ALLIED

Quarterly Report March 31, 2023

Urban environments for creativity and connectivity

04.26.23

ALLIED

Quarterly Report

March 31, 2023

Contents

Letter to Unitholders

Dear Fellow Unitholder:

This year got underway with discernible resurgence in positive sentiment. In March, the resurgence faltered, and macroeconomic uncertainty accelerated in modified form, inflicting renewed turmoil on the capital markets.

While negative sentiment continues to prevail, two things suggest that the urban office market in Canada is actually strengthening. First, employers across Canada are coalescing around the view that employees need to return to the workplace in the interest of productivity, creativity, cultural vitality and individual mental health. A segment of the employee-base in Canada continues to resist strenuously, but the resistance is beginning to wane and will likely dissipate in time. Second, leasing activity in Canada's major cities hasn't faltered, even though negotiating timeframes have stretched out, as I mentioned they might in my October letter to unitholders last year.

The encouraging fact is that lease deals in the urban core of Canada's major cities continue to get done profitably, however protracted the negotiating process has become. Not only do knowledge-based organizations continue to need workspace, educational organizations are expanding aggressively in urban centres with a view to preparing the knowledge workers of the future. Knowledge-based and educational organizations will continue to drive the utilization of workspace in Canada's major cities into the foreseeable future for entirely humanistic reasons. **Human beings need to be together in person on a continuous basis to learn and work.**

OPERATING PERFORMANCE

Despite continuing macroeconomic uncertainty, our operating income was up 14.5% in the first quarter, in large part because of development completions and contribution from last year's portfolio acquisition. FFO per unit was slightly below our forecast, primarily because we capitalized less interest than anticipated. AFFO per unit was above forecast.

We had 243 lease tours in our rental portfolio in the first quarter, slightly higher than the 240 in the comparable quarter last year and considerably higher than the 226 in the prior quarter. Our occupancy and leased area declined to 88.2% and 88.8%, respectively, though they were a bit better than we forecast for quarter-end. The modest decline from the prior quarter was driven by a non-renewal in Kitchener (with a large, long-time user moving into an owned building) and the transition of The Lougheed Building in Calgary from PUD to the rental portfolio. We're well advanced in replacing the Kitchener tenant and working with an educational organization toward leasing The Lougheed Building in its entirety.

Average in-place net rent per square foot continued to rise in the quarter, reaching $23.35 at quarter-end, and we continued to achieve rent increases on renewal (up 11% ending-to-starting base rent and up 18% average-to-average base rent). As a result, NOI and same-asset NOI were a bit higher than we forecast for the quarter.

SALE OF UDC PORTFOLIO

Scotiabank and CBRE are well advanced in conducting a comprehensive sale process with respect to our UDC portfolio. They contacted nearly 100 potential buyers worldwide in January, approximately 30% of which signed Non-Disclosure Agreements and gained access to the Virtual Data Room. We received first-round bids on March 24 and narrowed the field for the second round and again for a third round, at the end of which we expect to receive firm bids. While we can't yet be certain as to the outcome, we expect a firm agreement and closing within the parameters anticipated when we embarked on the process.

You'll recall that our principal motivation in selling the UDC portfolio is two-fold. First, we want to reaffirm our mission and pursue it over the next few years with low-cost capital. Second, we want to supercharge our balance sheet and reduce our dependence on the capital markets going forward.

We expect to use most of the sale proceeds to retire debt and the balance to fund current development activity. We may elect to use a portion of the sale proceeds to buy back units under our NCIB. We do not expect to use any of the proceeds to fund acquisitions, nor do we expect to engage in material acquisition activity in 2023.

UPDATE ON PLACE GARE VIGER, MONTRÉAL

We acquired the urban office component of Place Gare Viger in August of 2021. We embarked immediately on upgrading parts of The Chateau (700 Rue Saint-Antoine Est and 755 Rue Berri) and working toward the purchase of Tour Viger (700 Rue Saint-Hubert). Despite intervening macroeconomic uncertainty, we've made measurable progress, as outlined below.

