ALLIED

Allied Announces Fourth-Quarter and Year-End Results

TORONTO, JANUARY 31, 2023

Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") today announced results for its fourth quarter and year ended December 31, 2022. "Allied's operating performance in 2022 was strong," said Michael Emory, President & CEO. "Our AFFO per unit was up 4% from the prior year, underpinning our 11th consecutive annual distribution increase and providing a take-off point for our 2023 outlook of low-to-mid-single-digit growth in same asset NOI, FFO per unit and AFFO per unit."

FINANCIAL RESULTS

Allied's fourth-quarter financial results were in-line with its internal forecast and with external expectations. FFO per unit was 61.8 cents, up 3.0% from the comparable quarter last year and up 2.0% from the third quarter. AFFO per unit was 54.8 cents, up 5.8% from the comparable quarter last year and up 4.2% from the third quarter. NAV per unit at quarter-end was $50.96, down slightly from the end of the third quarter due to macroeconomic conditions.

As a result of the recent implementation of a comprehensive sales process, the UDC segment is classified as a discontinued operation and asset held for sale for the three months and year ended December 31, 2022. It is classified as assets held for sale on the consolidated balance sheets as at December 31, 2022, and the comparative period is not revised. It is classified as a discontinued operation on the consolidated statements of income and comprehensive income for the three months and years ended December 31, 2022, and December 31, 2021.

The financial results are summarized below:

(In thousands except for per unit and % amounts)	AS AT DECEMBER 31 2022	2021	CHANGE	% CHANGE
Investment properties [1]	**$9,669,005**	$9,527,105	$141,900	1.5%
Unencumbered investment properties [2]	**$8,345,530**	$9,064,010	$(718,480)	(7.9)%
Total Assets [1]	**$11,906,350**	$10,384,691	$1,521,659	14.7%
Cost of PUD as a % of GBV [2]	**12.6%**	11.2%	—	1.4%
NAV per unit [4]	**$50.96**	$50.30	$0.66	1.3%
Debt [1]	**$4,211,185**	$3,453,284	$757,901	21.9%
Total indebtedness ratio [2]	**35.6%**	33.5%	—	2.1%
Annualized Adjusted EBITDA [2]	**$426,520**	$363,372	$63,148	17.4%
Net debt as a multiple of Annualized Adjusted EBITDA [2]	**9.8x**	9.4x	0.4x	—
Interest-coverage ratio including capitalized interest and excluding financing prepayment costs [2][3]	**2.8x**	3.4x	(0.6x)	—

(In thousands except for per unit and % amounts)	FOR THE THREE MONTHS ENDED DECEMBER 31 2022	2021	CHANGE	% CHANGE
Rental Revenue [1][5]	**$135,924**	$122,534	$13,390	10.9%
Net income and comprehensive income [1]	**$41,392**	$159,921	$(118,529)	(74.1)%
Net income attributable to Unitholders [1]	**$39,223**	$159,921	$(120,698)	(75.5)%
Net income attributable to Unitholders per unit (basic and diluted) [1]	**$0.28**	$1.25	$(0.97)	(77.6)%
Net income from continuing operations [1][5]	**$20,178**	$113,518	$(93,340)	(82.2)%
Net income from continuing operations attributable to Unitholders [1][5]	**$18,009**	$113,518	$(95,509)	(84.1)%
Net income from continuing operations attributable to Unitholders per unit (basic and diluted) [1][5]	**$0.13**	$0.89	$(0.76)	(85.4)%
Net income from continuing operations excluding fair value adjustments, financing prepayment costs and impairment [2][3][5]	**$60,814**	$50,672	$10,142	20.0%
Adjusted EBITDA [2]	**$106,630**	$90,843	$15,787	17.4%
Same asset NOI - rental portfolio [2][5]	**$67,326**	$68,499	$(1,173)	(1.7)%
Same asset NOI - rental portfolio and assets held for sale [2]	**$84,146**	$83,979	$167	0.2%
Same Asset NOI - total portfolio [2]	**$88,186**	$86,669	$1,517	1.8%
FFO [2]	**$86,755**	$75,691	$11,064	14.6%
FFO per unit (diluted) [2]	**$0.621**	$0.593	$0.028	4.7%
FFO pay-out ratio [2]	**70.5%**	71.6%	—	(1.1)%
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation [2][3]:				
FFO	**$86,325**	$76,520	$9,805	12.8%
FFO per unit (diluted)	**$0.618**	$0.600	$0.018	3.0%
FFO pay-out ratio	**70.8%**	70.9%	—	(0.1)%
AFFO	**$76,553**	$66,076	$10,477	15.9%
AFFO per unit (diluted)	**$0.548**	$0.518	$0.030	5.8%
AFFO pay-out ratio	**79.9%**	82.1%	—	(2.2)%

