 31, 2025	215,689	16.8%	21.07	16.35
December 31, 2026	87,230	6.8%	15.63	14.84

VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2022	91,026	9.0%	29.35	33.75
December 31, 2023	216,591	21.5%	35.05	36.74
December 31, 2024	125,346	12.4%	33.97	36.90
December 31, 2025	47,009	4.7%	38.32	38.58
December 31, 2026	204,974	20.3%	36.92	37.06

URBAN DATA CENTRES	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2022	69,233	13.6%	120.42	121.00
December 31, 2023	24,368	4.8%	136.72	136.95
December 31, 2024	54,460	10.7%	94.90	102.19
December 31, 2025	113,827	22.3%	80.48	85.36
December 31, 2026	2,964	0.6%	160.35	160.35

Section IV
–Historical Performance

The following sets out summary information and financial results for the eight most recently completed fiscal quarters.

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Rental revenue (1)	$154,417	$144,820	$146,722	$142,654	$138,675	$140,835	$145,173	$139,673
Condominium revenue (1)	—	—	—	—	—	—	—	65
Property operating costs (1)	$(63,667)	$(61,586)	$(63,917)	$(59,112)	$(56,748)	$(59,718)	$(62,421)	$(60,647)
Operating income (1)	$90,750	$83,234	$82,805	$83,542	$81,927	$81,117	$82,752	$79,091
Net income and comprehensive income (1)	$100,038	$187,190	$159,921	$107,185	$98,523	$77,522	$83,842	$69,013
Weighted average units (diluted) (2)	139,860,134	128,279,982	127,611,273	127,447,002	127,443,551	127,329,378	127,298,000	124,390,540
Distributions (1)(3)	$61,132	$55,966	$54,225	$54,101	$54,094	$54,101	$52,493	$51,354
Net income and comprehensive income per unit (basic)	$0.72	$1.46	$1.25	$0.84	$0.77	$0.61	$0.66	$0.56
Net income and comprehensive income per unit (diluted)	$0.72	$1.46	$1.25	$0.84	$0.77	$0.61	$0.66	$0.55
FFO (4)	$85,050	$77,340	$75,691	$41,690	$76,580	$59,415	$74,742	$70,276
FFO per unit (diluted) (4)	$0.608	$0.603	$0.593	$0.327	$0.601	$0.467	$0.587	$0.565
FFO pay-out ratio (4)	71.9%	72.4%	71.6%	129.8%	70.6%	91.1%	70.2%	73.1%
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation (5)								
FFO (4)	$84,747	$77,573	$76,520	$79,537	$76,705	$73,797	$74,969	$70,486
FFO per unit (diluted) (4)	$0.606	$0.605	$0.600	$0.624	$0.602	$0.580	$0.589	$0.567
FFO payout-ratio (4)	72.1%	72.1%	70.9%	68.0%	70.5%	73.3%	70.0%	72.9%
AFFO (4)	$75,947	$71,571	$66,076	$66,132	$67,980	$66,329	$64,623	$59,796
AFFO per unit (diluted) (4)	$0.543	$0.558	$0.518	$0.519	$0.533	$0.521	$0.508	$0.481
AFFO payout-ratio (4)	80.5%	78.2%	82.1%	81.8%	79.6%	81.6%	81.2%	85.9%
NAV per unit (6)	$51.20	$50.92	$50.30	$49.50	$49.07	$48.72	$48.54	$48.29
Net debt as a multiple of annualized adjusted EBITDA (4)(7)	9.6x	10.2x	9.4x	8.6x	8.0x	7.9x	7.4x	7.2x
Total indebtedness ratio (4)	33.9%	33.3%	33.5%	32.9%	31.0%	31.1%	29.2%	28.8%
Total rental GLA	14,812	15,417	14,234	14,106	13,936	13,886	13,991	13,930
Leased rental GLA	13,468	13,775	12,861	12,781	12,772	12,755	12,947	12,990
Leased area %	90.9%	89.3%	90.4%	90.6%	91.6%	91.9%	92.5%	93.3%

(1) *This measure is presented on an IFRS basis.*
(2) *Starting Q1 2022, this includes the weighted average number of Units and Exchangeable LP Units.*
(3) *Starting Q2 2022, this includes distributions on Units and Exchangeable LP Units.*
(4) *This is a non-IFRS measure, refer to page 21.*

(5) *In the first, third and fourth quarters of 2021, Allied incurred $14,161, $37,728 and $721, respectively, of financing prepayment costs in connection with the favourable refinancing of unsecured debentures and first mortgages.*
(6) *Net asset value per unit ("NAV per unit") is calculated as follows: total equity as at the corresponding period ended, (per the unaudited condensed consolidated balance sheets) divided by the actual number of Units and Exchangeable LP Units outstanding at period end.*
(7) *The net debt as a multiple of annualized adjusted EBITDA for Q1 2022 including the expected annualized EBITDA from the six properties acquired from Choice Properties on March 31, 2022, is 9.4x.*

Allied's quarterly results are impacted by occupancy, the economic productivity of the portfolio, acquisitions, the magnitude and timing of development expenditures and project completions, and changes in the fair values of investment properties.

Section V
–Asset Profile

The following table reconciles the unaudited condensed consolidated balance sheet on an IFRS basis to a proportionate basis, a non-IFRS measure, as at June 30, 2022, and December 31, 2021. Refer to non-IFRS measures on page 21.

	JUNE 30, 2022			DECEMBER 31, 2021		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Assets						
Non-current assets						
Investment properties	**$10,662,703**	**$126,730**	**$10,789,433**	$9,527,105	$124,960	$9,652,065
Residential inventory	**188,801**	**—**	**188,801**	170,980	—	170,980
Investment in joint venture and loan receivable	**127,548**	**(127,548)**	**—**	124,790	(124,790)	—
Loans and notes receivable	**405,619**	**—**	**405,619**	223,456	—	223,456
Other assets	**55,287**	**1,369**	**56,656**	28,185	1,370	29,555
	11,439,958	**551**	**11,440,509**	10,074,516	1,540	10,076,056
Current assets						
Cash and cash equivalents	**23,738**	**1,299**	**25,037**	22,548	2,170	24,718
Loans and notes receivable	**22**	**—**	**22**	144,306	—	144,306
Accounts receivable, prepaid expenses and deposits	**96,091**	**688**	**96,779**	57,061	709	57,770
Investment properties held for sale	**60,660**	**—**	**60,660**	86,260	—	86,260
	180,511	**1,987**	**182,498**	310,175	2,879	313,054
Total assets	**$11,620,469**	**$2,538**	**$11,623,007**	$10,384,691	$4,419	$10,389,110
Liabilities						
Non-current liabilities						
Debt	**$3,860,989**	**$—**	**$3,860,989**	$3,417,138	$—	$3,417,138
Other liabilities	**45,565**	**—**	**45,565**	44,635	—	44,635
Lease liabilities	**158,339**	**—**	**158,339**	157,550	—	157,550
	4,064,893	**—**	**4,064,893**	3,619,323	—	3,619,323
Current liabilities						
Debt	**54,698**	**—**	**54,698**	36,146	—	36,146
Accounts payable and other liabilities	**345,232**	**2,538**	**347,770**	303,450	4,419	307,869
	399,930	**2,538**	**402,468**	339,596	4,419	344,015
Total liabilities	**4,464,823**	**2,538**	**4,467,361**	3,958,919	4,419	3,963,338

	JUNE 30, 2022			DECEMBER 31, 2021		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Equity						
Unitholders' equity	**$6,607,982**	**$—**	**$6,607,982**	$6,425,772	$—	$6,425,772
Non-controlling interests	**547,664**	**—**	**547,664**	—	—	—
Total equity	**7,155,646**	**—**	**7,155,646**	6,425,772	—	6,425,772
Total liabilities and equity	**$11,620,469**	**$2,538**	**$11,623,007**	$10,384,691	$4,419	$10,389,110

As at June 30, 2022, Allied's portfolio of 215 investment properties consists of 200 rental properties (two of which are partially under development), 13 development properties, and two investment properties held for sale. Allied's portfolio of investment properties has a fair value of $10,850,093, including one equity accounted investment in a joint venture.

Changes to the carrying amounts of investment properties and investment properties held for sale on a proportionate basis, a non-IFRS measure, are summarized in the following table. Refer to non-IFRS measures on page 21.

	THREE MONTHS ENDED JUNE 30, 2022			SIX MONTHS ENDED JUNE 30, 2022		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL
Balance, beginning of period	$9,416,768	$1,315,000	$10,731,768	$8,499,495	$1,238,830	$9,738,325
Additions:						
Acquisitions	26,615	—	26,615	801,213	39,549	840,762
Improvement allowances [(1)]	13,297	1,546	14,843	26,704	600	27,304
Leasing commissions [(1)]	2,210	2,124	4,334	7,968	3,429	11,397
Capital expenditures [(1)]	26,868	82,343	109,211	55,692	136,755	192,447
Dispositions	(48,945)	—	(48,945)	(48,945)	(15,254)	(64,199)
Transfers from PUD	—	—	—	28,380	(28,380)	—
Transfers to PUD	(183,322)	183,322	—	(219,242)	219,242	—
Transfers to other assets	3,923	—	3,923	1,676	—	1,676
Finance leases	261	—	261	521	—	521
Amortization of straight-line rent and improvement allowances [(1)]	(7,057)	(102)	(7,159)	(15,303)	701	(14,602)
Fair value gain (loss) on investment properties and investment properties held for sale[(1)]	34,395	(19,153)	15,242	146,854	(30,392)	116,462
Balance, end of period	$9,285,013	$1,565,080	$10,850,093	$9,285,013	$1,565,080	$10,850,093
Investment properties	$9,224,353	$1,565,080	$10,789,433	$9,224,353	$1,565,080	$10,789,433
Investment properties held for sale	60,660	—	60,660	60,660	—	60,660
	$9,285,013	$1,565,080	$10,850,093	$9,285,013	$1,565,080	$10,850,093

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and six months ended June 30, 2022: improvement allowances of $96 and $(40), respectively; leasing commissions of $114 and $114, respectively; capital expenditures of $447 and $246, respectively; amortization of straight-line rent and improvement allowances of $73 and $188, respectively; and a fair value loss on investment properties of $6,030 and a fair value gain on investment properties of $1,262, respectively.

As at June 30, 2022, Allied had two properties classified as investment properties held for sale totaling $60,660, one located in Toronto and one located in Montréal. These properties are considered to be non-core assets. There were three investment properties held for sale as at December 31, 2021, totaling $86,260 two located in Toronto and one located in Montréal. The decrease of $25,600 in the six months ended June 30, 2022, is due to the addition of one property and the disposition of two investment properties held for sale.

For the three months ended June 30, 2022, Allied capitalized $12,615 of borrowing costs to its capital expenditures on a proportionate basis, $10,468 of which related to development activity and $712 to upgrade activity in the rental portfolio. Allied capitalized $1,435 of borrowing costs to qualifying residential inventory.

For the six months ended June 30, 2022, Allied capitalized $23,534 of borrowing costs to its capital expenditures on a proportionate basis, $18,974 of which related to development activity and $1,911 to upgrade activity in the rental portfolio. Allied capitalized $2,649 of borrowing costs to qualifying residential inventory.

The appraised fair value of investment properties and investment properties held for sale 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-IFRS measure, in the terminal year. This method is primarily used to value the rental 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, ancillary parking facilities and investment properties held for sale.

Direct capitalization method - Under this approach, capitalization rates are applied to the estimated stabilized NOI of the properties. Estimated stabilized NOI is based on projected rental revenue and property operating costs, and external evidence such as current market rents for similar properties, and is further adjusted for estimated vacancy loss and capital reserves. Currently, this method is used only to value residential use.

Allied's portfolio is valued by an 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.

In valuing the investment properties as at June 30, 2022, 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 4.58%, detailed in the table below:

OVERALL CAPITALIZATION RATE	JUNE 30, 2022			DECEMBER 31, 2021		
	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $ (1)	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $ (1)
Montréal & Ottawa	**4.50% - 6.75%**	**5.00%**	**$2,545,747**	4.50% - 6.75%	5.03%	$2,546,217
Toronto & Kitchener	**3.75% - 5.75%**	**4.35%**	**4,000,333**	3.75% - 5.75%	4.39%	3,605,222
Calgary	**5.00% - 7.00%**	**5.83%**	**418,323**	5.00% - 7.00%	5.79%	417,594
Vancouver	**3.75% - 4.00%**	**3.81%**	**1,011,440**	3.50% - 4.00%	3.76%	711,180
Urban Data Centres	**4.50% - 5.25%**	**4.79%**	**1,248,510**	5.00% - 5.75%	5.30%	1,133,022
Rental Properties	**3.75% - 7.00%**	**4.59%**	**$9,224,353**	3.50% - 7.00%	4.74%	$8,413,235
Properties Under Development	**4.00% - 7.00%**	**4.45%**	**1,565,080**	4.00% - 7.00%	4.24%	1,238,830
Total Investment Properties	**3.75% - 7.00%**	**4.58%**	**$10,789,433**	3.50% - 7.00%	4.69%	$9,652,065

(1) *Presented on a proportionate basis, which is a non-IFRS measure. Refer to non-IFRS measures on page 21.*

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 operator of urban workspace in Canada's major cities. It owns 200 rental properties in six Canadian cities (two of these rental properties are partially under development) and two investment properties held for sale as at June 30, 2022. Listed below are Allied's top-10 urban workspace rental properties measured by Normalized Last Quarter Annualized ("LQA") NOI, a non-IFRS measure. Refer to non-IFRS measures on page 21. These properties represent 27.5% of the total LQA NOI as at June 30, 2022.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
1001 Boulevard Robert-Bourassa, Montréal	$16,830	$351,370	5.50%	AON Canada Inc, Autorité Régionale de Transport Métropolitain, Hydro-Québec, National Bank of Canada
Le Nordelec, Montréal	15,457	323,980	5.00%	Gsoft, Unity Technologies, Yellow Pages Media
Cité Multimédia, Montréal	14,211	416,060	4.75%	Acceo Solutions, Morgan Stanley, Technicolor
QRC West, Toronto	13,058	320,760	4.00%	eOne, Sapient Canada
747 Rue du Square Victoria, Montréal	10,678	289,850	4.75%	Dassault Systèmes Canada, Otera Capital Inc., Secretariat of the Convention on Biological Diversity, Société Québecoise des Infrastructures
5455 de Gaspé Avenue, Montréal	9,534	167,390	5.00%	Attraction Media, Framestore, Ubisoft
555 Richmond Street West, Toronto	7,422	191,900	4.50%	Centre Francophone de Toronto, Synaptive
King Portland Centre, Toronto	7,116	192,470	3.81%	Indigo, Shopify
175 Bloor Street E, Toronto	7,003	172,970	4.25%	Klick Health, Leo Burnett Company, Norr
375 Water Street, Vancouver	6,936	228,090	3.75%	Incognito Software Inc., Global Technology Provider, Quarterdeck Brewing Co
Total	**$108,245**	**$2,654,840**	**4.60%**	

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, a non-IFRS measure. Refer to non-IFRS measures on page 21. UDCs represent 15.9% of the total LQA NOI as at June 30, 2022.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
151 Front W, Toronto	$41,616	$770,830	4.50%	Bell, Cologix, Digital Realty, Equinix
250 Front W, Toronto	16,418	362,320	5.25%	AWS, Global Technology Provider
905 King W, Toronto	4,741	115,360	5.25%	Beanfield, Cologix, Global Technology Provider
Total	**$62,775**	**$1,248,510**	**4.79%**	

Allied has two basic sources of rental revenue from 151, 250 and 905. The largest source, regular rental revenue, derives from leasing and sub-leasing 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.

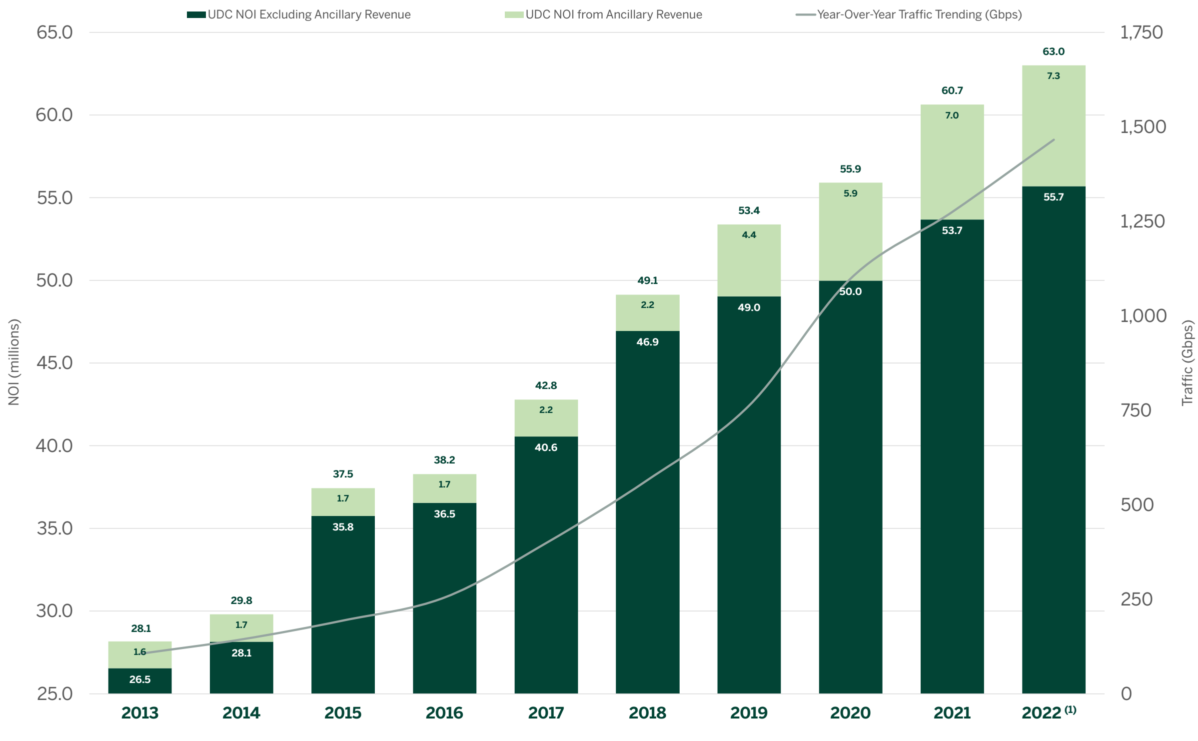
Regular rental revenue represents 88.3% of Normalized LQA NOI from UDCs for the six months ended June 30, 2022. Ancillary rental revenue represents 11.7% of Normalized LQA NOI from UDCs. Ancillary rental revenue is comprised of revenue from the rental of conduit space, rack space and cross-connects.