The Chateau is now 95.7% leased. The principal user is Lightspeed Commerce, a Canadian tech firm that brought its team back to the workplace earlier this month, and the retail users are also now beginning to bring vitality to Place Gare Viger as a whole.

We closed the acquisition of Tour Viger in October of 2022. Novartis moved its Montréal team into the ground and second floors earlier this month. We're about to finalize a lease transaction with a global conglomerate that will bring the leased area from 25% to 62%. We also have an LOI with a leading educational organization for the remainder of the leasable area. We expect to transfer the property from PUD to the rental portfolio around mid-year.

The Chateau and Tour Viger are part of an evolving healthcare, educational, research and business ecosystem on the eastern perimeter of Old Montréal. Like all our areas of urban concentration, the surrounding neighbourhood accommodates rapidly expanding and mutually reinforcing mixed uses (residential, office and retail), along with a growing array of amenities.

ANNIVERSARY OF PORTFOLIO ACQUISITION, MONTRÉAL, TORONTO AND VANCOUVER

We acquired an office portfolio from Choice Properties REIT on March 31, 2022, and embarked immediately on a user-focused transformation consistent with our mission of providing distinctive urban workspace to knowledge-based organizations in major Canadian cities*. Despite intervening macroeconomic uncertainty, we've made measurable progress. While occupancy in the portfolio is only up slightly, average in-place net rent per occupied square foot increased by 5.5% from $24.74 to $26.11, the weighted average lease term increased by 21% from 4.3 years to 5.2 years, annualized NOI increased by 3.9% from $33.6 million to $34.9 million and the IFRS value increased by 4.8% from $775 million to $812 million.

The three properties we wished to stabilize for the next few years in anticipation of potential intensification in the future (525 University in Toronto and 1185 West Georgia and 1508 West Broadway in Vancouver) have increased to 99.1% occupancy, 99.7% occupancy and 94.1% occupancy, respectively. 1185 West Georgia is a particularly promising intensification opportunity in the near-term, and we're initiating the municipal approval process now with a view to increasing the leasable area by approximately 80%.

The three properties we wished to transform in the near-term (1010 Sherbrooke West in Montréal and 110 Yonge and 175 Bloor East in Toronto) are progressing well. We expect 1010 Sherbrooke West to transform around educational users, particularly McGill University, and we expect 110 Yonge to transform around knowledge-based organizations, in both cases a process now underway and likely to accelerate over the course of 2023. 175 Bloor East is our biggest opportunity. Bloor is transforming from relative decline in the past decade, in some respects like Queen West at various intervals over the last several decades. We believe 175 Bloor East, by anchoring the intersections of Bloor and Church Streets, can benefit from, and be an integral part of, the positive transformation now underway on Bloor.

Despite the intervening macroeconomic uncertainty, this was a "win-win transaction", simultaneously an important and compelling strategic refinement for Choice and a significant expansion of operating capability for Allied. When all is said and done, Allied is an operator of distinctive urban workspace in Canada's major cities. **Our belief in the future of cities, Canadian cities in particular, is stronger than ever.**

Yours truly,

Michael Emory

PRESIDENT AND CHIEF EXECUTIVE OFFICER

** See Transforming the Choice Properties Office Portfolio, March 31, 2022, under the Company/Insight section of our website, www.alliedreit.com.*

Management's Discussion and Analysis of Results of Operations and Financial Condition as at March 31, 2023

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 months ended March 31, 2023. Unless the context indicates otherwise, all references to "Allied", "we", "us" and "our" in this MD&A refer to Allied Properties Real Estate Investment Trust. The Board of Trustees of Allied, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

This MD&A has been prepared with an effective date of April 26, 2023, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the three months ended March 31, 2023. 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-GAAP Measures and Forward-Looking Statements on pages 22 and 26, respectively.

Q1 2023 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.