(In thousands except for per unit and % amounts)	FOR THE YEAR ENDED DECEMBER 31 2022	2021	CHANGE	% CHANGE
Rental Revenue [1][5]	**$519,468**	$472,799	$46,669	9.9%
Net income and comprehensive income [1]	**$375,363**	$443,151	$(67,788)	(15.3)%
Net income attributable to Unitholders [1]	**$368,855**	$443,151	$(74,296)	(16.8)%
Net income attributable to Unitholders per unit (basic and diluted) [1]	**$2.69**	$3.48	$(0.79)	(22.7)%
Net income from continuing operations [1][5]	**$174,669**	$331,381	$(156,712)	(47.3)%
Net income from continuing operations attributable to Unitholders [1][5]	**$168,161**	$331,381	$(163,220)	(49.3)%
Net income from continuing operations attributable to Unitholders per unit (basic and diluted) [1][5]	**$1.23**	$2.60	$(1.37)	(52.7)%
Net income from continuing operations excluding fair value adjustments, financing prepayment costs and impairment [2][3][5]	**$225,118**	$206,419	$18,699	9.1%
Adjusted EBITDA [2]	**$403,119**	$365,050	$38,069	10.4%
Same asset NOI - rental portfolio [2][5]	**$268,443**	$270,441	$(1,998)	(0.7)%
Same asset NOI - rental portfolio and assets held for sale [2]	**$333,774**	$332,450	$1,324	0.4%
Same Asset NOI - total portfolio [2]	**$342,496**	$341,964	$532	0.2%
FFO [2]	**$334,477**	$253,376	$81,101	32.0%
FFO per unit (diluted) [2]	**$2.443**	$1.988	$0.455	22.9%
FFO pay-out ratio [2]	**71.6%**	85.5%	—	(13.9)%
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation [2][3]				
FFO	**$333,392**	$306,559	$26,833	8.8%
FFO per unit (diluted)	**$2.435**	$2.405	$0.030	1.2%
FFO pay-out ratio	**71.8%**	70.6%	—	1.2%
AFFO	**$297,579**	$266,517	$31,062	11.7%
AFFO per unit (diluted)	**$2.174**	$2.091	$0.083	4.0%
AFFO pay-out ratio	**80.4%**	81.2%	—	(0.8)%

(1) *This measure is presented on an IFRS basis.*
(2) *This is a non-IFRS measure. These non-IFRS measures include the results of the continuing operations and the discontinued operations (except for unencumbered investment properties, net income from continuing operations excluding fair value adjustments, financing prepayments costs and impairment, and same asset NOI - rental portfolio, which only include continuing operations). Refer to the Non-IFRS Measures section below and on page 21 of the Management's Discussion and Analysis of Results of Operations and Financial Condition (the "MD&A") as at December 31, 2022.*
(3) *For the three months and year ended December 31, 2022, Allied incurred $(564) and $(564), respectively, (December 31, 2021 - $721 and $52,610, respectively) of financing prepayment costs in connection with the favourable refinancing of unsecured debentures and first mortgages.*
(4) *Net asset value per unit ("NAV per unit") is calculated as follows: total equity as at the corresponding period ended, (per the audited 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.*
(5) *For the three months and years ended December 31, 2022, and December 31, 2021, this metric includes only the results of the continuing operations.*

LEASING RESULTS AND HIGHLIGHTS

For the year ended December 31, 2022, Allied leased 57.9% of the GLA covered by expiring leases, with an average increase in net rent per square foot of 5.6%. Combined with new leasing activity, this gave rise to the lease metrics set out in the table below:

	FOR THE YEAR ENDED DECEMBER 31 2022	2021	CHANGE	% CHANGE
Leased area [1]	**90.8%**	90.4%	—	0.4%
Occupied area [1]	**89.6%**	89.9%	—	(0.3)%
Average in-place net rent per occupied square foot [1]	**$23.10**	$24.64	$(1.54)	(6.3)%
Average in-place net rent per occupied square foot - excluding UDC in both periods	**$23.10**	$21.98	$1.12	5.1%

(1) *This metric excludes the assets held for sale based on the assets held for sale classification at the end of each period.*

Given the scale of Allied's rental portfolio, upgrade activity is now constant in all markets, particularly Montréal, Toronto and Vancouver. The goal of the upgrade activity is to serve users better and boost net rent per occupied square foot over time. At the end of the fourth quarter, Allied's rental portfolio was comprised of (i) 13,942,153 square feet of GLA in buildings that are largely stabilized and (ii) 375,026 square feet of GLA in buildings that are undergoing active upgrade. The occupied area of the former was 90.2%, with leased area at 91.3%. The occupied area of the latter was 67.8%, with leased area at 72.2%.