	NORMALIZED LQA NOI	% OF NORMALIZED LQA NOI
Regular rental revenue	$55,440	88.3%
Ancillary rental revenue	7,335	11.7%
Total Normalized LQA NOI	**$62,775**	**100.0%**

Allied acquired 151 in 2009 and both 250 and 905 are connected to it 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 third 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 300 peers connecting, TorIX has experienced a steady and dramatic increase in traffic since 2009, with traffic in 2022 exceeding 1,400 gigabits per second. The following sets out Allied's increase in UDC 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 NOI for the six months ended June 30, 2022, with the remainder of the year based on Normalized LQA NOI for the most recently completed quarter. All other periods reflect NOI for the corresponding year.

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 acquired 905 in 2003. 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 expects that cross-connects at the UDC portfolio will give rise to recurring ancillary rental revenue. Cross-connects utilize the existing infrastructure 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 six months ended June 30, 2022:

CATEGORY	% OF RENTAL REVENUE JUNE 30, 2022
Network	69.9%
Cloud	29.3%
Enterprise	0.8%
	100.0%

ACQUISITIONS

During the six months ended June 30, 2022, Allied acquired the following properties from third parties:

PROPERTY	ACQUISITION DATE	ACQUISITION COST [1]	OFFICE GLA	RETAIL GLA	TOTAL GLA	PARKING STALLS
108 East 5th Avenue, Vancouver [2] [3]	February 23, 2022	**$39,549**	N/A	N/A	N/A	N/A
1010 Sherbrooke W, Montréal	March 31, 2022	**116,248**	326,754	1,600	328,354	276
110 Yonge, Toronto [3]	March 31, 2022	**55,757**	78,106	2,376	80,482	72
525 University, Toronto	March 31, 2022	**137,967**	192,771	9,325	202,096	178
175 Bloor E, Toronto [3]	March 31, 2022	**166,547**	295,554	9,177	304,731	264
1508 West Broadway, Vancouver [4]	March 31, 2022	**166,408**	82,961	64,183	147,144	265
1185 West Georgia, Vancouver	March 31, 2022	**131,671**	160,933	4,869	165,802	157
540 King W, Toronto	April 8, 2022	**26,615**	—	5,935	5,935	10
Total		**$840,762**	1,137,079	97,465	1,234,544	1,222

(1) Includes transaction costs.
(2) This property is a property under development.
(3) Allied owns a 50% interest in these properties. The GLA is at Allied's ownership. The parking spaces are at 100% ownership.
(4) Allied acquired a leasehold interest in 1508 West Broadway.

On July 6, 2022, Allied completed the purchase of 121 John in Toronto for a total purchase price of $4,350.

DISPOSITIONS

On January 24, 2022, Allied and its partners closed on the fifth and final phase of The Well air rights, the associated underground parking and transfer floor slab developments for net cash consideration of $14,841 (at Allied's share), which represented the fair value at the time of disposition, so accordingly there was no gain or loss recorded. In addition, during the six months ended June 30, 2022, Allied received cash of $413 (at Allied's share) for the release of a holdback related to the disposition of the first phase of The Well air rights.

On June 30, 2022, Allied closed on the disposition of two investment properties held for sale, which were 662 King Street West and 668 King Street West, both in Toronto, for net proceeds of $38,954 and $9,991, respectively. The total net cash consideration of $48,945 represented the fair value at the time of disposition, so there was no gain or loss recorded on closing. The disposition costs incurred were fully recoverable from the purchaser.

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 115 properties in Toronto (including properties in the development portfolio) now comprise 4.7 million square feet of GLA and are situated on 40.0 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 12.1 million square feet of GLA, 7.4 million square feet more than currently is in place.

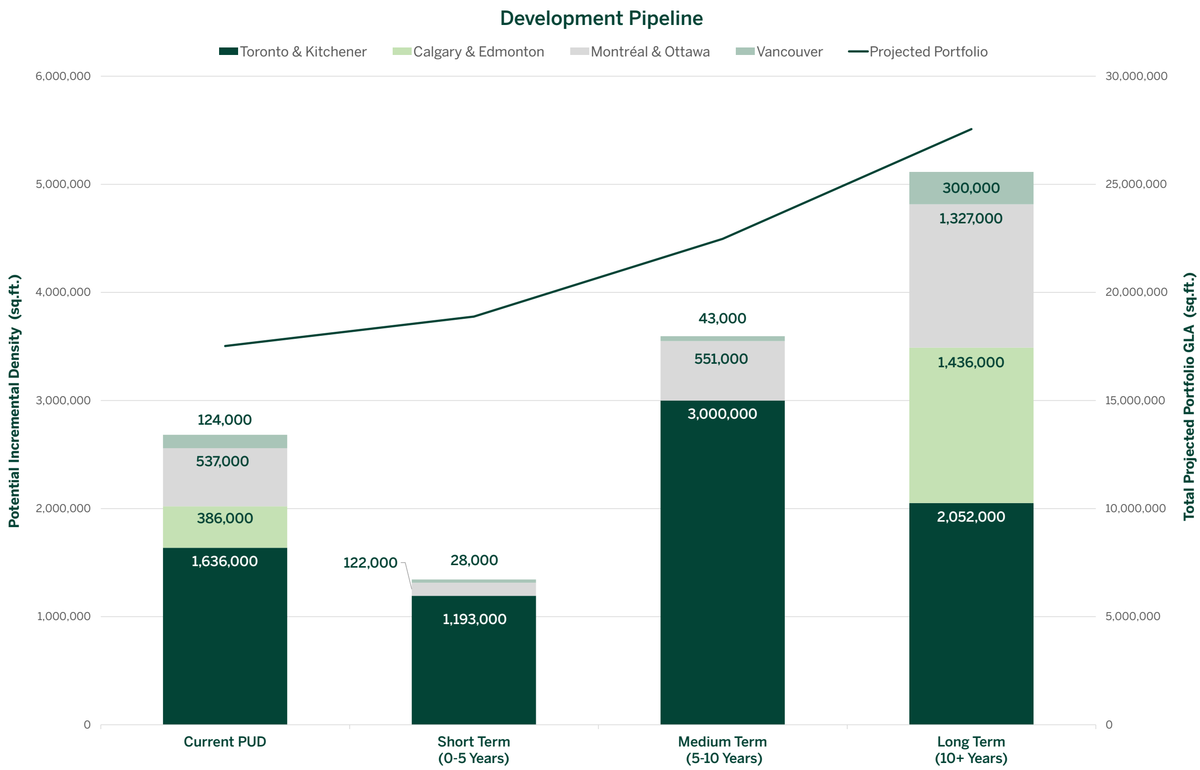
Allied entered the Montréal market in April of 2005. The 33 properties in Montréal now comprise 6.5 million square feet of GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 45.5 acres of land on which they sit (immediately south, east and northeast of 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 9.0 million square feet of GLA, 2.5 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 12.7 million square feet of potential incremental density, of which 2.7 million square feet is currently in PUD, and the remaining 10.0 million square feet is potential incremental density. Of the 10.0 million square feet of potential incremental density, 3.3 million square feet is reflected in the appraised fair values, mainly at properties where zoning approvals are in place. The remaining 6.7 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	4,705,260	1,489,347	5,870,307	12,064,914
Kitchener	562,295	147,000	332,216	1,041,511
Montréal	6,512,052	537,111	1,999,544	9,048,707
Ottawa	231,468	—	—	231,468
Calgary	1,283,181	88,000	1,435,951	2,807,132
Edmonton	—	297,851	—	297,851
Vancouver	1,008,528	123,640	371,046	1,503,214
Toronto Urban Data Centres	509,488	—	—	509,488
Total	**14,812,272**	**2,682,949**	**10,009,064**	**27,504,285**

The timing of development for the 10.0 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 six properties in Toronto, two properties in Montréal and one property in Vancouver, all of which are owned in their entirety by Allied. These properties are identified in the following table:

PROPERTY NAME	APPRAISED FAIR VALUE	REZONING APPROVAL STATUS	USE	CURRENT GLA	ESTIMATED GLA ON COMPLETION	ESTIMATED COMPLETION
The Castle (1)	$121,300	In progress	Office, limited retail	179,907	440,000	Unscheduled
King & Peter (2)	82,560	Completed	Office, limited retail	86,230	790,000	Unscheduled
King & Spadina (3)	94,100	In progress	Office, limited retail	77,550	430,000	Unscheduled
Union Centre	146,980	Completed	Office, limited retail	41,787	1,330,000	Unscheduled
Bathurst Street Assembly (4)	49,380	In progress	Office, residential, retail	36,919	318,000	Unscheduled
365 Railway	19,340	In progress	Office	31,528	60,000	Unscheduled
Adelaide & Spadina (5)	24,800	Completed	Office, retail	11,015	230,000	Unscheduled
Le Nordelec - Lot A (6)	24,300	In progress	Office	—	230,000	Unscheduled
Le Nordelec - Lot E (7)	5,000	Completed	Office	7,550	135,000	Unscheduled
Total	**$567,760**			**472,486**	**3,963,000**	

(1) The Castle is comprised of 41-53 Fraser, 8 Pardee Avenue and 135 Liberty Street.
(2) King & Peter is comprised of 82 Peter and 388 King W.
(3) King & Spadina is comprised of 460 King W, 468 King W, the surface parking lot at 464 King W, and the surface parking lot at 78 Spadina.
(4) Bathurst Street Assembly is comprised of 141 Bathurst, 579 Richmond, the surface parking lot at 555 Richmond and the associated ancillary residential properties at Bathurst and Richmond.
(5) Adelaide & Spadina is comprised of 383 Adelaide W and 387 Adelaide W.
(6) Le Nordelec - Lot A is comprised of 1900 Saint Patrick, a component of the 1751 Richardson & 1700 Saint-Patrick property.
(7) Le Nordelec - Lot E is comprised of 1301-1303 Montmorency.

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. Allied intends to align all new developments and redevelopments with its Net Zero Carbon Plan.

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 June 30, 2022, the cost of Allied's Properties Under Development was 12.8% of GBV (December 31, 2021 - 11.2%). 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 or redeveloped 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 13 Properties Under Development and two rental properties partially under development. Seven of the projects are ground-up developments and eight are redevelopments.

GROUND-UP DEVELOPMENTS

Ground-up development involves construction of significant amounts of new leasable area.

PROPERTY NAME	USE	ESTIMATED GLA ON COMPLETION (SF)	% OF OFFICE DEVELOPMENT PRE-LEASED
The Well, Toronto [1][2]	Office, retail	763,000	98%
Breithaupt Phase III, Kitchener [1]	Office	147,000	100
Adelaide & Duncan, Toronto [1][3]	Office, retail, residential	230,000	100
QRC West Phase II, Toronto [4]	Office, retail	93,134	100
KING Toronto, Toronto [1][5]	Office, retail	100,000	—
108 East 5th Avenue, Vancouver [1]	Office	102,000	54
King & Brant, Toronto [6]	Office, retail, residential	240,000	—
Total		**1,675,134**	**78%**

(1) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(2) Each of Allied and RioCan own an undivided 50% interest in The Well. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 584,000 of office, 160,000 of retail, 19,000 of storage and the 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 in Q4 2020, the second and third phases closed in Q2 2021, the fourth phase closed in Q4 2021 and the last phase closed in January 2022.
(3) 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.
(4) The GLA components (in square feet) are as follows: 77,434 of office and 15,700 of retail.
(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 GLA components (in square feet) at our 50% share will be as follows: 60,000 of retail and 40,000 of office.
(6) The GLA components (in square feet) are as follows: 165,000 of office, 17,000 of retail and 58,000 of residential.

REDEVELOPMENTS

Redevelopment involves transformation of existing leasable area to enhance revenue-producing capability.

PROPERTY NAME	USE	GLA (SF)
The Lougheed (604-1st SW), Calgary [1]	Office, retail	88,000
400 Atlantic, Montréal	Office, retail	87,473
Boardwalk-Revillon Building, Edmonton [2]	Office, retail	297,851
185 Spadina, Toronto	Office	55,213
342 Water, Vancouver [3]	Office, retail	21,640
1001 Boulevard Robert-Bourassa, Montréal [4][5]	Office, retail	335,652
RCA Building, Montréal [5]	Office	113,986
422-424 Wellington W, Toronto	Retail	8,000
Total		**1,007,815**

(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) The GLA components (in square feet) are as follows: 233,559 of office and 64,292 of retail.
(3) The GLA components (in square feet) are as follows: 15,385 of office and 6,255 of retail.
(4) The GLA components (in square feet) are as follows: 303,281 of office and 32,371 of retail.
(5) A portion of the property is under development. The GLA represents the portion under development.

The following table sets out the fair value of Allied's Properties Under Development as at June 30, 2022, 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 Well, Toronto (1)(2)	Q3 2022 to Q4 2023	$837,380	$37,500 - 43,250	$768,000	4.9% - 5.6%	$124,900
Adelaide & Duncan, Toronto (1)(3)	Q2 2023	154,010	9,625 - 11,125	203,100	4.7% - 5.5%	62,500
Breithaupt Phase III, Kitchener (1)(4)	Q2 2023	72,280	5,375 - 5,500	78,652	6.8% - 7.0%	14,800
QRC West, Phase II, Toronto	Q2 2024	58,160	4,500 - 4,600	90,618	5.0% - 5.1%	44,700
KING Toronto, Toronto (1)(5)	Q2 2025	57,860	5,000 - 6,000	93,352	5.4% - 6.8%	31,600
108 East 5th Avenue, Vancouver (1)	Q1 2025	43,020	4,350 - 4,600	104,731	4.2% - 4.4%	63,100
King & Brant, Toronto	TBD	21,060	TBD	TBD	TBD	TBD
Redevelopments (6)	Q4 2022 - Q1 2024	168,900+	10,515 - 12,690+	278,830+	3.8% - 4.6%	35,900+
Total		**$1,412,670+**	**$76,865 - 87,765+**			

(1) These properties are co-owned, reflected in the table above at Allied's ownership percentage of assets and liabilities.
(2) The estimated costs are net of the actual gross proceeds from the sale of the The Well Air Rights of $111,758 (at Allied's share). The transfer to rental portfolio for The Well will occur in phases as base building work is completed.
(3) The project is anticipated to be completed in two phases. The commercial phase is scheduled for completion in Q2 2023 and the residential phase is scheduled for completion in Q3 2024.
(4) Breithaupt Phase III is comprised of 43 Wellington, 53 & 55 Wellington, 305 Joseph, 20 Breithaupt and 2-4 Stewart.
(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.
(6) Redevelopments consist of eight projects, six which are entire properties and two which are partial properties.

Estimated NOI from development completion is based on stabilized occupancy and, in the first year, its impact is moderated by the discontinuation of capitalized costs. The following table sets out Allied's estimated annual NOI from its current developments (using the mid-point of the range above).

	2022	2023	2024	2025	2026
Estimated annual NOI	$5,612	$52,378	$67,050	$80,940	$82,315

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. In some instances, particularly in ground up developments like The Well and Breithaupt Phase III, base building work is underway during the fixturing period. In this case, transfer to the rental portfolio occurs when the base building work is complete. Estimated annual NOI is based on 100% economic occupancy. The most important factor affecting estimated annual NOI is the 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.

The Well Development Update:

The Well is a large-scale development project that will be completed in phases starting in 2022. The office is 98% pre-leased and rent commencement is anticipated to begin in the third quarter of 2022. The retail space at The Well is 66% pre-leased, and will begin operating in the spring of 2023.

The current stacking plan for The Well is set out below:

	WORKSPACE LEASED SQUARE FOOTAGE - 98%		RENT COMMENCEMENT
1	Media & Entertainment Service Provider	**Floor 2:** 26,013 sf	Q2 2023
2	Konrad Group	**Floors 2-4:** 89,908 sf	Q3 2023
3	Spaces/IWG	**Floors 3-4:** 61,976 sf	Q2 2023
4	Unity Technologies	**Floor 5:** 31,003 sf	Q2 2023
		Floor 6: 31,003 sf	Q4 2022
5	Shopify	**Floors 3-4:** 144,198 sf	Q4 2022
		Floors 5-6: 109,746 sf	Q2 2023
		Floors 7-9: 89,324 sf	Q1 2023
6	Torstar	**Floors 10-11:** 59,976 sf	Q1 2023
7	Technology Service Provider	**Floors 12-14:** 89,964 sf	Q4 2023
8	Intuit	**Floors 16-19:** 113,687 sf	Q3 2022
9	BDP Quadrangle	**Floors 20-21:** 47,526 sf	Q4 2022
10	Dyson	**Floor 22:** 24,579 sf	Q4 2022
11	Financeit	**Floors 23-24:** 49,158 sf	Q4 2022
12	Index Exchange	**Floors 25-30:** 108,814 sf	Q2 2023
13	Middlefield	**Floor 31:** 11,799 sf	Q3 2023
14	Digital Media Service Provider	**Floor 32:** 11,799 sf	Q4 2022
15	Woodbourne Canada	**Floor 33:** 11,799 sf	Q4 2022
16	Matthews, Dinsdale & Clark LLP	**Floors 34-35:** 23,598 sf	Q1 2023

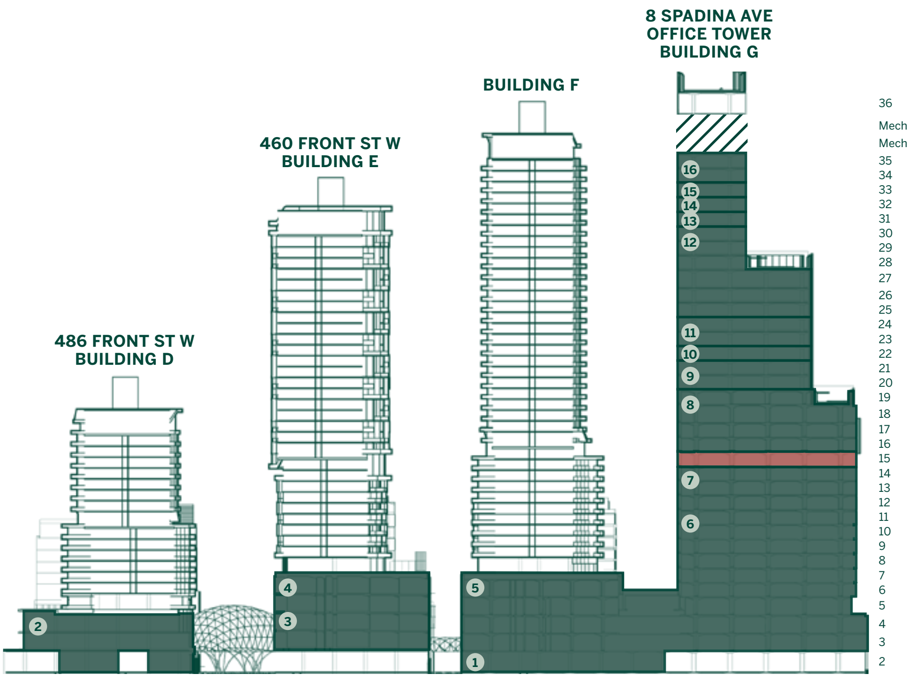
LEGEND

AVAILABLE OFFICE SPACE 29,886 SF *

LEASED OFFICE SPACE 1,135,870 SF *

BUILDINGS D, E AND F REPRESENT RESIDENTIAL DENSITY IN WHICH ALLIED HAS NO INTEREST

***SQUARE FEET AT 100% OWNERSHIP (OF WHICH ALLIED'S SHARE IS 50%)**



RESIDENTIAL INVENTORY

Residential inventory is as follows:

	JUNE 30, 2022	DECEMBER 31, 2021
KING Toronto	**$188,801**	$170,980

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

	JUNE 30, 2022	DECEMBER 31, 2021
Balance, beginning of period	**$170,980**	$140,038
Development expenditures	**17,821**	30,942
Balance, end of period	**$188,801**	$170,980

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. As at June 30, 2022, 369 units or 84% have been pre-sold, subject to customary closing conditions. Management expects the condominium sales to close in 2024.