Q1 Operating Results

LEASED AREA [1]

88.8%

OCCUPIED AREA [1]

88.2%

AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT [1]

$23.35

2022: $22.52

↑ 3.7%

from Q1 2022

RENT GROWTH ON RENEWING SPACE [1]

Total rental portfolio

11.4%

Excluding Calgary

11.4%

WEIGHTED AVERAGE REMAINING LEASE TERM IN YEARS [1]

Rental portfolio

5.7

Q1 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO [2]

↑ 0.2%

from Q1 2022

FFO PER UNIT [2][3]

$0.580

↓ 4.1%

from Q1 2022

AFFO PER UNIT [2][3]

$0.533

↓ 4.5%

from Q1 2022

Year-to-Date Capital Allocation

$nil

Allocated to acquisitions

$85.3M

Allocated to revenue-enhancing and development activity

Liquidity [4] End of Q1

$139.2M

$239.2M including accordion

Q1 Balance Sheet

NET DEBT AS A MULTIPLE OF ANNUALIZED ADJUSTED EBITDA [2]

10.5x

TOTAL INDEBTEDNESS RATIO [2]

36.5%

INTEREST COVERAGE RATIO [2][5]

2.4x

UNENCUMBERED INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR SALE [2]

$9.7B

87.3% of investment properties and investment properties held for sale on a proportionate basis [2]

ESG Results [6]

2022 GRESB SCORE FOR STANDING INVESTMENTS

86/100

Up from 80/100 in 2021

2021 ENERGY USE INTENSITY (EUI)

↓ 15.4%

from our 2019 baseline

2021 GREENHOUSE GAS INTENSITY (GHGI)

↓ 12.4%

from our 2019 baseline

2021 WATER USE INTENSITY (WUI)

↓ 43.3%

from our 2019 baseline

2021 WASTE DIVERSION

↑ 1%

in average waste diversion from our 2019 baseline

(1) *The operating results exclude the assets held for sale.*
(2) *This is a non-GAAP measure, refer to page 22. These non-GAAP measures include the results of the continuing operations and the discontinued operations. Same asset NOI - rental portfolio excludes the assets held for sale.*
(3) *Excluding condominium related items and the mark-to-market adjustment on unit-based compensation on a diluted basis.*
(4) *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 March 31, 2023.*
(5) *Including interest capitalized.*
(6) *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

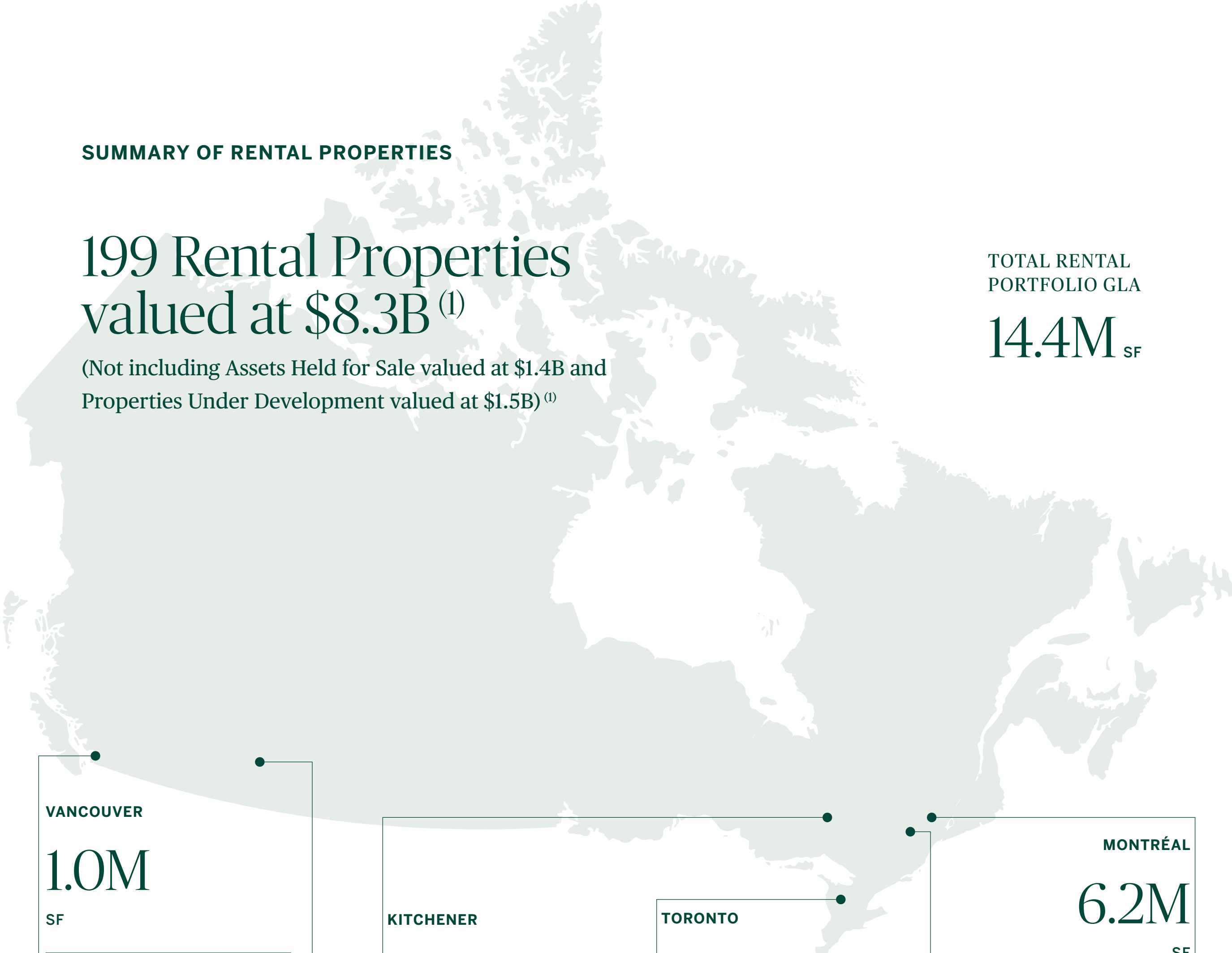
The following table summarizes the key operating and financial performance measures for the periods listed below:

($000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED MARCH 31, 2023	THREE MONTHS ENDED MARCH 31, 2022	YEAR ENDED DECEMBER 31, 2022
Leased area (1)	**88.8%**	89.3%	90.8%
Occupied area (1)	**88.2%**	88.3%	89.6%
Average in-place net rent per occupied square foot (1)	**23.35**	25.13	23.10
Average in-place net rent per occupied square foot - excluding UDC in all periods	**23.35**	22.52	23.10
Retention rate on maturities during the period (leased in current period and prior year) (1)	**46.8%**	69.2%	65.4%
Increase in net rent on renewing leases - total rental portfolio (1)	**11.4%**	8.4%	5.6%
Increase in net rent on renewing leases - excluding Calgary (1)	**11.4%**	12.5%	7.8%
Investment properties and investment properties held for sale (2)	**11,052,110**	10,599,738	11,023,835
Unencumbered investment properties and investment properties held for sale (3)	**9,749,760**	9,369,227	9,700,360
Total assets (2)	**11,968,357**	11,413,692	11,906,350
Cost of PUD as % of GBV (3)	**11.5%**	10.8%	12.6%
NAV per unit (4)	**50.41**	50.92	50.96
Debt (2)	**4,340,919**	3,769,606	4,211,185
Total indebtedness ratio (3)	**36.5%**	33.3%	35.6%
Annualized Adjusted EBITDA (3)	**411,980**	366,888	403,119
Net debt as a multiple of Annualized Adjusted EBITDA (3)	**10.5x**	10.2x	10.4x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing (3)	**2.4x**	3.3x	2.8x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing (3)	**2.8x**	3.4x	3.0x
Rental revenue (2)(5)	**138,490**	120,942	519,468
Net (loss) income and comprehensive (loss) income (2)	**(13,683)**	187,190	375,363
Net (loss) income and comprehensive (loss) income from continuing operations (2)(5)	**(31,702)**	68,874	174,669
Net income from continuing operations excluding fair value adjustments (3)(5)	**54,469**	59,865	225,118
Adjusted EBITDA (3)	**102,995**	91,722	403,119