COMMITMENT TO THE BALANCE SHEET

Allied has demonstrated an unwavering commitment to the balance sheet from the outset. It utilized its balance-sheet flexibility and leverage capacity over the past three years to fund upgrade and development activity and to take advantage of in-fill acquisition opportunities that would not have arisen in a stable economic environment, pushing its debt metrics to the high end of target ranges.

Having propelled the UDC portfolio materially closer to the point of earnings and value optimization, Allied recently concluded that selling it now is in its best interest, operationally and financially. The principal motivation is two-fold. First, Allied wants to reaffirm its mission and pursue it over the next few years with low-cost capital. Second, Allied wants to supercharge its balance sheet and reduce its dependence on the capital markets going forward.

The UDC portfolio was connected to Allied's mission from the beginning, but it is not core to its mission in the way urban workspace is. As a stabilized asset in a currently favoured sector, the portfolio represents a promising and timely monetization opportunity, one that could enable Allied to grow its business going forward in the most flexible and prudent manner.

Allied plans to use a significant portion of the sale proceeds to retire debt and the balance to fund current development activity. Allied may elect to use a portion of the sale proceeds to buy back units under its NCIB. Allied does not expect to use any of the proceeds to fund acquisitions, nor does it expect to engage in material acquisition activity in 2023.

OUTLOOK

Allied's internal forecast for 2023 calls for low-to-mid-single-digit percentage growth in each of same asset NOI, FFO per unit and AFFO per unit. Allied does not forecast NAV per unit growth in any given time period.

Allied continues to have deep confidence in, and commitment to, its strategy of consolidating and intensifying distinctive urban workspace 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.

NON-IFRS MEASURES

Management uses financial measures based on International Financial Reporting Standards ("IFRS") and non-IFRS measures to assess Allied's performance. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Refer to the Non-IFRS Measures section on page 21 of the MD&A as at December 31, 2022, available on www.sedar.com, for an explanation of the composition of the non-IFRS measures used in this press release and their usefulness for readers in assessing Allied's performance. Such explanation is incorporated by reference herein.

RECONCILIATIONS OF NON-IFRS MEASURES

The following tables reconcile the non-IFRS measures to the most comparable IFRS measures for the three months and year ended December 31, 2022 and the comparable periods in 2021. These terms do not have any standardized meaning prescribed under IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

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

The following table reconciles Allied's net income and comprehensive income to Adjusted EBITDA, a non-IFRS measure, for the three months and years ended December 31, 2022 and December 31, 2021.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2022	DECEMBER 31, 2021	**DECEMBER 31, 2022**	DECEMBER 31, 2021
Net income and comprehensive income for the period	**$41,392**	$159,921	**$375,363**	$443,151
Interest expense [(1)]	**22,500**	17,454	**79,334**	120,351
Amortization of other assets	**385**	273	**1,325**	1,167
Amortization of improvement allowances	**8,279**	8,259	**32,915**	32,424
Impairment of residential inventory	**—**	—	**15,729**	—
Fair value loss (gain) on investment properties and investment properties held for sale [(2)]	**35,862**	(95,070)	**(63,081)**	(215,693)
Fair value gain on derivative instruments	**(1,733)**	6	**(37,343)**	(16,350)
Mark-to-market adjustment on unit-based compensation	**(55)**	—	**(1,123)**	—
Adjusted EBITDA [(3)]	**$106,630**	$90,843	**$403,119**	$365,050

(1) Includes Allied's proportionate share of the equity accounted investment's interest expense of $nil and $nil for the three months and year ended December 31, 2022, respectively (December 31, 2021 - $16 and $206, respectively).

(2) Includes Allied's proportionate share of the equity accounted investment's fair value gain on investment properties of $693 and fair value loss of $6,101 for the three months and year ended December 31, 2022, respectively (December 31, 2021 - fair value loss on investment properties of $1,134 and $1,864, respectively).

(3) Includes the Urban Data Centre segment which was classified as a discontinued operation in Q4 2022.