DEVELOPMENT COMPLETIONS

PROPERTY	COMPLETION	INVESTMENT	LQA NOI [1]	UNLEVERED YIELD ON COST	FAIR VALUE	VALUE CREATION	VALUE CREATION AS % OF COST
QRC West, Toronto	2015	$130,000	$13,058	10.0%	$320,760	$190,760	146.7%
The Breithaupt Block, Kitchener	2016	$25,020	$2,533	10.1%	$50,930	$25,910	103.6%
180 John, Toronto	2017	$27,500	$1,533	5.6%	$36,310	$8,810	32.0%
189 Joseph, Kitchener	2017	$11,360	$709	6.2%	$13,130	$1,770	15.6%
King Portland Centre, Toronto [2]	2019	$76,678	$6,393	8.3%	$167,530	$90,852	118.5%
425 Viger, Montréal	2020	$104,268	$8,181	7.8%	$170,500	$66,232	63.5%

(1) *This is a non-IFRS measure. Refer to non-IFRS measures on page 21.*
(2) *Includes 642 King W completed in early 2018 and 620 King W completed in early 2019. 602-606 King W are excluded as they were not under development.*

LOANS RECEIVABLE

As at June 30, 2022, total loans receivable outstanding is $405,469 (December 31, 2021 - $367,579).

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 June 30, 2022, the loan receivable outstanding is $21,173 (December 31, 2021 - $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. On May 18, 2022, Westbank exercised its option to extend the maturity date from August 31, 2022, to August 31, 2023. Interest accrues to the credit facility monthly at a rate of 6.75% per annum. On placement of permanent financing, Allied intends to acquire a 50% undivided interest in 400 West Georgia based on total development costs. As at June 30, 2022, the loan receivable outstanding is $154,556 (December 31, 2021 - $144,271).

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 30, 2023, or the closing of the condominium units. As at June 30, 2022, the loan receivable outstanding is $93,729 (December 31, 2021 - $90,586).

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 in instalments upon completion of development and rent commencement, which is anticipated to begin in the second quarter of 2023. As at June 30, 2022, the loan receivable outstanding is $9,913 (December 31, 2021 - $10,256) due to repayments made earlier than anticipated.

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 150 West Georgia (previously known as 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 to the credit facility 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 150 West Georgia based on an agreed upon formula. As at June 30, 2022, the loan receivable outstanding is $126,098 (December 31, 2021 - $101,293).

The table below summarizes the loans receivable as at June 30, 2022, and December 31, 2021.

	JUNE 30, 2022	DECEMBER 31, 2021
Adelaide & Duncan	**$21,173**	$21,173
400 West Georgia	**154,556**	144,271
KING Toronto	**93,729**	90,586
Breithaupt Phase III	**9,913**	10,256
150 West Georgia (1)	**126,098**	101,293
Total loans receivable	**$405,469**	$367,579

(1) Previously known as 720 Beatty Street.

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, a promissory note payable, an unsecured operating facility, 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 investment properties, which totals $9,388,960, representing 87.0% of investment properties, on a proportionate basis, as at June 30, 2022. Refer to non-IFRS measures on page 21.

In November 2021, Allied established an at-the-market equity program (the "ATM Program") which allows it to issue and sell up to $300,000 of Units to the public, from time to time, at its discretion. The ATM Program is designed to provide Allied with additional financing flexibility which may be used in conjunction with other existing funding sources. Allied intends to use the net proceeds from the ATM Program for development, repayment of indebtedness and general trust purposes.

DEBT

The following illustrates the calculation of debt (net of transaction costs) on an IFRS basis and net debt, a non-IFRS measure, as at June 30, 2022, and December 31, 2021. Refer to non-IFRS measures on page 21.

	JUNE 30, 2022	DECEMBER 31, 2021
Mortgages payable	**$128,926**	$118,057
Construction loans payable	**165,386**	132,696
Promissory note payable	**193,510**	—
Unsecured revolving operating facility	**190,000**	365,000
Senior unsecured debentures	**2,588,964**	2,587,989
Unsecured term loans	**648,901**	249,542
Debt, IFRS basis	**$3,915,687**	$3,453,284
Less cash and cash equivalents [(1)]	**25,037**	24,718
Net debt	**$3,890,650**	$3,428,566

(1) *This is on a proportionate basis and includes cash and cash equivalents attributable to TELUS Sky totaling $1,299 as at June 30, 2022 (December 31, 2021 - $2,170).*

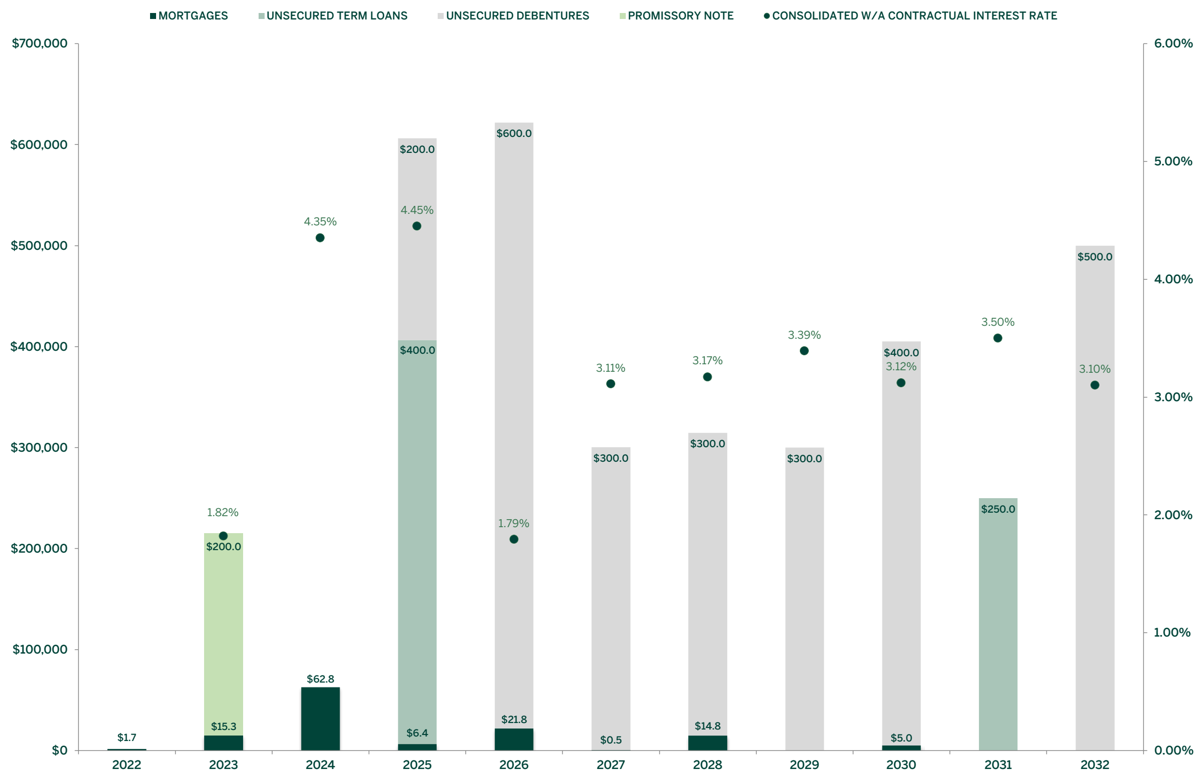
The table below summarizes the scheduled principal maturity and weighted average contractual interest rates for Allied's mortgages payable, promissory note payable, unsecured debentures and unsecured term loans. At June 30, 2022, 92.8% of Allied's debt had a fixed rate.

	MORTGAGES PAYABLE	INTEREST RATE OF MATURING MORTGAGES	PROMISSORY NOTE PAYABLE	INTEREST RATE	SENIOR UNSECURED DEBENTURES	INTEREST RATE	UNSECURED TERM LOANS	INTEREST RATE	TOTAL	CONSOLI-DATED INTEREST RATE OF MATURING DEBT
Remaining 2022	$1,652	—%	$—	—%	$—	—%	$—	—%	$1,652	—%
2023	15,299	4.30	200,000	1.67	—	—	—	—	215,299	1.82
2024	62,821	4.35	—	—	—	—	—	—	62,821	4.35
2025	6,423	—	—	—	200,000	3.64	400,000	4.86	606,423	4.45
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
2032	—	—	—	—	500,000	3.10	—	—	500,000	3.10
	$128,266	3.79%	$200,000	1.67%	$2,600,000	2.86%	$650,000	4.34%	$3,578,266	3.10%

	MORTGAGES PAYABLE	PROMISSORY NOTE PAYABLE	SENIOR UNSECURED DEBENTURES	UNSECURED TERM LOANS	TOTAL
Weighted Average Effective Interest Rate as at June 30, 2022	2.61%	3.81%	2.86%	4.34 %	3.19%

Allied's consolidated weighted average contractual interest rate of maturing debt increased by 16 basis points to 3.10% as at June 30, 2022, from 2.94% as at December 31, 2021. The increase was due to an unsecured term loan of $400,000 at a fixed rate of 4.86% issued on April 22, 2022, partially offset by a $200,000 promissory note payable issued on March 31, 2022, as part of the consideration for the acquisition of a portfolio of six properties, bearing a weighted average contractual interest rate of 1.67%.

The weighted average term of Allied's debt (excluding construction loans and the Unsecured Facility) is 5.6 years. The chart below summarizes the maturities of principal in regards to debt obligations as at June 30, 2022:



MORTGAGES PAYABLE

As at June 30, 2022, mortgages payable, net of financing costs, total $128,926 and have a weighted average contractual interest rate of 3.79% (December 31, 2021 - 3.39%). The weighted average term of the mortgage debt is 3.3 years (December 31, 2021 - 4.0 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	JUNE 30, 2022	DECEMBER 31, 2021
Remaining 2022	$1,652	$—	$1,652	
2023	3,069	12,230	15,299	
2024	2,528	60,293	62,821	
2025	6,423	—	6,423	
2026	1,391	20,443	21,834	
2027	487	—	487	
2028	293	14,457	14,750	
2030	5,000	—	5,000	
Mortgages, principal	$20,843	$107,423	$128,266	$118,094
Net premium on assumed mortgages			1,592	1,066
Net financing costs			(932)	(1,103)
			$128,926	$118,057

CONSTRUCTION LOANS PAYABLE

As at June 30, 2022, and December 31, 2021, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	JUNE 30, 2022	DECEMBER 31, 2021
Adelaide & Duncan	50%	August 11, 2023	$73,396	$62,048
Breithaupt Phase III	50%	December 2, 2022	39,264	31,041
KING Toronto	50%	December 17, 2024	52,726	39,607
			$165,386	$132,696

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.

PROMISSORY NOTE PAYABLE

On March 31, 2022, Allied acquired a portfolio of six properties from Choice Properties, which was partially settled with the issuance of a $200,000 promissory note. The promissory note is secured by a first registered charge on five of the six properties acquired. Allied's obligations under the promissory note are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	JUNE 30, 2022	DECEMBER 31, 2021
Promissory note payable	1.00% for 2022, 2.00% for 2023	December 31, 2023	Quarterly	$200,000	$—
Net discount on promissory note payable				(6,490)	—
				$193,510	$—

UNSECURED REVOLVING OPERATING FACILITY

As at June 30, 2022, and December 31, 2021, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

			JUNE 30, 2022				
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $600,000 (1)	January 30, 2025	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$600,000	$(190,000)	$(18,925)	$391,075

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $700,000.

(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, 2021				
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $600,000 (1)	January 30, 2025	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$600,000	$(365,000)	$(19,025)	$215,975

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $700,000.

(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.

SENIOR UNSECURED DEBENTURES

As at June 30, 2022, and December 31, 2021, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	JUNE 30, 2022	DECEMBER 31, 2021
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**	600,000
Series I	3.095%	February 6, 2032	February 6 and August 6	**500,000**	500,000
Unsecured Debentures, principal				**$2,600,000**	$2,600,000
Net financing costs				**(11,036)**	(12,011)
				$2,588,964	$2,587,989

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

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

UNSECURED TERM LOANS

As at June 30, 2022, and December 31, 2021, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	JUNE 30, 2022	DECEMBER 31, 2021
Unsecured term loan	3.496%	January 14, 2031	Monthly	**$250,000**	$250,000
Unsecured term loan	4.860%	October 22, 2025	Monthly	**400,000**	—
Net financing costs				**(1,099)**	(458)
				$648,901	$249,542

The two unsecured term loans are collectively referred to as "Unsecured Term Loans". The respective financing costs are amortized using the effective interest method and recorded to interest expense.

On April 22, 2022, Allied entered into an unsecured term loan with a financial institution for $400,000 at a rate of prime plus 10 basis points or bankers' acceptance plus 110 basis points, due on October 22, 2025. The proceeds from the loan were used to repay the Unsecured Facility. Debt financing costs of $700 were incurred and recorded against the principal owing. On June 24, 2022, Allied entered into a swap agreement to fix this $400,000 unsecured term loan at a rate of 4.86%.

CREDIT RATINGS

Allied's credit ratings as at June 30, 2022, 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 fortifies 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 Facility, Unsecured Term Loans 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 FACILITY AND UNSECURED TERM LOANS

The following outlines the covenants as defined in the agreements governing the Unsecured Facility and Unsecured Term Loans. The covenants are calculated on a proportionate basis, as required in these agreements. Refer to non-IFRS measures on page 21.

COVENANT	THRESHOLD	JUNE 30, 2022	DECEMBER 31, 2021
Indebtedness ratio	Below 60%	**33.9%**	33.5%
Secured indebtedness ratio	Below 45%	**4.3%**	2.5%
Debt service coverage ratio [1]	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	**2.4x**	2.1x
Equity maintenance	At least $1,250,000 plus 75% of future equity issuances ($2,819,658)	**6,607,982**	6,425,772
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	**2.8x**	2.8x
Distribution payout ratio	Maintain distributions below 100% of FFO	**70.4%**	71.2%

(1) *The debt service coverage ratio as at June 30, 2022 includes financing prepayment costs of $38,449 for the twelve months ended June 30, 2022 (December 31, 2021 - $52,610). Excluding these financing prepayment costs, the debt service coverage ratio as at June 30, 2022, would be 3.2x (December 31, 2021 - 2.9x).*

SENIOR UNSECURED DEBENTURES

The following outlines the requirements of covenants specified in the trust indenture with respect to the Unsecured Debentures. The covenants are calculated on a proportionate basis, which is in line with the trust indenture. Refer to non-IFRS measures on page 21.

COVENANT	THRESHOLD	JUNE 30, 2022	DECEMBER 31, 2021
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**	3.5x
Pro forma asset coverage test	Maintain net consolidated indebtedness below 65% of net aggregate assets on a *pro forma* basis	**33.8%**	33.5%
Equity maintenance	Maintain Unitholders' equity above $300,000	**6,607,982**	6,425,772
Pro forma unencumbered net aggregate adjusted asset ratio	Maintain *pro forma* unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	**3.0x**	3.0x

As at June 30, 2022, Allied was in compliance with the terms and covenants of the agreements governing the Unsecured Facility, the Unsecured Term Loans and the Unsecured Debentures.

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

EQUITY

The equity of Allied is comprised of Units issued by Allied and Exchangeable LP Units issued by Allied Properties Exchangeable Limited Partnership ("the Partnership"):

UNITS (AUTHORIZED - UNLIMITED)

Each Unit represents a single vote at any meeting of Unitholders and entitles the Unitholder to receive a *pro rata* share of all distributions, in accordance with the conditions provided for in the Declaration of Trust.

EXCHANGEABLE LP UNITS (AUTHORIZED - UNLIMITED)

Exchangeable LP Units issued by the Partnership are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, on a one-for-one basis, at the holder's option, for Units. All Exchangeable LP Units are held, directly or indirectly, by Choice Properties.

The 11,809,145 Exchangeable LP Units issued on March 31, 2022, in connection with the acquisition of six properties from Choice Properties contain lock-up and standstill restrictions. The lock-up will expire based on the following schedule:

LOCK-UP EXPIRATION DATE	NUMBER OF EXCHANGEABLE LP UNITS ELIGIBLE FOR RELEASE
June 30, 2023	2,952,286
September 30, 2023	2,952,286
December 31, 2023	2,952,286
March 31, 2024	2,952,287
	11,809,145

Each Exchangeable LP Unit is accompanied by one special voting unit of Allied ("Special Voting Unit") which provides the holder thereof with the right to one vote at all meetings of Unitholders. The Declaration of Trust was amended on March 4, 2022, to provide for the creation and issuance of the Special Voting Units.

The following represents the number of Units and Exchangeable LP Units issued and outstanding, and the related carrying value of equity, for the six months ended June 30, 2022, and the year ended December 31, 2021.

	NUMBER ISSUED AND OUTSTANDING			AMOUNT		
	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY
Balance - January 1, 2021	127,259,218	—	127,259,218	$3,884,661	$—	$3,884,661
Restricted Unit Plan (net of forfeitures)	—	—	—	(2,141)	—	(2,141)
Unit Option Plan - options exercised	1,533	—	1,533	56	—	56
Unit issuance (net of costs)	477,100	—	477,100	20,079	—	20,079
Balance - December 31, 2021	127,737,851	—	127,737,851	$3,902,655	$—	$3,902,655
Restricted Unit Plan (net of forfeitures)	**—**	**—**	**—**	**(2,663)**	**—**	**(2,663)**
Unit Option Plan - options exercised	**2,544**	**—**	**2,544**	**80**	**—**	**80**
Unit issuance (net of costs)	**211,800**	**11,809,145**	**12,020,945**	**9,184**	**550,660**	**559,844**
Balance - June 30, 2022	**127,952,195**	**11,809,145**	**139,761,340**	**$3,909,256**	**$550,660**	**$4,459,916**

During the six months ended June 30, 2022, the acquisition of six office assets from Choice Properties was satisfied in part by the issuance of 11,809,145 Exchangeable LP Units. The Exchangeable LP Units were recognized as non-controlling interests in the unaudited condensed consolidated statements of equity. In January 2022, Allied issued 211,800 Units under the ATM Program in settlement of trades executed at the end of December 2021 at a weighted average price of $44.02 per Unit for gross proceeds of $9,324, and incurred commissions of $140, for net proceeds of $9,184.