($000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED **MARCH 31, 2023**	 MARCH 31, 2022	YEAR ENDED DECEMBER 31, 2022
Same Asset NOI - rental portfolio (3)(5)	**68,221**	68,086	268,443
Same Asset NOI - total portfolio (3)	**86,354**	87,367	342,496
FFO (3)	**81,175**	77,340	334,477
FFO per unit (diluted) (3)	**0.581**	0.603	2.443
FFO pay-out ratio (3)	**77.5%**	72.4%	71.6%
All amounts below are excluding condominium related items and the mark-to-market adjustment on unit-based compensation (3):			
FFO	**81,085**	77,573	333,392
FFO per unit (diluted)	**0.580**	0.605	2.435
FFO payout-ratio	**77.6%**	72.1%	71.8%
AFFO	**74,482**	71,571	297,579
AFFO per unit (diluted)	**0.533**	0.558	2.174
AFFO payout-ratio	**84.4%**	78.2%	80.4%

(1) This metric excludes the assets held for sale based on the assets held for sale classification at the end of each period.
(2) This measure is presented on an IFRS basis.
(3) This is a non-GAAP measure, refer to page 22. These non-GAAP measures include the results of the continuing operations and the discontinued operations (except for net income from continuing operations excluding fair value adjustments, and same asset NOI - rental portfolio, which only include continuing operations).
(4) Net asset value per unit ("NAV per unit") is calculated as follows: total equity as at the corresponding period ended, 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) This metric includes only the results of the continuing operations.

SUMMARY OF RENTAL PROPERTIES



199 Rental Properties valued at $8.3B [1]

(Not including Assets Held for Sale valued at $1.4B and Properties Under Development valued at $1.5B) [1]

TOTAL RENTAL PORTFOLIO GLA

14.4M SF

VANCOUVER

1.0M SF

ALLIED OCCUPANCY	92.8%
MARKET OCCUPANCY [2]	89.6%
PROPERTIES	13
EMPLOYEES	21

CALGARY

1.4M SF

ALLIED OCCUPANCY	81.8%
MARKET OCCUPANCY [2]	68.0%
PROPERTIES	31
EMPLOYEES	34

KITCHENER

562K SF

ALLIED OCCUPANCY	74.3%
MARKET OCCUPANCY [2][3]	76.7%
PROPERTIES	5
EMPLOYEES	4

TORONTO

5.0M SF

ALLIED OCCUPANCY	87.9%
MARKET OCCUPANCY [2]	84.7%
PROPERTIES	107
ANCILLARY PARKING FACILITIES	10
EMPLOYEES	223

MONTRÉAL

6.2M SF

ALLIED OCCUPANCY	90.0%
MARKET OCCUPANCY [2]	83.5%
PROPERTIES	31
EMPLOYEES	93

OTTAWA

231K SF

ALLIED OCCUPANCY	99.0%
MARKET OCCUPANCY [2]	86.8%
PROPERTIES	2
EMPLOYEES	4

(1) *The rental properties and properties under development values are on a proportionate basis, which are non-GAAP measures.*
(2) *Source: cbre.ca, CBRE Canada Office Figures Q1 2023 Report.*
(3) *Kitchener market occupancy is based on the city of Waterloo market occupancy.*

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. 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.

On January 16, 2023, Allied announced the completion of the initial phase of its exploration of the sale of its UDC portfolio, which consists of freehold interests in 151 Front W and 905 King W and a leasehold interest in 250 Front Street W (the "UDC Portfolio"). The UDC Portfolio is unencumbered and does not include 20 York Street, the site for Union Centre. The sale of the UDC Portfolio will enable Allied to reaffirm its mission to serve knowledge-based organizations and to propel continued growth with low-cost capital over the next few years. The UDC Portfolio was connected to Allied's mission from the beginning, but it is not core to Allied's mission in the way urban workspace is. If successful in selling the UDC Portfolio, Allied expects to use a significant portion of the sale proceeds to retire debt and the balance to fund its current development activity.