NET INCOME FROM CONTINUING OPERATIONS EXCLUDING FAIR VALUE ADJUSTMENTS, FINANCING PREPAYMENT COSTS AND IMPAIRMENT

The following table reconciles Allied's net income and comprehensive income to net income from continuing operations excluding fair value adjustments, financing prepayment costs and impairment, a non-IFRS measure, for the three months and years ended December 31, 2022, and December 31, 2021.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2022	DECEMBER 31, 2021	**DECEMBER 31, 2022**	DECEMBER 31, 2021
Net income and comprehensive income from continuing operations [(1)]	**$20,178**	$113,518	**$174,669**	$331,381
Fair value loss (gain) on investment properties and investment properties held for sale	**42,988**	(63,573)	**73,750**	(161,222)
Fair value (gain) loss on derivative instruments	**(1,733)**	6	**(37,343)**	(16,350)
Mark-to-market adjustment on unit-based compensation	**(55)**	—	**(1,123)**	—
Financing prepayment costs	**(564)**	721	**(564)**	52,610
Impairment of residential inventory	**—**	—	**15,729**	—
Net income from continuing operations excluding fair value adjustments, financing prepayment costs and impairment [(1)]	**$60,814**	$50,672	**$225,118**	$206,419

(1) This excludes the Urban Data Centre segment which was classified as a discontinued operation in Q4 2022. The prior period comparative figures have been revised accordingly.

SAME ASSET NOI

Same asset NOI, a non-IFRS measure, is measured as the net operating income for the properties that Allied owned and operated for the entire duration of both the current and comparative period. Same asset NOI of the assets held for sale for the three months and year ended December 31, 2022, consists of five investment properties.

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2022	DECEMBER 31, 2021	$	%
Rental Portfolio - Same Asset NOI	**$67,326**	$68,499	$(1,173)	(1.7)%
Assets Held for Sale - Same Asset NOI	**16,820**	15,480	$1,340	8.7%
Rental Portfolio and Assets Held for Sale - Same Asset NOI	**$84,146**	$83,979	$167	0.2%
Development Portfolio - Same Asset NOI	**4,040**	2,690	$1,350	50.2%
Total Portfolio - Same Asset NOI	**$88,186**	$86,669	$1,517	1.8%
Acquisitions	**9,415**	247	9,168	
Dispositions	**(5)**	393	(398)	
Lease terminations	**741**	268	473	
Development fees and corporate items	**2,064**	2,661	(597)	
Total NOI	**$100,401**	$90,238	$10,163	11.3%

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2022	DECEMBER 31, 2021	$	%
Rental Portfolio - Same Asset NOI	**$268,443**	$270,441	$(1,998)	(0.7)%
Assets Held for Sale - Same Asset NOI	**65,331**	62,009	$3,322	5.4%
Rental Portfolio and Assets Held for Sale - Same Asset NOI	**$333,774**	$332,450	$1,324	0.4%
Development Portfolio - Same Asset NOI	**8,722**	9,514	$(792)	(8.3)%
Total Portfolio - Same Asset NOI	**$342,496**	$341,964	$532	0.2%
Acquisitions	**33,420**	2,366	31,054	
Dispositions	**1,319**	1,548	(229)	
Lease terminations	**1,094**	1,281	(187)	
Development fees and corporate items	**9,581**	11,560	(1,979)	
Total NOI	**$387,910**	$358,719	$29,191	8.1%

FUNDS FROM OPERATIONS (“FFO”) AND ADJUSTED FUNDS FROM OPERATIONS (“AFFO”)

The following tables reconcile Allied’s net income to FFO, FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation, AFFO, and AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation, which are non-IFRS measures, for the three months and year ended December 31, 2022 and December 31, 2021.

	THREE MONTHS ENDED		
	DECEMBER 31, 2022	DECEMBER 31, 2021	CHANGE
Net income and comprehensive income from continuing operations	**$20,178**	$113,518	$(93,340)
Net income and comprehensive income from discontinued operations	**21,214**	46,403	(25,189)
Adjustment to fair value of investment properties and investment properties held for sale	**36,555**	(96,204)	132,759
Adjustment to fair value of derivative instruments	**(1,733)**	6	(1,739)
Incremental leasing costs	**2,479**	2,249	230
Amortization of improvement allowances	**8,115**	8,129	(14)
Amortization of property, plant and equipment (1)	**99**	—	99
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**(693)**	1,134	(1,827)
Amortization of improvement allowances	**164**	130	34
Interest expense (2)	**377**	326	51
FFO	**$86,755**	$75,691	$11,064
Condominium marketing costs	**189**	108	81
Financing prepayment costs	**(564)**	721	(1,285)
Mark-to-market adjustment on unit-based compensation	**(55)**	—	(55)
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$86,325**	$76,520	$9,805
Amortization of straight-line rents	**(2,807)**	(902)	(1,905)
Regular leasing expenditures	**(2,855)**	(3,253)	398
Regular maintenance capital expenditures	**(354)**	(1,566)	1,212
Incremental leasing costs (related to regular leasing expenditures)	**(1,736)**	(1,574)	(162)
Recoverable maintenance capital expenditures	**(1,995)**	(2,910)	915
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(25)**	(239)	214
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$76,553**	$66,076	$10,477
Weighted average number of units (3)			
Basic	**139,765,128**	127,441,142	12,323,986
Diluted	**139,765,128**	127,611,273	12,153,855
Per unit - basic			
FFO	**$0.621**	$0.594	$0.027
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.618**	$0.600	$0.018
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.548**	$0.518	$0.030
Per unit - diluted			
FFO	**$0.621**	$0.593	$0.028
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.618**	$0.600	$0.018
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$0.548**	$0.518	$0.030