During the three months and year ended December 31, 2021, Allied issued 477,100 Units under the ATM Program at a weighted average price of $44.07 per Unit for gross proceeds of $21,028, and incurred commissions of $315, for net proceeds of $20,713. Issuance costs on the ATM Program were $634 for the year ended December 31, 2021. The commissions and issuance costs were applied against the gross proceeds 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.

As at July 27, 2022, 127,952,195 Units and 1,722,291 options to purchase Units were issued and outstanding.

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Units	**127,952,195**	127,259,218	**127,947,523**	127,259,218
Exchangeable LP Units (1)	**11,809,145**	—	**6,002,438**	—
Total units - basic	**139,761,340**	127,259,218	**133,949,961**	127,259,218
Unit Option Plan	**98,794**	184,333	**153,957**	122,367
Total units - fully diluted	**139,860,134**	127,443,551	**134,103,918**	127,381,585

(1) Issued on March 31, 2022.

NORMAL COURSE ISSUER BID

On February 22, 2022, 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 12,602,594 of its outstanding Units, representing approximately 10% of its public float as at February 10, 2022. The NCIB commenced February 24, 2022, and will expire on February 23, 2023, 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 six months ended June 30, 2022, Allied purchased 61,725 Units for $2,664 at a weighted average price of $43.16 per Unit under its NCIB program, of which 61,148 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 577 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

COMPENSATION 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. Effective December 2021, no further options will be granted under the Unit Option Plan.

At June 30, 2022, Allied had granted options to purchase up to 1,722,291 Units outstanding, of which 1,155,427 had vested. At December 31, 2021, Allied had options to purchase 1,726,381 Units outstanding, of which 842,672 had vested.

For the three and six months ended June 30, 2022, Allied recorded a unit-based compensation expense of $197 and $478, respectively (June 30, 2021 - $425 and $875, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income related to the Unit Option Plan.

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. Generally, 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 June 30, 2022, Allied had 322,498 Restricted Units outstanding (December 31, 2021 - 296,810).

For the three and six months ended June 30, 2022, Allied recorded a unit-based compensation expense of $575 and $2,005, respectively (June 30, 2021 - $456 and $1,490, respectively), in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income related to the Restricted Unit Plan.

In December 2021, Allied adopted a cash settled performance and restricted trust unit plan (the "PTU/RTU Plan") whereby performance trust units and/or restricted trust units (together, "Plan Units") are granted to certain employees at the discretion of the Board. Plan Units are subject to such vesting, settlement, performance criteria and adjustment factors as are established by the Board at the time of the grant and accumulate distribution equivalents in the form of additional Plan Units. The PTU/RTU Plan contains provisions providing for the vesting or forfeiture of unvested Plan Units within specified time periods in the event the employee's employment is terminated, and authorizes the Chief Executive Officer, in their discretion, to amend the vesting and settlement of Plan Units in certain circumstances where an employee's employment is terminated. The following is a summary of the activity of Allied's PTU/RTU Plan:

	SIX MONTHS ENDED	YEAR ENDED
	JUNE 30, 2022	DECEMBER 31, 2021
Plan Units, beginning of period	—	—
Granted	172,500	—
Distributions equivalents	2,476	—
Plan Units, end of period	174,976	—

For the three and six months ended June 30, 2022, Allied recorded a unit-based compensation expense of $210 and $755, respectively (June 30, 2021 - $nil and $nil, respectively), including the mark-to-market adjustment, in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

DISTRIBUTIONS

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	JANUARY, 2022
Annualized increase per Unit	$0.05	$0.04	$0.03	$0.03	$0.04	$0.05	$0.05	$0.05
% increase	3.5%	2.7%	2.0%	2.0%	2.6%	3.1%	3.0%	2.9%
Annualized distribution per Unit	$1.46	$1.50	$1.53	$1.56	$1.60	$1.65	$1.70	$1.75

On each date that a distribution is declared by Allied on the Units, a distribution in an equal amount per unit is declared by the Partnership on the Exchangeable LP Units. A holder of Exchangeable LP Units may elect to defer receipt of all or a portion of distributions declared by the Partnership until the first business day following the end of the fiscal year. If the holder elects to defer, the Partnership will loan the holder an amount equal to the deferred distribution without interest, and the loan will be due and payable on the first business day following the end of the fiscal year during which the loan was advanced. The distributions declared by the Partnership on the Exchangeable LP Units from April 1, 2022, to June 30, 2022, was $5,165, for which Choice Properties elected to receive a loan in lieu of all of the distributions. Of the distributions declared of $5,165, a note receivable of $3,444 was issued to Choice Properties for the cash advances made, with the remaining $1,721 advanced to Choice Properties as a note receivable on July 15, 2022. Since there is a legally enforceable right and an intention by Allied and Choice Properties to settle the note receivable from Choice Properties and the distributions payable to Choice Properties on a net basis, these financial instruments are offset on the balance sheet.

SOURCES OF DISTRIBUTIONS

For the three and six months ended June 30, 2022, Allied declared $61,132 and $117,098 in distributions, respectively (June 30, 2021 - $54,094 and $108,195, respectively), including distributions to holders of the Exchangeable LP Units of $5,165 and $5,165, respectively (June 30, 2021 - $nil and $nil, respectively).

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Distributions declared	**$61,132**	$54,094	**$117,098**	$108,195
Net income	**$100,038**	$98,523	**$287,228**	$176,045
Cash flows provided by operating activities	**$62,258**	$53,436	**$130,929**	$114,485
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation (1)	**$75,947**	$67,980	**$147,518**	$134,309
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation payout ratio (1)	**80.5%**	79.6%	**79.4%**	80.6%
Excess of net income over distributions declared	**$38,906**	$44,429	**$170,130**	$67,850
Excess (deficit) of cash flows provided by operating activities over distributions declared	**$1,126**	$(658)	**$13,831**	$6,290
Excess of cash provided by AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation over distributions declared	**$14,815**	$13,886	**$30,420**	$26,114

(1) This is a non-IFRS measure, refer to page 21.

In determining the amount of distributions to be made, 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 Facility. 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 June 30, 2022, amounts to $1.75 per unit per annum (December 31, 2021 - $1.70 per Unit per annum).

COMMITMENTS

At June 30, 2022, Allied had future commitments as set out below, excluding the amount held within equity accounted investments:

	JUNE 30, 2022	DECEMBER 31, 2021
Capital expenditures and committed acquisitions	**$458,766**	$473,779

As at June 30, 2022, commitments of $612 (December 31, 2021 - $354) 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 and six months ended June 30, 2022.

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 and six months ended June 30, 2022, 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 June 30, 2022, 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. Various measures have been taken by the Canadian federal and provincial governments and other authorities to mitigate the transmission of COVID-19 and its variants, including social distancing recommendations, occupancy limits in enclosed spaces, quarantines, and travel restrictions, the majority of which have been lifted. The nature and extent of these measures may change depending on the efficacy of vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains 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.

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 during the transition to a fully reopened economy. 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 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 81.

Interest rates on debt are between 1.00% and 7.35% with a weighted average contractual interest rate of 3.10%. The weighted average term of our debt (excluding construction loans and the Unsecured Facility) is 5.6 years. Refer to note 11(b) and (d) 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 19.7% 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 June 30, 2022, Allied had $405,469 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.

UNIT PRICE RISK

Unit price risk arises from the unit-based compensation liabilities which are recorded at fair value at each quarter-end date. Allied's unit-based compensation liabilities negatively impact operating income when the Unit price rises and positively impact operating income when the Unit price declines.

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 52.

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, financing prepayment costs and the mark-to-market adjustment on unit-based compensation would decline by approximately $6,046 (approximately $0.045 per unit). The decline in AFFO excluding condominium related items and financing 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.

In the event that the SIFT rules apply to Allied, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by Allied in computing its income in a particular year and what portions of Allied's distributions constitute "non-portfolio earnings", other income and return of capital.

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 undertakes regular internal and external assessments of its information security posture, including annual third-party penetration testing and ongoing third-party assessment of Allied's information technology footprint. Allied has adopted ISO 27001:2013 as a guiding framework for its portfolio and has obtained ISO 27001 certification and a SOC 2 Type 2 audit report for its UDC portfolio. 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. Allied's employees complete information security training every four months and an external Information Technology General Controls audit is completed annually. Additionally, Allied monitors and assesses risks surrounding collection, usage, storage, protection, and retention/destruction practices of personal data. Allied also maintains information security risk insurance coverage. Since inception, Allied has not experienced an unauthorized intrusion or infiltration of its systems that has resulted in a data breach. These measures, as well as Allied's 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

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Urban Workspace 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 - 547-549 College	—	2,708	—	2,708		—	2,708	100.0%
College & Manning - 559-563 College (1)	24,627	2,634	—	27,261		3,202	24,059	88.3%
College & Palmerston - 491 College (1)	8,863	3,717	—	12,580		—	12,580	100.0%
The Castle - 135 Liberty	55,357	—	—	55,357		—	55,357	100.0%
The Castle - 41 Fraser	14,857	—	—	14,857		—	14,857	100.0%
The Castle - 47 Fraser	7,468	3,480	—	10,948		—	10,948	100.0%
The Castle - 49 Fraser	17,472	—	—	17,472		10,363	7,109	40.7%
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	**404,906**	**16,620**	**—**	**421,526**	**2.8%**	**13,565**	**407,961**	**96.8%**
12 Brant	—	11,936	—	11,936		—	11,936	100.0%
141 Bathurst	10,101	—	—	10,101		1,718	8,383	83.0%
183 Bathurst	24,136	5,643	—	29,779		7,906	21,873	73.5%
241 Spadina	24,833	6,046	—	30,879		6,162	24,717	80.0%
379 Adelaide W	38,560	3,045	—	41,605		31,151	10,454	25.1%
383 Adelaide W	4,515	—	—	4,515		2,133	2,382	52.8%
387 Adelaide W	6,500	—	—	6,500		—	6,500	100.0%
420 Wellington W	31,221	3,163	—	34,384		—	34,384	100.0%
425 Adelaide W	72,404	2,858	—	75,262		2,806	72,456	96.3%
425-439 King W	66,486	23,497	—	89,983		10,545	79,438	88.3%
432 Wellington Street W	—	8,997	—	8,997		—	8,997	100.0%
441-443 King W	6,377	2,904	—	9,281		3,221	6,060	65.3%
445-455 King W	31,523	16,304	—	47,827		—	47,827	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	—	—%
469 King W	61,618	12,273	—	73,891		—	73,891	100.0%
478 King W	—	8,701	—	8,701		—	8,701	100.0%
485 King W	12,339	—	—	12,339		—	12,339	100.0%

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
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%
540 King W	—	5,935	—	5,935		—	5,935	100.0%
552-560 King W	6,784	17,395	—	24,179		—	24,179	100.0%
555 Richmond W	296,038	1,850	—	297,888		35,407	262,481	88.1%
579 Richmond W	26,818	—	—	26,818		8,961	17,857	66.6%
64 Spadina	—	5,297	—	5,297		—	5,297	100.0%
80-82 Spadina	60,048	16,009	—	76,057		—	76,057	100.0%
96 Spadina	77,118	8,240	—	85,358		5,824	79,534	93.2%
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)	7,370	5,365	—	12,735		363	12,372	97.1%
King West Central	**1,196,589**	**264,571**	**—**	**1,461,160**	**9.9%**	**179,318**	**1,281,842**	**87.7%**
116 Simcoe	15,461	—	—	15,461		3,973	11,488	74.3%
117 & 119 John	—	7,562	—	7,562		—	7,562	100.0%
125 John	2,171	798	—	2,969		—	2,969	100.0%
179 John	70,898	—	—	70,898		—	70,898	100.0%
180 John	45,631	—	—	45,631		—	45,631	100.0%
200 Adelaide W	26,614	—	—	26,614		—	26,614	100.0%
208-210 Adelaide W	11,477	—	—	11,477		—	11,477	100.0%
217 Richmond W	31,662	21,670	—	53,332		10,175	43,157	80.9%
257 Adelaide W	42,763	—	—	42,763		—	42,763	100.0%
312 Adelaide W	62,420	5,584	—	68,004		6,460	61,544	90.5%
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		14,363	24,952	63.5%
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		6,864	31,415	82.1%
Union Centre	41,787	—	—	41,787		4,952	36,835	88.1%
Entertainment District	**869,181**	**73,438**	**—**	**942,619**	**6.4%**	**55,362**	**887,257**	**94.1%**

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
110 Yonge [2]	78,106	2,376	—	80,482		9,608	70,874	88.1%
175 Bloor E [3]	295,554	9,177	—	304,731		49,299	255,432	83.8%
193 Yonge	34,349	16,898	—	51,247		—	51,247	100.0%
525 University	192,771	9,325	—	202,096		1,968	200,128	99.0%
Downtown	**600,780**	**37,776**	**—**	**638,556**	**4.3%**	**60,875**	**577,681**	**90.5%**
106 Front E	24,118	10,554	—	34,672		6,756	27,916	80.5%
184 Front E	84,116	4,829	—	88,945		—	88,945	100.0%
35-39 Front E	34,818	13,822	—	48,640		—	48,640	100.0%
36-40 Wellington E	15,494	9,993	—	25,487		4,055	21,432	84.1%
41-45 Front E	20,958	14,239	—	35,197		—	35,197	100.0%
45-55 Colborne	30,622	13,288	—	43,910		3,145	40,765	92.8%
47 Front E	9,068	4,337	—	13,405		—	13,405	100.0%
49 Front E	9,482	10,435	—	19,917		5,849	14,068	70.6%
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		13,279	68,128	83.7%
60 Adelaide E	106,193	4,608	—	110,801		2,568	108,233	97.7%
65 Front E	14,339	5,922	—	20,261		—	20,261	100.0%
70 Esplanade	19,590	6,109	—	25,699		—	25,699	100.0%
St. Lawrence Market	**450,180**	**141,765**	**—**	**591,945**	**4.0%**	**35,652**	**556,293**	**94.0%**
135-137 George	2,399	—	—	2,399		—	2,399	100.0%
139-141 George	2,190	—	—	2,190		2,190	—	—%
204-214 King E	115,087	13,837	—	128,924		—	128,924	100.0%
230 Richmond E	73,542	—	—	73,542		—	73,542	100.0%
252-264 Adelaide E	44,537	2,582	—	47,119		13,550	33,569	71.2%
489 Queen E	31,737	—	—	31,737		—	31,737	100.0%
70 Richmond E	34,469	—	—	34,469		4,109	30,360	88.1%
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		4,888	38,516	88.7%
Dominion Square - 478-496 Queen	6,552	33,526	—	40,078		—	40,078	100.0%
QRC East - 111 Queen E	190,953	20,733	—	211,686		3,032	208,654	98.6%
Queen Richmond	**566,162**	**83,292**	**—**	**649,454**	**4.4%**	**27,769**	**621,685**	**95.7%**
Toronto	**4,087,798**	**617,462**	**—**	**4,705,260**	**31.8%**	**372,541**	**4,332,719**	**92.1%**

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
195 Joseph	26,462	—	—	26,462		—	26,462	100.0%
25 Breithaupt [4]	46,845	—	—	46,845		—	46,845	100.0%
51 Breithaupt [4]	66,355	—	—	66,355		—	66,355	100.0%
72 Victoria	90,010	—	—	90,010		4,386	85,624	95.1%
The Tannery - 151 Charles W	306,813	25,810	—	332,623		33,213	299,410	90.0%
Kitchener	**536,485**	**25,810**	**—**	**562,295**	**3.8%**	**37,599**	**524,696**	**93.3%**
Toronto & Kitchener	**4,624,283**	**643,272**	**—**	**5,267,555**	**35.6%**	**410,140**	**4,857,415**	**92.2%**
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**	**1.6%**	**2,430**	**229,038**	**99.0%**
1001 Boulevard Robert-Bourassa [6]	654,488	—	—	654,488		7,005	647,483	98.9%
1010 Sherbrooke W	326,754	1,600	—	328,354		23,793	304,561	92.8%
3510 Saint-Laurent	85,646	15,022	—	100,668		—	100,668	100.0%
3530-3540 Saint-Laurent	52,321	4,008	—	56,329		4,780	51,549	91.5%
3575 Saint-Laurent	165,502	19,277	—	184,779		44,293	140,486	76.0%
425 Viger	311,646	4,674	—	316,320		15,756	300,564	95.0%
4396-4410 Saint-Laurent	41,799	14,147	—	55,946		5,008	50,938	91.0%
4446 Saint-Laurent	72,819	7,251	—	80,070		14,198	65,872	82.3%
451-481 Saint-Catherine W	21,044	9,983	—	31,027		2,350	28,677	92.4%
480 Saint-Laurent	53,407	6,293	—	59,700		2,202	57,498	96.3%
5445 de Gaspé	483,685	896	—	484,581		53,713	430,868	88.9%
5455 de Gaspé	467,061	22,562	—	489,623		—	489,623	100.0%
5505 Saint-Laurent	243,788	2,221	—	246,009		2,221	243,788	99.1%
6300 Parc	184,510	3,736	—	188,246		26,846	161,400	85.7%
645 Wellington	129,017	8,117	—	137,134		818	136,316	99.4%
700 Saint Antoine	107,320	16,893	—	124,213		5,281	118,932	95.7%
740 Saint-Maurice	67,692	—	—	67,692		14,029	53,663	79.3%
747 Square-Victoria	531,617	37,752	—	569,369		69,133	500,236	87.9%
810 Saint Antoine	43,500	—	—	43,500		43,500	—	—%
85 Saint-Paul W	79,510	—	—	79,510		25,744	53,766	67.6%
Cité Multimédia - 111 Boulevard Robert-Bourassa	358,914	12,571	—	371,485		194,466	177,019	47.7%
Cité Multimédia - 50 Queen	27,072	—	—	27,072		2,332	24,740	91.4%