Allied is well advanced in conducting its comprehensive sales process on the UDC Portfolio. The UDC segment continues to be classified as a discontinued operation and asset held for sale.

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 is 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.

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 people*. 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 ESG 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, the Board established four ESG goals, the achievement of which the Governance, Compensation and Nomination Committee and the Board analyzes 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 (1)

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% (1)

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% (1)

In 2021, Allied reduced its water use from 67L/ft^2 in 2019 to 38L/ft^2. This represents a 43.3% reduction compared to the 2019 baseline and exceeds its 2024 target.

Improved our GRESB Score by Six Points

In its 2022 GRESB assessment, Allied scored 86/100 for its standing investments, a six-point improvement from 2021 and scored 82/100 for its development portfolio, a seven-point improvement from 2021.

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"

Since 2020, Allied engaged Kincentric to conduct an annual third-party employee engagement survey. In 2020 and 2021, Allied was recognized by Kincentric as a "Best Employer".

Outperformed Peers in User Experience Assessment Ratings

In November 2022, Allied completed its third annual third-party User Experience Assessment Survey. Results demonstrated year over year improvements. 2022 scores exceeded the benchmark of the Kingsley Index in key areas.

Co-hosted Indigenous Relations in Real Estate Development Series

In June 2022 and March 2023, in partnership with ULI Toronto, Shared Path and Westbank, Allied hosted two sessions for Canada's real estate leaders to lay the groundwork for improved Indigenous relations in the industry by deepening participants' understanding of our shared history as Indigenous and Non-Indigenous peoples and identifying opportunities for collaboration.

(1) These metrics are based on Allied's third Annual ESG Report. Allied's fourth Annual ESG Report will be published mid-2023.

BUSINESS ENVIRONMENT AND 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.

The foregoing sections contain non-GAAP measures and forward-looking statements. Where it is not explicitly stated, the measures include the results of both continuing and discontinued operations. Management believes these combined results provide a more meaningful measure of financial performance for the periods presented. Refer to Non-GAAP Measures and Forward Looking Statements below.

NON-GAAP 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-GAAP MEASURE	DEFINITION	RECONCILIATION
Allied's proportionate share or proportionate basis	All references to "proportionate share" or "proportionate basis" refer to a non-GAAP 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")	FFO is a non-GAAP 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 from continuing operations less certain adjustments, on a proportionate basis, including fair value changes in investment properties, investment properties held for sale and derivative instruments, impairment, incremental leasing costs, net income and comprehensive income from discontinued operations, amortization of improvement allowances and amortization of property, plant and equipment which relates to owner-occupied property. FFO is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes FFO is a key measure of operating performance.	Section II - Operations - Other Financial Performance Measures
FFO excluding condominium costs and the mark-to-market adjustment on unit-based compensation	FFO excluding condominium related items 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 and the mark-to-market adjustment on unit-based compensation. FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium 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
FFO excluding condominium 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 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 from continuing operations, 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-GAAP MEASURE	DEFINITION	RECONCILIATION
Adjusted Funds from Operations (“AFFO”)	AFFO is a non-GAAP financial measure used by most Canadian real estate investment trusts based on a standardized definition established by REALPAC in the White Paper. AFFO is defined as FFO less amortization of straight-line rent, 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 from continuing operations, 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.	Section II - Operations - Other Financial Performance Measures
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	AFFO excluding condominium related items 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 and the mark-to-market adjustment on unit-based compensation. AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation is reconciled to net income and comprehensive income from continuing operations, which is the most directly comparable IFRS measure. Management believes this is a useful measure as these condominium 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
AFFO excluding condominium related items, 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 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 from continuing operations, 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 from continuing operations excluding fair value adjustments	Net income from continuing operations excluding fair value adjustments is a non-GAAP financial measure that starts with net income from continuing operations and removes the effects of fair value gains or losses on investment properties and investment properties held for sale, or derivative instruments, and the mark-to-market adjustment on unit-based compensation. Management considers this to be a useful measure of operating performance, as fair value adjustments can fluctuate widely with the market.	Section II - Operations
Net income from continuing operations excluding fair value adjustments, financing prepayment costs and impairment	Net income from continuing operations excluding fair value adjustments, financing prepayment costs and impairment is a non-GAAP financial measure that starts with net income from continuing operations 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, financing prepayment costs and impairment 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 and impairment are non-recurring in nature.	Section II - Operations
Net Rental Income (“NRI”)	NRI is a non-GAAP financial measure defined as rental revenue from continuing operations less property operating costs from continuing operations on a proportionate basis. It excludes condominium revenue and condominium cost of sales. The most directly comparable IFRS measure 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