	THREE MONTHS ENDED		
	DECEMBER 31, 2022	DECEMBER 31, 2021	CHANGE
Pay-out Ratio			
FFO	**70.5%**	71.6%	(1.1)%
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**70.8%**	70.9%	(0.1)%
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**79.9%**	82.1%	(2.2)%

	YEAR ENDED		
	DECEMBER 31, 2022	DECEMBER 31, 2021	CHANGE
Net income and comprehensive income from continuing operations	**$174,669**	$331,381	$(156,712)
Net income and comprehensive income from discontinued operations	**200,694**	111,770	88,924
Adjustment to fair value of investment properties and investment properties held for sale	**(69,182)**	(217,557)	148,375
Adjustment to fair value of derivative instruments	**(37,343)**	(16,350)	(20,993)
Impairment of residential inventory	**15,729**	—	15,729
Incremental leasing costs	**9,281**	8,038	1,243
Amortization of improvement allowances	**32,302**	32,305	(3)
Amortization of property, plant and equipment [1]	**224**	—	224
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**6,101**	1,864	4,237
Amortization of improvement allowances	**613**	119	494
Interest expense [2]	**1,389**	1,806	(417)
FFO	**$334,477**	$253,376	$81,101
Condominium marketing costs	**602**	573	29
Financing prepayment costs	**(564)**	52,610	(53,174)
Mark-to-market adjustment on unit-based compensation	**(1,123)**	—	(1,123)
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$333,392**	$306,559	$26,833
Amortization of straight-line rents	**(6,825)**	(3,682)	(3,143)
Regular leasing expenditures	**(13,956)**	(17,177)	3,221
Regular maintenance capital expenditures	**(1,979)**	(4,327)	2,348
Incremental leasing costs (related to regular leasing expenditures)	**(6,497)**	(5,626)	(871)
Recoverable maintenance capital expenditures	**(5,947)**	(8,183)	2,236
Adjustment relating to joint venture:			
Amortization of straight-line rents	**(609)**	(1,047)	438
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$297,579**	$266,517	$31,062
Weighted average number of units [3]			
Basic	**136,880,675**	127,305,384	9,575,291
Diluted	**136,904,082**	127,455,829	9,448,253

	YEAR ENDED		
	DECEMBER 31, 2022	DECEMBER 31, 2021	CHANGE
Per unit - basic			
FFO	**$2.444**	$1.990	$0.454
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$2.436**	$2.408	$0.028
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$2.174**	$2.094	$0.080
Per unit - diluted			
FFO	**$2.443**	$1.988	$0.455
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$2.435**	$2.405	$0.030
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**$2.174**	$2.091	$0.083
Pay-out Ratio			
FFO	**71.6%**	85.5%	(13.9)%
FFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**71.8%**	70.6%	1.2%
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation	**80.4%**	81.2%	(0.8)%

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

(2) 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.

(3) The weighted average number of units includes Units and Exchangeable LP Units. The Exchangeable LP Units are classified as equity in the audited consolidated financial statements as non-controlling interests.

CAUTIONARY STATEMENTS

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition and the expected impact of the global pandemic and consequent economic disruption. These statements generally can be identified by use of forward-looking words such as “forecast”, “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe” or “continue” or the negative thereof or similar variations. Allied’s actual results and performance discussed herein could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including the effect of the global pandemic and consequent economic disruption. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition, changes in government regulations and the factors described under “Risk Factors” in Allied’s Annual Information Form which is available at *www.sedar.com*. The cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this press release, and Allied has no obligation to update such statements.

ABOUT ALLIED

Allied is a leading operator of distinctive urban workspace in Canada’s major cities and network-dense UDC space in Toronto. Allied’s mission is to provide knowledge-based organizations with workspace that is sustainable and conducive to human wellness, creativity, connectivity and diversity. Allied’s vision is to make a continuous contribution to cities and culture that elevates and inspires the humanity in all people.

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