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Urban Workspace Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
Cité Multimédia - 700 Wellington	135,232	—	—	135,232		20,912	114,320	84.5%
Cité Multimédia - 75 Queen	253,311	2,513	—	255,824		644	255,180	99.7%
Cité Multimédia - 80 Queen	69,247	—	—	69,247		5,179	64,068	92.5%
Cité Multimédia - 87 Prince	100,116	1,040	—	101,156		3,254	97,902	96.8%
El Pro Lofts - 644 Courcelle	145,102	8,935	—	154,037		36,581	117,456	76.3%
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	785,834	41,479	—	827,313		55,025	772,288	93.3%
RCA Building - 1001 Lenoir [6]	205,878	26,807	—	232,685		1,749	230,936	99.2%
Montréal	**6,244,275**	**267,777**	**—**	**6,512,052**	**44.0%**	**680,812**	**5,831,240**	**89.5%**
Montréal & Ottawa	**6,468,487**	**275,033**	**—**	**6,743,520**	**45.5%**	**683,242**	**6,060,278**	**89.9%**
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		4,198	27,436	86.7%
Alberta Hotel - 808 1st SW	28,036	20,424	—	48,460		2,326	46,134	95.2%
Atrium on Eleventh - 625 11th SE	34,705	1,373	—	36,078		21,538	14,540	40.3%
Biscuit Block - 438 11th SE	51,298	—	—	51,298		—	51,298	100.0%
Burns Building - 237 8th SE	66,956	7,423	—	74,379		3,332	71,047	95.5%
Cooper Block - 809 10th SW	35,256	—	—	35,256		—	35,256	100.0%
Customs House - 134 11th SE	76,866	—	—	76,866		5,652	71,214	92.6%
Demcor Condo - 221 10th SE	14,253	—	—	14,253		7,021	7,232	50.7%
Demcor Tower - 239 10th SE	25,228	—	—	25,228		—	25,228	100.0%
Five Roses Building - 731-739 10th SW	—	20,808	—	20,808		2,495	18,313	88.0%
Glenbow - 802 11th SW	—	7,319	—	7,319		—	7,319	100.0%
Glenbow Annex - 816 11th SW	—	9,021	—	9,021		—	9,021	100.0%
Glenbow - 822 11th SW	9,697	7,838	—	17,535		11,069	6,466	36.9%
Glenbow Cornerblock - 838 11th SW	10,998	11,212	—	22,210		1,146	21,064	94.8%
Glenbow Ellison - 812 11th SW	13,344	—	—	13,344		—	13,344	100.0%
Kipling Square - 601 10th SW	48,502	—	—	48,502		9,548	38,954	80.3%
Leeson Lineham Building - 209 8th SW	27,821	5,420	—	33,241		—	33,241	100.0%

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
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	40,018	—	—	40,018		—	40,018	100.0%
Roberts Block - 603-605 11th SW	23,645	27,499	—	51,144		17,296	33,848	66.2%
Sherwin Block - 738 11th SW	18,319	8,176	—	26,495		10,372	16,123	60.9%
Telephone Building - 119 6th SW	63,063	—	—	63,063		25,183	37,880	60.1%
TELUS Sky - 685 Centre SW (5)	144,290	3,711	—	148,001		41,847	106,154	71.7%
Theatre Grand - 608 1st Street SW	—	34,100	—	34,100		—	34,100	100.0%
Vintage Towers - 322-326 11th SW	190,243	20,418	—	210,661		9,304	201,357	95.6%
Woodstone Building - 1207-1215 13th SE	32,428	—	—	32,428		—	32,428	100.0%
Young Block - 129 8th SW	4,841	2,164	—	7,005		2,414	4,591	65.5%
Calgary	**1,063,141**	**220,040**	**—**	**1,283,181**	**8.7%**	**177,829**	**1,105,352**	**86.1%**
1040 Hamilton	36,276	9,162	—	45,438		11,856	33,582	73.9%
1050 Homer	38,302	4,797	—	43,099		—	43,099	100.0%
1185 West Georgia	160,933	4,869	—	165,802		44	165,758	100.0%
1220 Homer	21,708	—	—	21,708		—	21,708	100.0%
1286 Homer	25,637	—	—	25,637		—	25,637	100.0%
1508 West Broadway	82,961	64,183	—	147,144		7,472	139,672	94.9%
151-155 West Hastings	38,512	—	—	38,512		—	38,512	100.0%
2233 Columbia	21,591	6,852	—	28,443		—	28,443	100.0%
365 Railway	31,528	—	—	31,528		—	31,528	100.0%
375 Water	149,508	27,149	—	176,657		14,961	161,696	91.5%
840 Cambie	89,377	—	—	89,377		—	89,377	100.0%
948-950 Homer	23,245	21,758	—	45,003		—	45,003	100.0%
Dominion Building - 207 West Hastings	59,659	12,646	—	72,305		6,143	66,162	91.5%
Sun Tower - 128 West Pender	76,182	1,693	—	77,875		21,999	55,876	71.8%
Vancouver	**855,419**	**153,109**	**—**	**1,008,528**	**6.8%**	**62,475**	**946,053**	**93.8%**
Total Office and Retail	**13,011,330**	**1,291,454**	**—**	**14,302,784**	**96.6%**	**1,333,686**	**12,969,098**	**90.7%**

JUNE 30, 2022 PROPERTIES	Urban Workspace Office GLA	Retail GLA	Urban Data Centres GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
151 Front W	—	—	277,432	277,432		2,567	274,865	99.1%
250 Front W	—	—	173,000	173,000		7,976	165,024	95.4%
905 King W	—	—	59,056	59,056		—	59,056	100.0%
Urban Data Centres	**—**	**—**	**509,488**	**509,488**	**3.4%**	**10,543**	**498,945**	**97.9%**
Total Rental Portfolio	**13,011,330**	**1,291,454**	**509,488**	**14,812,272**	**100.0%**	**1,344,229**	**13,468,043**	**90.9%**

Note that the table above does not include ancillary residential properties, which total 13, and are included in the property count. The table above also excludes properties under development and investment properties held for sale.

(1) RioCan/Allied Joint Arrangement
(2) Sutter Hill/Allied Joint Arrangement
(3) OPTrust/Allied Joint Arrangement
(4) Perimeter/Allied Joint Arrangement
(5) Westbank/Allied/TELUS Joint Arrangement
(6) A portion of the property is under development. Only the portion of GLA that is in the rental portfolio is included in the property table.

RENTAL RESIDENTIAL UNITS

PROPERTY	OCCUPANCY AT JUNE 30, 2022	WEIGHTED AVERAGE OCCUPANCY FOR THE YEAR ENDED DECEMBER 31, 2021
TELUS Sky	62.7%	29.0%
College & Manning	74.6%	35.8%

PROPERTIES UNDER DEVELOPMENT

PROPERTIES UNDER DEVELOPMENT	ESTIMATED GLA ON COMPLETION (SF)
The Well, Toronto (1)(2)	763,000
The Lougheed (604-1st SW), Calgary (3)	88,000
400 Atlantic, Montréal	87,473
Boardwalk-Revillon Building, Edmonton (4)	297,851
185 Spadina, Toronto	55,213
Breithaupt Phase III, Kitchener (1)	147,000
342 Water, Vancouver	21,640
Adelaide & Duncan, Toronto (1)(5)	230,000
1001 Boulevard Robert-Bourassa, Montréal (6)	335,652
RCA Building, Montréal (6)	113,986
422-424 Wellington W, Toronto	8,000
QRC West Phase II, Toronto (7)	93,134
KING Toronto, Toronto (1)(8)	100,000
108 East 5th Avenue, Vancouver (1)	102,000
King & Brant, Toronto	240,000
Total Development Portfolio	**2,682,949**

(1) These properties are co-owned, reflected in the table above at Allied's ownership interest.
(2) Each of Allied and RioCan own an undivided 50% interest in The Well. The GLA components (in square feet) at Allied's 50% share will be as follows: approximately 584,000 of office, 160,000 of retail, 19,000 of storage and the 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 in Q4 2020, the second and third phases closed in Q2 2021, the fourth phase closed in Q4 2021 and the last phase closed in January 2022.
(3) 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.
(4) The GLA components (in square feet) are as follows: 233,559 of office and 64,292 of retail.
(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) A portion of the property is under development. The GLA represents the portion under development.
(7) The GLA components (in square feet) are as follows: 77,434 of office and 15,700 of retail.
(8) 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.

ANCILLARY PARKING FACILITIES

ANCILLARY PARKING FACILITIES	NUMBER OF SPACES
15 Brant, Toronto	208
78 Spadina, Toronto	39
105 George, Toronto	15
301 Markham, Toronto	47
388 Richmond, Toronto	121
464 King, Toronto	12
478 King, Toronto	131
560 King, Toronto	171
650 King, Toronto	71
Total Parking	**815**

Unaudited Condensed Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2022 and 2021

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2022 AND DECEMBER 31, 2021

(in thousands of Canadian dollars)	NOTES	JUNE 30, 2022	DECEMBER 31, 2021
Assets			
Non-current assets			
Investment properties	5	$10,662,703	$9,527,105
Residential inventory	6	188,801	170,980
Investment in joint venture and loan receivable	7	127,548	124,790
Loans and notes receivable	8	405,619	223,456
Other assets	9	55,287	28,185
		11,439,958	10,074,516
Current assets			
Cash and cash equivalents	20	23,738	22,548
Loans and notes receivable	8	22	144,306
Accounts receivable, prepaid expenses and deposits	10	96,091	57,061
Investment properties held for sale	5	60,660	86,260
		180,511	310,175
Total assets		$11,620,469	$10,384,691
Liabilities			
Non-current liabilities			
Debt	11	$3,860,989	$3,417,138
Other liabilities	13	45,565	44,635
Lease liabilities	12	158,339	157,550
		4,064,893	3,619,323
Current liabilities			
Debt	11	54,698	36,146
Accounts payable and other liabilities	13	345,232	303,450
		399,930	339,596
Total liabilities		4,464,823	3,958,919
Equity			
Unitholders' equity	15	$6,607,982	$6,425,772
Non-controlling interests	15	547,664	—
Total equity		7,155,646	6,425,772
Total liabilities and equity		$11,620,469	$10,384,691

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 AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(in thousands of Canadian dollars, except unit and per unit amounts)	NOTES	THREE MONTHS ENDED JUNE 30, 2022	THREE MONTHS ENDED JUNE 30, 2021	SIX MONTHS ENDED JUNE 30, 2022	SIX MONTHS ENDED JUNE 30, 2021
Rental revenue	18, 22	**$154,417**	$138,675	**$299,237**	$279,510
Property operating costs	22	**(63,667)**	(56,748)	**(125,253)**	(116,466)
Operating income		**$90,750**	$81,927	**$173,984**	$163,044
Interest expense	11 (g)	**(18,841)**	(16,797)	**(35,510)**	(48,645)
General and administrative expenses	19	**(5,592)**	(7,218)	**(12,474)**	(13,421)
Condominium marketing expenses		**(199)**	(125)	**(312)**	(346)
Amortization of other assets	9	**(269)**	(303)	**(530)**	(609)
Interest income		**7,556**	8,146	**14,580**	14,090
Fair value gain on investment properties and investment properties held for sale	5	**21,272**	38,187	**115,200**	45,388
Fair value gain (loss) on derivative instruments	14, 25 (d)	**10,744**	(5,086)	**29,942**	15,479
Net (loss) income from joint venture	7	**(5,383)**	(208)	**2,348**	1,065
Net income and comprehensive income		**$100,038**	$98,523	**$287,228**	$176,045
Net income and comprehensive income attributable to:					
Unitholders' equity		**$97,869**	$98,523	**$285,059**	$176,045
Non-controlling interests		**2,169**	—	**2,169**	—
		$100,038	$98,523	**$287,228**	$176,045
Net income and comprehensive income per unit					
Basic		**$0.72**	$0.77	**$2.14**	$1.38
Diluted		**$0.72**	$0.77	**$2.14**	$1.38
Weighted average number of units	17				
Basic		**139,761,340**	127,259,218	**133,949,961**	127,259,218
Diluted		**139,860,134**	127,443,551	**134,103,918**	127,381,585

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 EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(in thousands of Canadian dollars)	NOTES	ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
		UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNITHOLDERS' EQUITY	EXCHANGEABLE LP UNITS	RETAINED EARNINGS	EXCHANGEABLE LP UNITS' EQUITY	TOTAL EQUITY
Balance at January 1, 2021	15	$3,884,661	$2,265,326	$27,045	$6,177,032	$—	$—	$—	$6,177,032
Net income and comprehensive income		—	176,045	—	176,045	—	—	—	176,045
Unit issuance (net of costs)	15	—	—	—	—	—	—	—	—
Distributions		—	(108,195)	—	(108,195)	—	—	—	(108,195)
Unit Option Plan – options exercised	15, 16 (a)	—	—	—	—	—	—	—	—
Contributed surplus – Unit Option Plan	16 (a)	—	—	875	875	—	—	—	875
Restricted Unit Plan (net of forfeitures)	15, 16 (b)	(2,041)	—	1,490	(551)	—	—	—	(551)
Balance at June 30, 2021		$3,882,620	$2,333,176	$29,410	$6,245,206	$—	$—	$—	$6,245,206

(in thousands of Canadian dollars)	NOTES	ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
		UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNITHOLDERS' EQUITY	EXCHANGEABLE LP UNITS	RETAINED EARNINGS	EXCHANGEABLE LP UNITS' EQUITY	TOTAL EQUITY
Balance at January 1, 2022	**15**	**$3,902,655**	**$2,491,956**	**$31,161**	**$6,425,772**	**$—**	**$—**	**$—**	**$6,425,772**
Net income and comprehensive income		**—**	**285,059**	**—**	**285,059**	**—**	**2,169**	**2,169**	**287,228**
Unit issuance (net of costs)	**15**	**9,184**	**—**	**—**	**9,184**	**550,660**	**—**	**550,660**	**559,844**
Distributions		**—**	**(111,933)**	**—**	**(111,933)**	**—**	**(5,165)**	**(5,165)**	**(117,098)**
Unit Option Plan – options exercised	**15, 16 (a)**	**80**	**—**	**—**	**80**	**—**	**—**	**—**	**80**
Contributed surplus – Unit Option Plan	**16 (a)**	**—**	**—**	**478**	**478**	**—**	**—**	**—**	**478**
Restricted Unit Plan (net of forfeitures)	**15, 16 (b)**	**(2,663)**	**—**	**2,005**	**(658)**	**—**	**—**	**—**	**(658)**
Balance at June 30, 2022		**$3,909,256**	**$2,665,082**	**$33,644**	**$6,607,982**	**$550,660**	**$(2,996)**	**$547,664**	**$7,155,646**

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 AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED JUNE 30, 2022	THREE MONTHS ENDED JUNE 30, 2021	SIX MONTHS ENDED JUNE 30, 2022	SIX MONTHS ENDED JUNE 30, 2021
Operating activities					
Net income for the period		**$100,038**	$98,523	**$287,228**	$176,045
Fair value gain on investment properties and investment properties held for sale	5	**(21,272)**	(38,187)	**(115,200)**	(45,388)
Fair value (gain) loss on derivative instruments		**(10,744)**	5,086	**(29,942)**	(15,479)
Interest expense (excluding the impact of capitalization)	11 (g)	**18,841**	16,797	**35,510**	48,645
Interest paid (excluding the impact of capitalization)	5, 6, 12, 20	**(13,489)**	(14,446)	**(35,661)**	(47,653)
Interest income		**(7,556)**	(8,146)	**(14,580)**	(14,090)
Interest received		**5,391**	4,410	**10,239**	8,742
Net loss (income) from joint venture	7	**5,383**	208	**(2,348)**	(1,065)
Amortization of other assets	9	**269**	303	**530**	609
Amortization of improvement allowances	5	**8,283**	8,014	**16,050**	16,081
Amortization of straight-line rents	5	**(1,051)**	(498)	**(1,260)**	(2,171)
Amortization of discount (premium) on debt	11 (g)	**841**	(105)	**682**	(3,020)
Amortization of lease liabilities	5, 12	**145**	101	**284**	196
Amortization of net financing costs	11 (g)	**607**	623	**1,213**	1,478
Unit-based compensation expense	16	**982**	881	**3,238**	2,365
Additions to residential inventory	6	**(6,380)**	(5,355)	**(17,821)**	(10,349)
Change in other non-cash operating items	8, 10, 13, 20	**(18,030)**	(14,773)	**(7,233)**	(461)
Cash provided by operating activities		**62,258**	53,436	**130,929**	114,485
Financing activities					
Repayment of mortgages payable	11 (a)	**(821)**	(5,161)	**(1,655)**	(150,465)
Proceeds from senior unsecured debentures (net of financing costs)	11 (e)	**—**	—	**—**	596,900
Redemption of senior unsecured debentures	11 (e)	**—**	—	**—**	(150,000)
Principal payments of lease liabilities	12	**(8)**	(8)	**(16)**	(15)
Distributions paid on Units		**(55,964)**	(54,094)	**(111,376)**	(107,660)
Proceeds of Unit issuance (net of issuance costs)	15	**—**	—	**9,184**	—
Proceeds from exercise of Unit options	15, 16 (a)	**—**	—	**80**	—
Restricted Unit Plan (net of forfeitures)	15, 16 (b)	**(183)**	(33)	**(2,663)**	(2,041)
Proceeds from Unsecured Revolving Operating Facility	11 (d)	**145,000**	—	**295,000**	55,000
Repayments of Unsecured Revolving Operating Facility	11 (d)	**(415,000)**	—	**(470,000)**	(115,000)
Proceeds from construction loan	11 (b)	**17,952**	13,040	**32,690**	20,517
Proceeds from unsecured term loan (net of financing costs)	11 (f)	**399,300**	—	**399,300**	—

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED JUNE 30, 2022	THREE MONTHS ENDED JUNE 30, 2021	SIX MONTHS ENDED JUNE 30, 2022	SIX MONTHS ENDED JUNE 30, 2021
Financing costs		**—**	—	**(8)**	(336)
Cash provided by (used in) financing activities		**90,276**	(46,256)	**150,536**	146,900
Investing activities					
Acquisition of investment properties	**4**	**(26,615)**	(61,600)	**(73,552)**	(84,574)
Deposits on acquisitions		**(400)**	(457)	**(928)**	(1,768)
Additions to investment properties (including capitalized interest)	**5, 11 (g)**	**(108,764)**	(98,587)	**(192,201)**	(182,944)
Net proceeds on disposition of investment properties held for sale	**4, 5**	**48,945**	—	**48,945**	—
Net proceeds on disposition of properties under development	**4**	**—**	55,439	**15,254**	55,439
Net (contributions to) distributions from equity accounted investments	**7**	**(818)**	(1,649)	**(410)**	(7,487)
Loans receivable issued to third-parties	**7, 8 (a), 20**	**(29,150)**	(10,857)	**(35,090)**	(24,105)
Proceeds from loans receivable	**8 (a)**	**164**	—	**343**	—
Proceeds from notes receivable	**8 (b)**	**6**	24	**11**	50
Advances on note receivable from holder of Exchangeable LP Units	**15**	**(3,444)**	—	**(3,444)**	—
Additions to equipment and other assets	**9**	**(197)**	(92)	**(576)**	(207)
Leasing commissions	**5**	**(4,220)**	(2,152)	**(11,283)**	(3,564)
Improvement allowances	**5**	**(14,747)**	(4,169)	**(27,344)**	(7,178)
Cash used in investing activities		**(139,240)**	(124,100)	**(280,275)**	(256,338)
Increase (decrease) in cash and cash equivalents		**13,294**	(116,920)	**1,190**	5,047
Cash and cash equivalents, beginning of period		**10,444**	167,479	**22,548**	45,512
Cash and cash equivalents, end of period		**$23,738**	$50,559	**$23,738**	$50,559

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 May 3, 2022. Allied is governed by the laws of the Province of Ontario and began operations on February 19, 2003. The units of Allied ("Units") are traded on the Toronto Stock Exchange ("TSX") and are traded under the symbol "AP.UN".

The subsidiaries of Allied include Allied Properties Management Trust, Allied Properties Management Limited Partnership, Allied Properties Management GP Limited, Allied Properties Exchangeable Limited Partnership (the "Partnership"), and Allied Properties Exchangeable GP Inc. (the "General Partner"). On March 31, 2022, Allied acquired a portfolio of six properties from Choice Properties Real Estate Investment Trust ("Choice Properties"), which was partially settled with the issuance of 11,809,145 Class B exchangeable limited partnership units of the Partnership ("Exchangeable LP Units"). Allied owns 100% of the shares of the General Partner and 100% of the class A LP Units of the Partnership (the "Class A Units").

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 and six months ended June 30, 2022 and 2021 were approved and authorized for issue by the Board of Trustees on July 27, 2022.

(A) *Statement of compliance*

The unaudited condensed consolidated financial statements of Allied for the three and six months ended June 30, 2022 and 2021 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, 2021, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements, and the changes to the significant accounting policies are described in notes 2(b) and 2(c) below.

(B) *Exchangeable Limited Partnership Units*

The consolidated financial statements comprise the financial statements of Allied and its subsidiaries. Subsidiaries are all entities over which Allied has control, where control is defined as the power to direct the relevant activities of an entity so as to obtain benefit from its activities. Control exists when a parent company is exposed to, or has rights to, variable returns from the subsidiaries and has the ability to affect those returns through its power.

Subsidiaries are consolidated from the date control is transferred to Allied, and are de-consolidated from the date control ceases. Intercompany transactions between subsidiaries are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Allied. All subsidiaries have a reporting date of December 31.

The Exchangeable LP Units may, at the request of the holder, be exchanged on a one-for-one basis for Units of Allied. The Exchangeable LP Units are entitled to distributions from the Partnership in an amount equal to distributions declared by Allied on the Units. The Exchangeable LP Units provide the holder the indirect economic benefits and exposures to the underlying performance of Allied and accordingly to the variability of the distributions of Allied, whereas Allied's unitholders have direct access to the economic benefits and exposures of Allied through direct ownership interest in Allied. Accordingly, the Exchangeable LP Units have been presented within non-controlling interests on the unaudited condensed consolidated balance sheets. Net income and other comprehensive income are attributed to unitholders and to non-controlling interests. Net income and other comprehensive income attributable to non-controlling interests is equivalent to the amount allocated to the Partnership for income tax purposes.

The basic net income per unit is calculated by dividing net income by the weighted average number of Units and Exchangeable LP Units outstanding for the period (note 17).

(C) *Cash-settled unit-based compensation plans*

Under the Performance and Restricted Trust Unit Plan (the "PTU/RTU Plan"), performance trust units and/or restricted trust units (together, "Plan Units") are granted which entitle certain key employees to receive the fair value of the Plan Units in cash as a lump sum payment at the end of the applicable vesting period, which is usually three years in length. The PTU/RTU Plan provides for the accumulation of additional Plan Units in the form of distribution equivalents during the vesting period.

The Plan Units are recognized as an expense, on a straight-line basis over the period that the employees render service, in general and administrative expenses with a corresponding amount recorded to unit-based compensation liabilities. The unit-based compensation liabilities are measured based on the market value of the underlying units. During the periods in which the unit-based compensation liabilities are outstanding, the liabilities are adjusted for changes in the market value of the underlying units, with such positive or negative adjustments recognized in general and administrative expenses in the period in which they occur. For the performance trust units' liabilities, performance market conditions are also considered and the performance trust unit liabilities are adjusted accordingly. Upon forfeiture of Plan Units by an employee, the liability representing the cumulative expense recognized to date is reversed with a corresponding reversal of expense.

(D) *Comparative figures*

Comparative figures in respect of loans and notes receivables previously classified in financing activities in the unaudited condensed consolidated statements of cash flows have been revised to be classified in investing activities to conform to the presentation in the current period.

Comparative figures in respect of segment information were revised to present the City of Vancouver separately from previous presentation within the Calgary and Edmonton segment. The revision reflects the presentation based on the effect of internal reorganization and corresponding information reported to and reviewed by the chief operating decision maker to allocate resources and assess the performance of the segments.

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, 2021, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

Impact of COVID-19

In response to the global COVID-19 pandemic, various measures have been taken by Canadian federal and provincial governments and other authorities to mitigate the transmission of COVID-19 and its variants, including social distancing recommendations, occupancy limits in enclosed spaces, quarantines, and travel restrictions. As of June 30, 2022, the majority of public health and workplace safety measures have been lifted. The nature and extent of these measures may change depending on the efficacy of vaccination programs, the emergence of new variants of the COVID-19 virus, and any resurgence of COVID-19 positive cases. As a result of the continuously evolving circumstances surrounding COVID-19, uncertainty remains 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 at June 30, 2022. 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 and investment properties held for sale, 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 six months ended June 30, 2022, Allied acquired the following properties from third parties:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
108 East 5th Avenue, Vancouver	February 23, 2022	Development	$39,549	50%
1010 Sherbrooke W, Montréal	March 31, 2022	Office, Retail	116,248	100%
110 Yonge, Toronto	March 31, 2022	Office, Retail	55,757	50%
525 University, Toronto	March 31, 2022	Office, Retail	137,967	100%
175 Bloor E, Toronto	March 31, 2022	Office, Retail	166,547	50%
1508 West Broadway, Vancouver (1)	March 31, 2022	Office, Retail	166,408	100%
1185 West Georgia, Vancouver	March 31, 2022	Office, Retail	131,671	100%
540 King W, Toronto	April 8, 2022	Retail	26,615	100%
			$840,762	

(1) Allied acquired a leasehold interest in 1508 West Broadway.

The total purchase price, including acquisition costs, for 108 East 5th Avenue of $39,549 is comprised of net cash consideration of $24,998, a mortgage assumption of $13,625, and a deferred mortgage premium of $926.

Six properties were acquired as a portfolio from Choice Properties for a total cost of $774,598, which includes $31,510 of acquisition costs, which was satisfied by i) a promissory note with a face value of $200,000 net of a deferred discount of $7,572, which matures on December 31, 2023, bearing interest at 1% and 2% per annum in 2022 and 2023, respectively (note 11) and ii) the issuance of 11,809,145 Exchangeable LP Units of $550,660. In addition, Allied assumed other liabilities of $9,571, which were reimbursed by Choice Properties.

The total purchase price, including acquisition costs, for 540 King Street West is comprised of net cash consideration of $26,615.

During the year ended December 31, 2021, Allied completed the following property acquisitions and air rights 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	Retail	6,464	100%
478 King W, Toronto (1)	April 22, 2021	Retail	10,963	50%
65 Front E, Toronto	April 29, 2021	Office, Retail	20,064	100%
64 Spadina, Toronto	May 19, 2021	Retail	14,617	100%
12 Brant, Toronto	June 18, 2021	Retail	16,180	100%
422-424 Wellington W, Toronto	August 4, 2021	Development	28,648	100%
143 Bathurst, Toronto	August 23, 2021	Residential	2,945	100%
700 Saint Antoine E, Montréal	August 30, 2021	Office, Retail	80,449	100%
810 Saint Antoine E, Montréal	August 30, 2021	Office	51,263	100%
731-10th SW, Calgary (2)	October 19, 2021	Retail	7,975	50%
802-838 11th SW, Glenbow Assembly, Calgary (2)	October 19, 2021	Office, Retail	12,787	50%
Sherwin Block, Calgary (2)	October 19, 2021	Office, Retail	7,299	50%
207 West Hastings, Vancouver	November 12, 2021	Office, Retail	67,161	100%
			344,621	
Union Centre Air Rights, Toronto	December 15, 2021		14,814	100%
			$359,435	

(1) Allied acquired the remaining 50% interest in 478 King W on April 22, 2021.
(2) Allied acquired the remaining 50% interest in 731-10th SW, 802-838 11th SW, and Sherwin Block on October 19, 2021.

The total purchase price, including acquisition costs, for the above noted properties during the year ended December 31, 2021, of $344,621 is comprised of net cash consideration of $288,887, a mortgage assumption of $51,750, a deferred mortgage premium of $1,000 and the assumption of other liabilities of $2,984. In addition, on December 15, 2021, Allied completed the acquisition of the air rights associated with Union Centre for a total purchase price including acquisition costs of $14,814, which was settled in cash and recognized as a capital expenditures addition to investment properties.

Dispositions

On January 24, 2022, Allied and its partners closed on the fifth and final phase of The Well air rights and associated underground parking and transfer floor slab developments for net cash consideration of $14,841 (at Allied's share), which represented the fair value at the time of disposition, so accordingly there was no gain or loss recorded. In addition, during the six months ended June 30, 2022, Allied received cash of $413 (at Allied's share) for the release of a holdback related to the disposition of the first phase of The Well air rights.

On June 30, 2022, Allied closed on the disposition of two investment properties held for sale, which were 662 King Street West and 668 King Street West, both in Toronto, for net proceeds of $38,954 and $9,991, respectively (note 5). The total net cash consideration of $48,945 represented the fair value at the time of disposition, so there was no gain or loss recorded on closing. The disposition costs incurred were fully recoverable from the purchaser.

During the year ended December 31, 2021, Allied and its partners closed on the dispositions of the following phases of The Well air rights and associated underground parking and transfer floor slab developments:

PHASE OF THE WELL AIR RIGHTS	CLOSING DATE	CASH CONSIDERATION (AT ALLIED'S SHARE)
Second phase	April 7, 2021	$31,152
Third phase	June 11, 2021	24,287
Fourth phase	December 20, 2021	16,153
		$71,592

The total cash consideration received of $71,592 (at Allied's share) represented the fair value at the time of disposition so there is no gain or loss on disposition.

5. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR SALE

Changes to the carrying amounts of investment properties and investment properties held for sale are summarized as follows:

	SIX MONTHS ENDED JUNE 30, 2022			YEAR ENDED DECEMBER 31, 2021		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of period	**$8,374,535**	**$1,238,830**	**$9,613,365**	$7,790,855	$896,520	$8,687,375
Additions:						
Acquisitions	**801,213**	**39,549**	**840,762**	315,973	28,648	344,621
Improvement allowances	**26,744**	**600**	**27,344**	22,559	2,119	24,678
Leasing commissions	**7,854**	**3,429**	**11,283**	15,012	1,829	16,841
Capital expenditures	**55,446**	**136,755**	**192,201**	123,842	304,406	428,248
Dispositions	**(48,945)**	**(15,254)**	**(64,199)**	—	(71,592)	(71,592)
Transfers from PUD	**28,380**	**(28,380)**	**—**	—	—	—
Transfers to PUD	**(219,242)**	**219,242**	**—**	(47,040)	47,040	—
Transfers from (to) other assets	**1,676**	**—**	**1,676**	(6,838)	—	(6,838)
Lease liabilities	**521**	**—**	**521**	1,098	—	1,098
Amortization of straight-line rent and improvement allowances	**(15,491)**	**701**	**(14,790)**	(28,123)	(500)	(28,623)
Fair value gain (loss) on investment properties and investment properties held for sale	**145,592**	**(30,392)**	**115,200**	187,197	30,360	217,557
Balance, end of period	**$9,158,283**	**$1,565,080**	**$10,723,363**	$8,374,535	$1,238,830	$9,613,365
Investment properties	**$9,097,623**	**$1,565,080**	**$10,662,703**	$8,288,275	$1,238,830	$9,527,105
Investment properties held for sale	**$60,660**	**$—**	**$60,660**	86,260	$—	$86,260
Balance, end of period	**$9,158,283**	**$1,565,080**	**$10,723,363**	$8,374,535	$1,238,830	$9,613,365

As at June 30, 2022, Allied had two properties classified as investment properties held for sale totaling $60,660, one located in Toronto and one located in Montréal. These properties are considered to be non-core assets. There were three investment properties held for sale as at December 31, 2021, totaling $86,260 two located in Toronto and one located in Montréal. The decrease of $25,600 in the six months ended June 30, 2022, is due to the addition of one property and the disposition of two investment properties held for sale (note 4).

For the three and six months ended June 30, 2022, Allied capitalized $11,180 and $20,885 (June 30, 2021 - $8,898 and $16,853) of borrowing costs to qualifying investment properties.

Included in the rental properties amounts noted above are right-of-use assets with a fair value of $547,580 (December 31, 2021 - $528,400) representing the fair value of Allied's interest in five investment properties with corresponding lease liabilities. The leases' maturities range from 22.3 years to 80.0 years. In addition, Allied has a prepaid land leasehold interest on a property with a fair value of $178,220 and a maturity of 74.1 years.

Valuation Methodology

The appraised fair value of investment properties and investment properties held for sale 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-IFRS measure, in the terminal year. This method is primarily used to value the rental 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, ancillary parking facilities and investment properties held for sale.

(c) Direct capitalization method - Under this approach, capitalization rates are applied to the estimated stabilized NOI of the properties. Estimated stabilized NOI is based on projected rental revenue and property operating costs, and external evidence such as current market rents for similar properties, and is further adjusted for estimated vacancy loss and capital reserves. Currently, this method is used only to value residential use.

In accordance with its policy, Allied measures and records its investment properties and investment properties held for sale using valuations under the supervision of Management with the support of an independent external appraiser. Allied's portfolio is valued by an 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.

Significant Inputs

There are significant unobservable inputs used, such as capitalization rates, in determining the fair value of each investment property and investment property held for sale. Accordingly, all investment properties and investment properties held for sale are measured in accordance with the fair value measurement hierarchy levels and the inputs 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 and an increase in capitalization rates will result in a decrease in the fair value. Below are the rates used in the modeling process for valuations of investment properties.

	WEIGHTED AVERAGE	
	JUNE 30, 2022	DECEMBER 31, 2021
Discount rate	**5.85%**	5.98%
Terminal capitalization rate	**4.92%**	5.03%
Overall capitalization rate	**4.57%**	4.68%
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	**$1,310,901**	**$617,492**	**$(553,396)**	**$(1,052,184)**

6. RESIDENTIAL INVENTORY

Residential inventory is as follows:

	JUNE 30, 2022	DECEMBER 31, 2021
KING Toronto	**$188,801**	$170,980

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

	JUNE 30, 2022	DECEMBER 31, 2021
Balance, beginning of period	**$170,980**	$140,038
Development expenditures	**17,821**	30,942
Balance, end of period	**$188,801**	$170,980

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 and six months ended June 30, 2022, Allied capitalized $1,435 and $2,649, respectively (June 30, 2021 - $1,116 and $2,225, respectively) of borrowing costs to qualifying residential inventory.

7. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

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

	JUNE 30, 2022	DECEMBER 31, 2021
Investment in joint venture	**$14,261**	$11,503
Loan receivable from joint venture	**113,287**	113,287
	$127,548	$124,790

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 July 15, 2023, and bears interest at bank prime plus 45 basis points or bankers' acceptance rate plus 145 basis points. As at June 30, 2022, the loan receivable outstanding is $113,287 (December 31, 2021 - $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.

	JUNE 30, 2022	DECEMBER 31, 2021
Current assets (including cash and cash equivalents)	**$5,961**	$8,637
Non-current assets	**384,297**	378,990
Current liabilities	**(7,614)**	(13,257)
Non-current liabilities	**(339,861)**	(339,861)
Net assets of TELUS Sky at 100%	**$42,783**	$34,509
Net assets of TELUS Sky at Allied's share	**$14,261**	$11,503

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Revenue	**$5,058**	$4,152	**$9,264**	$6,999
Expenses	**(3,123)**	(2,070)	**(6,012)**	(4,206)
Interest expense	**—**	(24)	**—**	(30)
General and administrative expense	**—**	(15)	**—**	(42)
Interest income	**6**	—	**6**	—
Fair value (loss) gain	**(18,090)**	(2,667)	**3,786**	474
Net (loss) income and total comprehensive income (loss) of TELUS Sky at 100%	**$(16,149)**	$(624)	**$7,044**	$3,195
Net (loss) income and total comprehensive (loss) income at Allied's share	**$(5,383)**	$(208)	**$2,348**	$1,065

	JUNE 30, 2022	DECEMBER 31, 2021
Investment in joint venture, beginning of period	**$11,503**	$3,825
Net earnings (loss)	**2,348**	(451)
Contributions	**1,913**	10,490
Distributions	**(1,503)**	(2,361)
Investment in joint venture, end of period	**$14,261**	$11,503

8. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	JUNE 30, 2022	DECEMBER 31, 2021
Loans receivable (a)	$405,469	$367,579
Notes and other receivables (b)	172	183
	$405,641	$367,762
Current	$22	$144,306
Non-current	405,619	223,456
	$405,641	$367,762

(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 June 30, 2022, the loan receivable outstanding is $21,173 (December 31, 2021 - $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. On May 18, 2022, Westbank exercised its option to extend the maturity date from August 31, 2022, to August 31, 2023. Interest accrues to the credit facility monthly at a rate of 6.75% per annum. As at June 30, 2022, the loan receivable outstanding is $154,556 (December 31, 2021 - $144,271).

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 30, 2023, or the closing of the condominium units. As at June 30, 2022, the loan receivable outstanding is $93,729 (December 31, 2021 - $90,586).

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 in instalments upon completion of development and rent commencement, which is anticipated to begin in the second quarter of 2023. As at June 30, 2022, the loan receivable outstanding is $9,913 (December 31, 2021 - $10,256) due to repayments made earlier than anticipated.

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 150 West Georgia (previously known as 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 to the credit facility monthly at a rate of 7.00% per annum. The credit facility matures on December 9, 2025. As at June 30, 2022, the loan receivable outstanding is $126,098 (December 31, 2021 - $101,293).

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 as at June 30, 2022 (December 31, 2021 - $nil).

(b) As at June 30, 2022, and December 31, 2021, the balance of notes and other receivables is made up of individually insignificant notes receivable.

9. OTHER ASSETS

Other assets consist of the following:

	JUNE 30, 2022	DECEMBER 31, 2021
Equipment and other assets [(1)]	$3,611	$3,565
Property, plant and equipment [(2)]	22,944	24,620
Interest rate swap derivative assets	28,732	—
	$55,287	$28,185

(1) During the three and six months ended June 30, 2022, Allied recorded amortization of equipment and other assets of $269 and $530, respectively (June 30, 2021 - $303 and $609, respectively).

(2) Property, plant and equipment relates to owner-occupied property.

10. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

Accounts receivable, prepaid expenses and deposits consist of the following:

	JUNE 30, 2022	DECEMBER 31, 2021
User trade receivables - net of allowance (a)	$20,434	$16,659
Other user receivables (b)	4,270	2,092
Miscellaneous receivables (c)	19,752	13,124
Prepaid expenses and deposits (d)	51,635	25,186
	$96,091	$57,061

(a) *User trade receivables*

User trade receivables include minimum rent, additional rent recoveries, parking, ancillary revenue and applicable sales taxes.

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, payment history and future expectations of likely default events, and records an impairment based on expected credit losses as required.

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

	SIX MONTHS ENDED JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
Allowance for expected credit loss, beginning of period	**$9,177**	$6,649
Additional provision recorded during the period	**1,591**	3,024
Reversal of previous provisions	**(613)**	(407)
Receivables written off during the period	**(104)**	(89)
Allowance for expected credit loss, end of period	**$10,051**	$9,177

(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 HST receivables from the government, management fees and interest income due from external parties, and chargebacks on construction projects which are managed by Allied for tenants. As at June 30, 2022, there are no credit risk indicators that the debtors will not meet their payment obligations.

(d) *Prepaid expenses and deposits*

Prepaid expenses and deposits primarily relate to deposits for naming rights, taxes, and insurance.

11. DEBT

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

	JUNE 30, 2022	DECEMBER 31, 2021
Mortgages payable (a)	$128,926	$118,057
Construction loans payable (b)	165,386	132,696
Promissory note payable (c)	193,510	—
Unsecured revolving operating facility (d)	190,000	365,000
Senior unsecured debentures (e)	2,588,964	2,587,989
Unsecured term loans (f)	648,901	249,542
	$3,915,687	$3,453,284
Current	$54,698	$36,146
Non-current	3,860,989	3,417,138
	$3,915,687	$3,453,284

(a) *Mortgages payable*

Mortgages payable have a weighted average contractual interest rate of 3.79% as at June 30, 2022 (December 31, 2021 - 3.39%). 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	JUNE 30, 2022	DECEMBER 31, 2021
Remaining 2022	$1,652	$—	$1,652	
2023	3,069	12,230	15,299	
2024	2,528	60,293	62,821	
2025	6,423	—	6,423	
2026	1,391	20,443	21,834	
2027	487	—	487	
2028	293	14,457	14,750	
2030	5,000	—	5,000	
Mortgages, principal	$20,843	$107,423	$128,266	$118,094
Net premium on assumed mortgages			1,592	1,066
Net financing costs			(932)	(1,103)
			$128,926	$118,057

(b) *Construction loans payable*

As at June 30, 2022, and December 31, 2021, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	JUNE 30, 2022	DECEMBER 31, 2021
Adelaide & Duncan	50%	August 11, 2023	**$73,396**	$62,048
Breithaupt Phase III	50%	December 2, 2022	**39,264**	31,041
KING Toronto	50%	December 17, 2024	**52,726**	39,607
			$165,386	$132,696

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) *Promissory note payable*

On March 31, 2022, Allied acquired a portfolio of six properties from Choice Properties which was partially settled with the issuance of a $200,000 promissory note (note 4). The promissory note is secured by a first registered charge on five of the six acquired properties.

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	JUNE 30, 2022	DECEMBER 31, 2021
Promissory note payable	1.00% for 2022, 2.00% for 2023	December 31, 2023	Quarterly	**$200,000**	$—
Net discount on promissory note payable				**(6,490)**	—
				$193,510	$—

(d) *Unsecured revolving operating facility*

As at June 30, 2022, and December 31, 2021, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

	JUNE 30, 2022						
	MATURITY DATE	**CONTRACTUAL INTEREST RATES ON DRAWINGS**	**STANDBY FEE**	**FACILITY LIMIT**	**DRAWINGS**	**LETTERS OF CREDIT**	**AMOUNT AVAILABLE**
Unsecured Facility limit $600,000 (1)	January 30, 2025	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	**0.24%**	**$600,000**	**$(190,000)**	**$(18,925)**	**$391,075**

(1) *This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $700,000.*
(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, 2021						
	MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
Unsecured Facility limit $600,000 (1)	January 30, 2025	Prime + 0.20% or Bankers' acceptance + 1.20% (2)	0.24%	$600,000	$(365,000)	$(19,025)	$215,975

(1) *This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $700,000.*
(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.*

Allied had a $100,000 bilateral unsecured line of credit which matured 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 extended the maturity to January 30, 2024.

On December 31, 2021, Allied amended the unsecured facility to increase the facility limit to $600,000 plus a $100,000 accordion feature and extended the maturity to January 30, 2025.

(e) *Senior unsecured debentures*

As at June 30, 2022, and December 31, 2021, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	JUNE 30, 2022	DECEMBER 31, 2021
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**	600,000
Series I	3.095%	February 6, 2032	February 6 and August 6	**500,000**	500,000
Unsecured Debentures, principal				**$2,600,000**	$2,600,000
Net financing costs				**(11,036)**	(12,011)
				$2,588,964	$2,587,989

The Series C, D, E, F, G, H and I 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.

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 financing prepayment cost of $8,003, prepay $139,213 on a first mortgage with a financing prepayment cost of $6,158, repay $75,000 drawn on Allied's Unsecured Facility and for general working capital purposes.

On August 6, 2021, Allied issued $500,000 of 3.095% Series I Unsecured Debentures (the "Series I Debentures") due February 6, 2032, with semi-annual interest payments due on February 6 and August 6 each year commencing on February 6, 2022. Debt financing costs of $3,000 were incurred and recorded against the principal owing.

Proceeds from the Series I Debentures were used to prepay $493,840 aggregate principal amount of first mortgages and for general working capital purposes. The mortgages had a financing prepayment cost of $38,449.

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

(f) *Unsecured term loans*

As at June 30, 2022, and December 31, 2021, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	JUNE 30, 2022	DECEMBER 31, 2021
Unsecured term loan	3.496%	January 14, 2031	Monthly	**$250,000**	$250,000
Unsecured term loan	4.860%	October 22, 2025	Monthly	**400,000**	—
Net financing costs				**(1,099)**	(458)
				$648,901	$249,542

The two unsecured term loans are collectively referred to as "Unsecured Term Loans". The respective financing costs are amortized using the effective interest method and recorded to interest expense (note 11 (g)).

On April 22, 2022, Allied entered into an unsecured term loan with a financial institution for $400,000 at a rate of prime plus 10 basis points or bankers' acceptance plus 110 basis points, due on October 22, 2025. The proceeds from the loan were used to repay the Unsecured Facility. Debt financing costs of $700 were incurred and recorded against the principal owing. On June 24, 2022, Allied entered into a swap agreement to fix the rate on the $400,000 unsecured term loan at 4.86%.

(g) *Interest expense*

Interest expense consists of the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Interest on debt:				
Mortgages payable	**$1,211**	$6,075	**$2,298**	$12,871
Construction loans payable	**1,289**	532	**2,296**	985
Promissory note payable	**504**	—	**504**	—
Unsecured Facility	**1,748**	438	**3,656**	900
Unsecured Debentures	**18,684**	14,793	**37,358**	29,049
Unsecured Term Loans	**4,254**	2,180	**6,407**	4,335
Interest on lease liabilities	**2,318**	2,274	**4,630**	4,543
Amortization, net discount on debt	**841**	(104)	**682**	(331)
Amortization, net financing costs	**607**	623	**1,213**	1,210
	$31,456	$26,811	**$59,044**	$53,562
Interest capitalized to qualifying investment properties and residential inventory	**(12,615)**	(10,014)	**(23,534)**	(19,078)
Interest expense excluding financing prepayment costs	**$18,841**	$16,797	**$35,510**	$34,484
Financing prepayment costs [1]	**—**	—	**—**	14,161
Interest expense	**$18,841**	$16,797	**$35,510**	$48,645

(1) *For the three and six months ended June 30, 2022, financing prepayment costs include $nil and $nil of prepayment penalties (June 30, 2021 - $nil and $16,582), $nil and $nil of accelerated amortization of net financing costs (June 30, 2021 - $nil and $268), partially offset by $nil and $nil accelerated amortization of premium on debt (June 30, 2021 - $nil and $2,689).*

Borrowing costs have been capitalized to qualifying investment properties and residential inventory at a weighted average effective rate of 3.19% per annum (June 30, 2021 - 3.16%).

(h) *Schedule of principal repayments*

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, construction loans payable, promissory note payable, Unsecured Facility, Unsecured Debentures and Unsecured Term Loans as at June 30, 2022.

	REMAINING 2022	2023	2024	2025	2026	THEREAFTER	TOTAL
Mortgages payable, principal repayments	$1,652	$3,069	$2,528	$6,423	$1,391	$5,780	$20,843
Mortgages payable, balance due at maturity	—	12,230	60,293	—	20,443	14,457	107,423
Construction loans payable	39,265	73,396	52,726	—	—	—	165,387
Promissory note payable	—	200,000	—	—	—	—	200,000
Unsecured Facility	—	—	—	190,000	—	—	190,000
Unsecured Debentures	—	—	—	200,000	600,000	1,800,000	2,600,000
Unsecured Term Loans	—	—	—	400,000	—	250,000	650,000
Total	**$40,917**	**$288,695**	**$115,547**	**$796,423**	**$621,834**	**$2,070,237**	**$3,933,653**

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 2022 (1)	2023-2026 (1)	THEREAFTER	JUNE 30, 2022	DECEMBER 31, 2021
Future minimum lease payments	**$5,413**	**$41,790**	**$432,212**	**$479,415**	$483,752
Interest accrued (paid) on lease obligations	**(273)**	**(707)**	**—**	**(980)**	(191)
Less: amounts representing interest payments	**(5,140)**	**(41,083)**	**(273,873)**	**(320,096)**	(326,011)
Present value of lease payments	**$—**	**$—**	**$158,339**	**$158,339**	$157,550

(1) *The future minimum lease payments prior to 2026 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 and six months ended June 30, 2022, minimum lease payments of $2,156 and $4,312, respectively (June 30, 2021 - $2,156 and $4,312, respectively) were paid by Allied.

13. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	JUNE 30, 2022	DECEMBER 31, 2021
Trade payables and other liabilities	**$219,487**	$180,363
Prepaid user rents	**81,887**	81,488
Accrued interest payable	**23,479**	23,498
Distributions payable on Units	**18,658**	18,101
Distributions payable on Exchangeable LP Units (note 15)	**1,721**	—
Residential deposits [1]	**41,078**	39,693
Interest rate swap derivative liabilities	**3,732**	4,942
Unit-based compensation liabilities (note 16 (c))	**755**	—
	$390,797	$348,085
Current	**$345,232**	$303,450
Non-current [2]	**45,565**	44,635
	$390,797	$348,085

(1) Residential deposits relate to the sale of residential condominium units at KING Toronto.

(2) Non-current liabilities as at June 30, 2022, are composed of residential deposits totaling $41,078, unit-based compensation liabilities totalling $755, and interest rate swap derivative liabilities totaling $3,732 (December 31, 2021 - $39,693, $nil and $4,942, 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:

		JUNE 30, 2022		DECEMBER 31, 2021	
	CLASSIFICATION/ MEASUREMENT	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial Assets:					
Loans and notes receivable (note 8)	Amortized cost	**$405,641**	**$398,935**	$367,762	$367,762
Loan receivable from joint venture (note 7)	Amortized cost	**$113,287**	**$113,287**	$113,287	$113,287
Cash and cash equivalents (note 20)	Amortized cost	**$23,738**	**$23,738**	$22,548	$22,548
Accounts receivable (note 10)	Amortized cost	**$44,456**	**$44,456**	$31,875	$31,875
Interest rate swap derivative assets (note 9)	FVTPL	**$28,732**	**$28,732**	$—	$—
Financial Liabilities:					
Debt (note 11)					
Mortgages	Amortized cost	**$128,926**	**$125,129**	$118,057	$121,169
Construction loans payable	Amortized cost	**$165,386**	**$165,386**	$132,696	$132,696
Promissory note payable	Amortized cost	**$193,510**	**$190,686**	$—	$—
Unsecured Facility	Amortized cost	**$190,000**	**$190,000**	$365,000	$365,000
Unsecured Debentures	Amortized cost	**$2,588,964**	**$2,258,948**	$2,587,989	$2,608,549
Unsecured Term Loans	Amortized cost	**$648,901**	**$628,337**	$249,542	$255,366
Interest rate swap liabilities (note 13)	FVTPL	**$3,732**	**$3,732**	$4,942	$4,942
Unit-based compensation liabilities (note 16(c))	FVTPL	**$755**	**$755**	$—	$—
Accounts payable and other liabilities (note 13)	Amortized cost	**$386,310**	**$386,310**	$343,143	$343,143

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 instruments:

	JUNE 30, 2022			DECEMBER 31, 2021		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loans and notes receivable (note 8)	$—	$398,935	$—	$—	$367,762	$—
Loan receivable from joint venture (note 7)	$—	$113,287	$—	$—	$113,287	$—
Cash and cash equivalents (note 20)	$23,738	$—	$—	$22,548	$—	$—
Accounts receivable (note 10)	$—	$44,456	$—	$—	$31,875	$—
Interest rate swap derivative assets (note 9)	$—	$28,732	$—	$—	$—	$—
Financial Liabilities:						
Debt (note 11)						
Mortgages	$—	$125,129	$—	$—	$121,169	$—
Construction loans payable	$—	$165,386	$—	$—	$132,696	$—
Promissory note payable	$—	$190,686	$—	$—	$—	$—
Unsecured Facility	$—	$190,000	$—	$—	$365,000	$—
Unsecured Debentures	$—	$2,258,948	$—	$—	$2,608,549	$—
Unsecured Term Loans	$—	$628,337	$—	$—	$255,366	$—
Interest rate swap liabilities	$—	$3,732	$—	$—	$4,942	$—
Unit-based compensation liabilities (note 16(c))	$—	$755	$—	$—	$—	$—
Accounts payable and other liabilities (note 13)	$—	$386,310	$—	$—	$343,143	$—

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 asset as at June 30, 2022, is $25,000 (December 31, 2021 - net liability of $4,942). The fair value of the derivative contracts is determined using forward interest rates observable in the market (Level 2).

	JUNE 30, 2022	DECEMBER 31, 2021
Interest rate swap derivative assets (note 9)	$28,732	$—
Interest rate swap derivative liabilities (note 13)	(3,732)	(4,942)
Total	$25,000	$(4,942)

Unit-Based Compensation Liabilities

The fair value of Allied's unit-based compensation liabilities is based on the market value of the underlying units. For the performance trust units, the performance market conditions are also taken into consideration.

Debt, Loans and Notes Receivable

The fair value of debt and loans and notes receivable are 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. EQUITY

The equity of Allied is comprised of Units issued by Allied and Exchangeable LP Units issued by the Partnership:

Units (authorized - unlimited)

Each Unit represents a single vote at any meeting of Unitholders and entitles the Unitholder to receive a *pro rata* share of all distributions, in accordance with the conditions provided for in the Declaration of Trust.

Exchangeable LP Units (authorized - unlimited)

Exchangeable LP Units issued by the Partnership are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, at the holder's option, for Units. All Exchangeable LP Units are held, directly or indirectly, by Choice Properties.

The 11,809,145 Exchangeable LP Units issued on March 31, 2022, in connection with the acquisition of certain properties (see note 4) contain lock-up and standstill restrictions. The lock-up will expire based on the following schedule:

LOCK-UP EXPIRATION DATE	NUMBER OF EXCHANGEABLE LP UNITS ELIGIBLE FOR RELEASE
June 30, 2023	2,952,286
September 30, 2023	2,952,286
December 31, 2023	2,952,286
March 31, 2024	2,952,287
	11,809,145

Each Exchangeable LP Unit is accompanied by one special voting unit of Allied ("Special Voting Unit") which provides the holder thereof with the right to one vote at all meetings of Unitholders.

The following represents the number of Units and Exchangeable LP Units issued and outstanding, and the related carrying value of equity, for the six months ended June 30, 2022 and the year ended December 31, 2021.

	NUMBER ISSUED AND OUTSTANDING			AMOUNT		
	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY
Balance at January 1, 2021	127,259,218	—	127,259,218	$3,884,661	$—	$3,884,661
Restricted Unit Plan (net of forfeitures) (note 16(b))	—	—	—	(2,141)	—	(2,141)
Unit Option Plan - options exercised (note 16(a))	1,533	—	1,533	56	—	56
Unit issuance (net of costs)	477,100	—	477,100	20,079	—	20,079
Balance at December 31, 2021	127,737,851	—	127,737,851	$3,902,655	$—	$3,902,655
Restricted Unit Plan (net of forfeitures) (note 16(b))	**—**	**—**	**—**	**(2,663)**	**—**	**(2,663)**
Unit Option Plan - options exercised (note 16(a))	**2,544**	**—**	**2,544**	**80**	**—**	**80**
Unit issuance (net of costs)	**211,800**	**11,809,145**	**12,020,945**	**9,184**	**550,660**	**559,844**
Balance at June 30, 2022	**127,952,195**	**11,809,145**	**139,761,340**	**$3,909,256**	**$550,660**	**$4,459,916**

During the six months ended June 30, 2022, the acquisition of six office assets from Choice Properties was satisfied in part by the issuance of 11,809,145 Exchangeable LP Units. In January 2022, Allied issued 211,800 Units under the at-the-market program ("ATM Program") in settlement of trades executed at the end of December 2021 at a weighted average price of $44.02 per Unit for gross proceeds of $9,324, and incurred commissions of $140, for net proceeds of $9,184. The ATM Program is described in note 25(a).

During the three months and year ended December 31, 2021, Allied issued 477,100 Units under the ATM Program at a weighted average price of $44.07 per Unit for gross proceeds of $21,028, and incurred commissions of $315, for net proceeds of $20,713. Issuance costs on the ATM Program were $634 for the year ended December 31, 2021. The commissions and issuance costs were applied against the gross proceeds 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 July 15, 2022, Allied declared a distribution for the month of July 2022 of $0.1458 per Unit, representing $1.75 per Unit on an annualized basis to Unitholders of record as at July 29, 2022.

On each date that a distribution is declared by Allied on the Units, a distribution in an equal amount per unit is declared by the Partnership on the Exchangeable LP Units. A holder of Exchangeable LP Units may elect to defer receipt of all or a portion of distributions declared by the Partnership until the first business day following the end of the fiscal year. If the holder elects to defer, the Partnership will loan the holder an amount equal to the deferred distribution without interest, and the loan will be due and payable on the first business day following the end of the fiscal year during which the loan was advanced. The distributions declared by the Partnership on the Exchangeable LP Units from April 1, 2022 to June 30, 2022 was $5,165, for which Choice Properties elected to receive a loan in lieu of all of the distributions. Of the $5,165 loan in lieu of distributions, a note receivable of $3,444 was issued to Choice Properties for the cash advances made during the three months ended June 30, 2022, with the remaining $1,721 advanced to Choice Properties as a note receivable on July 15, 2022. Since there is a legally enforceable right and an intention by Allied and Choice Properties to settle the note receivable from Choice Properties and the distributions payable to Choice Properties on a net basis on the first business day following the end of the fiscal year, these financial instruments are offset on the balance sheet.

On July 15, 2022, the Partnership declared a distribution for the month of July 2022 of $0.1458 per Exchangeable LP Unit, representing $1.75 per Exchangeable LP Unit on an annualized basis to holders of the Exchangeable Units as at July 29, 2022, for which Choice Properties elected to receive a loan in lieu of the distribution.

Normal Course Issuer Bid

On February 22, 2022, 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 12,602,594 of its outstanding Units, representing approximately 10% of its public float as at February 10, 2022. The NCIB commenced February 24, 2022, and will expire on February 23, 2023, 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 six months ended June 30, 2022, Allied purchased 61,725 Units for $2,664 at a weighted average price of $43.16 per Unit under its NCIB program, of which 61,148 Units were purchased for delivery to participants under Allied's Restricted Unit Plan and 577 Units were purchased for certain employee rewards outside of Allied's Restricted Unit Plan.

16. COMPENSATION 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. Effective December 2021, no further options will be granted under the Unit Option Plan.

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	(347,043)	(19,132)	174,305	174,305
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	184,122
February 13, 2019	February 13, 2029	323,497	$47.53	(2,717)	(4,330)	316,450	241,451
February 5, 2020	February 5, 2030	352,230	$54.59	—	(1,594)	350,636	183,376
February 3, 2021	February 3, 2031	442,233	$36.55	(1,533)	—	440,700	116,095
		2,136,901		(389,554)	(25,056)	1,722,291	1,155,427

	SIX MONTHS ENDED JUNE 30, 2022		YEAR ENDED DECEMBER 31, 2021	
	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**	**6.63**	$31.56-54.59	7.13

	SIX MONTHS ENDED JUNE 30, 2022		YEAR ENDED DECEMBER 31, 2021	
	Number of Units	Weighted average exercise price	Number of Units	Weighted average exercise price
Balance, beginning of period	**1,726,381**	**$41.95**	1,288,229	$43.81
Granted	—	—	442,233	36.55
Forfeited	**(1,546)**	**49.63**	(2,548)	50.92
Exercised	**(2,544)**	**31.56**	(1,533)	36.55
Balance, end of period	**1,722,291**	**$41.96**	1,726,381	$41.95
Units exercisable at the end of the period	**1,155,427**	**$41.28**	842,672	$40.05

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 the valuation of options granted are as follows:

	SIX MONTHS ENDED JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
Unit options granted	—	442,233
Unit option holding period (years)	—	10
Volatility rate	—%	21.38%
Distribution yield	—%	4.65%
Risk-free interest rate	—%	0.84%
Value of options granted	$—	$1,441

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

For the three and six months ended June 30, 2022, Allied recorded a unit-based compensation expense of $197 and $478, respectively (June 30, 2021 - $425 and $875, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

(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. Generally, 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:

	SIX MONTHS ENDED JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
Restricted Units, beginning of period	296,810	288,135
Granted	61,148	58,260
Expired	(35,444)	(49,585)
Forfeited	(16)	—
Restricted Units, end of period	322,498	296,810

For the three and six months ended June 30, 2022, Allied recorded a unit-based compensation expense of $575 and $2,005, respectively (June 30, 2021 - $456 and $1,490, respectively), in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

(c) *Performance and Restricted Trust Unit Plan*

In December 2021, Allied adopted a cash settled performance and restricted trust unit plan (the "PTU/RTU Plan") whereby performance trust units and/or restricted trust units (together, "Plan Units") are granted to certain employees at the discretion of the Board. Plan Units are subject to such vesting, settlement, performance criteria and adjustment factors as are established by the Board at the time of the grant and accumulate distribution equivalents in the form of additional Plan Units. The PTU/RTU Plan contains provisions providing for the vesting or forfeiture of unvested Plan Units within specified time periods in the event the employee's employment is terminated, and authorizes the Chief Executive Officer, in their discretion, to amend the vesting and settlement of Plan Units in certain circumstances where an employee's employment is terminated. The following is a summary of the activity of Allied's PTU/RTU Plan:

	SIX MONTHS ENDED JUNE 30, 2022	YEAR ENDED DECEMBER 31, 2021
Plan Units, beginning of period	—	—
Granted	172,500	—
Distributions equivalents	2,476	—
Plan Units, end of period	174,976	—

For the three and six months ended June 30, 2022, Allied recorded a unit-based compensation expense of $210 and $755, respectively (June 30, 2021 - $nil and $nil, respectively), including the mark-to-market adjustment, in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income.

17. WEIGHTED AVERAGE NUMBER OF UNITS

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Units	**127,952,195**	127,259,218	**127,947,523**	127,259,218
Exchangeable LP Units [1]	**11,809,145**	—	**6,002,438**	—
Total units - basic	**139,761,340**	127,259,218	**133,949,961**	127,259,218
Unit Option Plan	**98,794**	184,333	**153,957**	122,367
Total units - fully diluted	**139,860,134**	127,443,551	**134,103,918**	127,381,585

(1) Issued on March 31, 2022.

18. TOTAL REVENUE

Total revenue includes the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Rental revenue [1]	**$74,064**	$66,256	**$141,718**	$132,844
Tax and insurance recoveries	**28,486**	23,107	**55,217**	49,783
Miscellaneous revenue [2]	**9,154**	5,925	**15,798**	11,481
Operating cost recoveries	**42,713**	43,387	**86,504**	85,402
Total rental revenue	**$154,417**	$138,675	**$299,237**	$279,510

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

Future minimum rental income is as follows:

	REMAINING 2022	2023	2024	2025	2026	THEREAFTER	TOTAL
Future minimum rental income	**$165,756**	**$324,106**	**$302,012**	**$271,798**	**$239,381**	**$1,124,028**	**$2,427,081**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Salaries and benefits	**$5,053**	$6,231	**$10,664**	$11,068
Professional and trustee fees	**1,480**	1,123	**3,657**	2,493
Office and general expenses	**1,297**	1,296	**2,608**	2,631
	$7,830	$8,650	**$16,929**	$16,192
Capitalized to qualifying investment properties	**(2,238)**	(1,432)	**(4,455)**	(2,771)
Total general and administrative expenses	**$5,592**	$7,218	**$12,474**	$13,421

20. SUPPLEMENTAL CASH FLOW INFORMATION

The following summarizes supplemental cash flow information in operating activities:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Supplemental				
Interest paid on debt (including capitalized interest and financing prepayment costs (note 11))	**$26,104**	$24,460	**$59,195**	$66,731

The following summarizes supplemental cash flow information in investing activities:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Supplemental				
Mortgages assumed (note 4)	**$—**	$—	**$13,625**	$—

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Net change in accounts receivable, prepaid expenses and deposits	**$(26,993)**	$(13,571)	**$(39,030)**	$(13,374)
Net change in loans and notes receivable	**(30,569)**	(10,833)	**(37,879)**	(24,055)
Net change in accounts payable and other liabilities	**20,803**	1,992	**42,712**	(7,143)
Other working capital changes	**18,729**	7,639	**26,964**	44,111
Change in non-cash operating items	**$(18,030)**	$(14,773)	**$(7,233)**	$(461)

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.

			OWNERSHIP	
PROPERTIES	LOCATION	CURRENT STATUS	JUNE 30, 2022	DECEMBER 31, 2021
642 King W	Toronto, ON	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	**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%
The Well	Toronto, ON	Property Under Development	**50%**	50%
108 East 5th Avenue	Vancouver, BC	Property Under Development	**50%**	N/A
175 Bloor Street E	Toronto, ON	Rental Property	**50%**	N/A
110 Yonge Street	Toronto, ON	Rental Property	**50%**	N/A

	JUNE 30, 2022	DECEMBER 31, 2021
Total assets	**$1,895,128**	$1,502,233
Total liabilities	**$494,298**	$444,135

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Revenue	**$8,230**	$3,940	**$12,322**	$8,072
Expenses	**(3,793)**	(1,898)	**(5,687)**	(4,164)
Income before fair value adjustment on investment properties	**4,437**	2,042	**6,635**	3,908
Fair value gain on investment properties	**22,454**	5,428	**18,188**	18,504
Net income	**$26,891**	$7,470	**$24,823**	$22,412

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 cities. 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 four groups of cities.

The CODM measures and evaluates the performance of Allied's operating segments based on net rental income and condominium profits.

Management reviews assets and liabilities on a total basis and therefore assets and liabilities are not included in the segmented information below. All revenue is generated in Canada and net assets are located in Canada.

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 investment properties held for sale 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 and six months ended June 30, 2022 and 2021.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

THREE MONTHS ENDED JUNE 30, 2022	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON [1]	VANCOUVER	URBAN DATA CENTRES	JOINT VENTURE (TELUS SKY) [2]	TOTAL
Rental revenue	$52,935	$55,800	$11,243	$12,487	$23,638	$(1,686)	$154,417
Property operating costs	(26,511)	(20,262)	(5,990)	(3,964)	(7,981)	1,041	(63,667)
Net rental income and operating income	$26,424	$35,538	$5,253	$8,523	$15,657	$(645)	$90,750
Interest expense							(18,841)
General and administrative expenses							(5,592)
Condominium marketing expenses							(199)
Amortization of other assets							(269)
Interest income							7,556
Fair value gain on investment properties and investment properties held for sale							21,272
Fair value gain on derivative instruments							10,744
Net loss from joint venture							(5,383)
Net income and comprehensive income							$100,038

(1) *Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.*
(2) *This is an adjustment to remove the impact of the TELUS Sky joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.*

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

SIX MONTHS ENDED JUNE 30, 2022	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	URBAN DATA CENTRES	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	**$104,115**	**$110,300**	**$19,455**	**$20,939**	**$47,516**	**$(3,088)**	**$299,237**
Property operating costs	**(52,884)**	**(41,238)**	**(10,114)**	**(6,989)**	**(16,032)**	**2,004**	**(125,253)**
Net rental income and operating income	**$51,231**	**$69,062**	**$9,341**	**$13,950**	**$31,484**	**$(1,084)**	**$173,984**
Interest expense							**(35,510)**
General and administrative expenses							**(12,474)**
Condominium marketing expenses							**(312)**
Amortization of other assets							**(530)**
Interest income							**14,580**
Fair value gain on investment properties and investment properties held for sale							**115,200**
Fair value gain on derivative instruments							**29,942**
Net income from joint venture							**2,348**
Net income and comprehensive income							**$287,228**

(1) Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.
(2) This is an adjustment to remove the impact of the TELUS Sky joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

THREE MONTHS ENDED JUNE 30, 2021	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON [1]	VANCOUVER	URBAN DATA CENTRES	JOINT VENTURE (TELUS SKY) [2]	TOTAL
Rental revenue	$49,369	$50,302	$9,447	$7,138	$23,802	$(1,383)	$138,675
Property operating costs	(24,522)	(18,138)	(4,125)	(2,332)	(8,320)	689	(56,748)
Net rental income and operating income	**$24,847**	**$32,164**	**$5,322**	**$4,806**	**$15,482**	**$(694)**	**$81,927**
Interest expense							(16,797)
General and administrative expenses							(7,218)
Condominium marketing expenses							(125)
Amortization of other assets							(303)
Interest income							8,146
Fair value gain on investment properties							38,187
Fair value loss on derivative instruments							(5,086)
Net loss from joint venture							(208)
Net income and comprehensive income							**$98,523**

(1) *Includes Allied's proportionate share of revenue and expenses of its investment in TELUS Sky.*
(2) *This is an adjustment to remove the impact of the TELUS Sky joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.*

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

SIX MONTHS ENDED JUNE 30, 2021	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	URBAN DATA CENTRES	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$99,752	$102,412	$17,867	$14,478	$47,333	$(2,332)	$279,510
Property operating costs	(49,766)	(37,851)	(8,641)	(4,880)	(16,729)	1,401	(116,466)
Net rental income and operating income	**$49,986**	**$64,561**	**$9,226**	**$9,598**	**$30,604**	**$(931)**	**$163,044**
Interest expense							(48,645)
General and administrative expenses							(13,421)
Condominium marketing expenses							(346)
Amortization of other assets							(609)
Interest income							14,090
Fair value gain on investment properties							45,388
Fair value gain on derivative instruments							15,479
Net income from joint venture							1,065
Net income and comprehensive income							**$176,045**

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

(2) This is an adjustment to remove the impact of the TELUS Sky joint venture from the Calgary and Edmonton results, to arrive at the equity method of accounting.

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, Allied Properties Exchangeable Limited Partnership, Allied Properties Exchangeable GP Inc., 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 and six months ended June 30, 2022, real estate service revenue earned from these properties was $104 and $215, respectively (June 30, 2021 - $90 and $192, respectively).

As at June 30, 2022, the loan to the TELUS Sky joint venture has a balance outstanding of $113,287 (December 31, 2021 - $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		SIX MONTHS ENDED	
	JUNE 30, 2022	JUNE 30, 2021	**JUNE 30, 2022**	JUNE 30, 2021
Salary, bonus and other short-term employee benefits	**$1,111**	$959	**$2,225**	$1,909
Unit-based compensation	**1,020**	653	**2,785**	1,927
Total	**$2,131**	$1,612	**$5,010**	$3,836

25. RISK MANAGEMENT

(a) *Capital management*

Allied defines capital as the aggregate of equity, mortgages payable, construction loans payable, promissory note payable, Unsecured Facility, Unsecured Debentures, Unsecured Term Loans 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 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 June 30, 2022, the debt to gross book value ratio was 33.9% (December 31, 2021 - 33.5%) and debts having variable interest rates or maturities of less than one year aggregated to 2.6% of gross book value (December 31, 2021 - 4.2%).

On June 2, 2021, 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 $3,000,000. This document is valid for a 25-month period. The short form base shelf prospectus filed on June 2, 2021 was amended on November 11, 2021 (the “Shelf Prospectus”), and was filed in each of the provinces and territories of Canada. On November 12, 2021, Allied filed a prospectus supplement to its Shelf Prospectus, allowing Allied to offer and issue Units under the ATM Program up to $300,000. Distributions of Units under the ATM Program, if any, will be made pursuant to the terms of an equity distribution agreement (the “Distribution Agreement”) dated November 12, 2021, entered into among Allied, Goldman Sachs Canada Inc., National Bank Financial Inc. and Scotia Capital Inc. The volume and timing of any distributions of Units under the ATM Program will be determined in Allied’s sole discretion. The ATM Program will be effective until July 2, 2023, unless earlier terminated in accordance with the terms of the Distribution Agreement. As Units distributed under the ATM Program will be issued and sold at the prevailing market price at the time of the sale, prices may vary among purchasers during the period of the ATM Program.

Allied has certain key financial covenants in its Unsecured Debentures, Unsecured Facility and Unsecured Term Loans. 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 June 30, 2022.

(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. All of Allied's mortgages payable as at June 30, 2022 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 Facility, Allied will be further exposed to changes in interest rates. As at June 30, 2022, the Unsecured Facility, which is at a floating interest rate and is exposed to changes in interest rates, had a balance outstanding of $190,000 (December 31, 2021 - $365,000). Also, Allied has construction loans payable, of which $91,990 is subject to floating interest rates and is exposed to changes in interest rates (December 31, 2021 - $70,648). 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 JUNE 30, 2022	CARRYING AMOUNT	INCOME IMPACT	INCOME IMPACT
Unsecured Facility	$190,000	$1,900	$(1,900)
Construction loans payable	$91,990	$920	$(920)
Mortgages payable due within one year	$15,434	$154	$(154)

(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 June 30, 2022, Allied had $405,469 outstanding in loans receivable (December 31, 2021 - $367,579) and $113,287 outstanding in joint venture loan receivable (December 31, 2021 - $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 June 30, 2022 are $nil (December 31, 2021 - $nil) (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 June 30, 2022 are $10,051 (December 31, 2021 - $9,177) (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:

	JUNE 30, 2022	DECEMBER 31, 2021
Less than 30 days	**$3,518**	$4,204
30 to 60 days	**2,117**	2,190
More than 60 days	**14,799**	10,265
Total	**$20,434**	$16,659

(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 portion of Allied's assets have been pledged as security under the related mortgages and other security agreements. Contractual interest rates on the mortgages payable are between 2.77% and 7.35% for June 30, 2022 (December 31, 2021 - 2.77% and 4.30%).

Allied entered into interest rate derivative contracts to limit its exposure to fluctuations in interest rates on $650,000 of its variable rate unsecured term loan and $73,396 of its construction loans (December 31, 2021 - $250,000 and $62,048, respectively). As at December 31, 2021, Allied repaid all of its variable rate mortgages payable and exited its associated interest rate derivative contracts on these mortgages payable with a cash settlement of $3,781. 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 and six months ended June 30, 2022, Allied recognized as part of the change in fair value adjustment on derivative instruments a fair value gain of $10,744 and $29,942, respectively (June 30, 2021 - a fair value loss of $5,086 and a fair value gain of $15,479).

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 2022	2023	2024	2025	2026	THEREAFTER	TOTAL
Mortgages payable	$4,053	$19,575	$65,543	$7,842	$23,199	$21,179	$141,391
Construction loans payable	41,958	76,865	54,362	—	—	—	173,185
Promissory note payable	1,000	204,000	—	—	—	—	205,000
Unsecured Facility	3,705	7,410	7,410	190,618	—	—	209,143
Unsecured Debentures	37,243	74,485	74,485	270,849	662,035	1,978,056	3,097,153
Unsecured Term Loans	14,090	28,180	28,180	424,940	8,740	285,295	789,425
Total	**$102,049**	**$410,515**	**$229,980**	**$894,249**	**$693,974**	**$2,284,530**	**$4,615,297**

(f) *Unit price risk*

Unit price risk arises from the unit-based compensation liabilities which are recorded at fair value at each quarter-end date. Allied's unit-based compensation liabilities negatively impact operating income when the Unit price rises and positively impact operating income when the Unit price declines.

26. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments for acquisitions, development activity and building renovations from leasing activity. The commitments as at June 30, 2022 were $458,766 (December 31, 2021 - $473,779).

Commitments as at June 30, 2022 of $612 (December 31, 2021 - $354) 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 $26,747 as at June 30, 2022 (December 31, 2021 - $28,256).

27. SUBSEQUENT EVENTS

On July 6, 2022, Allied completed the purchase of 121 John in Toronto for a total purchase price of $4,350.

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