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Net Operating Income ("NOI") from continuing operations	NOI from continuing operations is a non-GAAP financial measure defined as NRI excluding the impact of non-cash items such as amortization of improvement allowances and the amortization of straight-line rent from continuing operations on a proportionate basis. The most directly comparable IFRS measure to NOI from continuing operations 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
NOI from discontinued operations	NOI from discontinued operations is a non-GAAP financial measure defined as rental revenue from discontinued operations less property operating costs from discontinued operations on a proportionate basis, excluding the impact of non-cash items such as amortization of improvement allowances and the amortization of straight-line rent from discontinued operations on a proportionate basis. The most directly comparable IFRS measure to NOI from discontinued operations is Operating Income. Management believes this is a useful measure as it demonstrates the performance of its discontinued segment.	Section II - Operations - Net Operating Income
Total NOI	Total NOI is a non-GAAP financial measure defined as the sum of NOI from continuing operations and NOI from discontinued operations. The most directly comparable IFRS measure to Total NOI is Operating Income. Management believes this is a useful measure as it demonstrates the cash generating operating performance of all its properties.	Section II - Operations - Net Operating Income
Same Asset NOI	Same asset NOI is a non-GAAP measure defined as NOI for the properties that Allied owned and operated for the entire duration of both the current and comparative period on a proportionate basis. 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
Normalized Last Quarter Annualized ("LQA") NOI	Normalized LQA NOI is a non-GAAP measure defined as the normalized NOI from continuing operations for an individual property or portfolio for the most recently completed quarter multiplied by four on a proportionate basis. 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")	GBV is a non-GAAP 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
Cost of Properties Under Development ("PUD") as a percentage of GBV	Cost of PUD as a percentage of GBV is a non-GAAP 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
Net debt	Net debt is a non-GAAP 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-GAAP 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-GAAP MEASURE	DEFINITION	RECONCILIATION
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”) **and** **Annualized Adjusted EBITDA**	Adjusted EBITDA is a non-GAAP measure calculated on a proportionate basis comprised of earnings before interest expense, income taxes, depreciation and amortization expense (including amortization of improvement allowances), impairment, 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. Annualized Adjusted EBITDA is a non-GAAP 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.	Section II - Operations - Other Financial Performance Measures
Unencumbered investment properties and investment properties held for sale	Unencumbered investment properties and investment properties held for sale is a non-GAAP measure defined as the value of investment properties, including investment properties held for sale, which are free and clear of any encumbrances. This is calculated on a proportionate share basis. Management believes unencumbered investment properties and investment properties held for sale is a useful measure to assess the borrowing capacity of Allied.	N/A
FFO and AFFO Payout-Ratios **and** **FFO and AFFO Payout-Ratios excluding condominium related items and the mark-to-market adjustment on unit-based compensation** **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, FFO and AFFO payout-ratios excluding condominium related items and the mark-to-market adjustment on unit-based compensation, 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-GAAP measures. These payout ratios are calculated by dividing the actual distributions declared by FFO, AFFO, FFO and AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation, 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** **Interest Coverage Ratio including interest capitalized and excluding financing prepayment costs**	Interest coverage ratio, interest coverage ratio including interest capitalized, and interest coverage ratio including interest capitalized and excluding financing prepayment costs are non-GAAP measures calculated on a trailing three-month basis and twelve-month basis for the three months ended and the year ended, respectively. Interest coverage ratio is defined as Adjusted EBITDA divided by interest expense. Interest coverage ratio including interest capitalized is defined as Adjusted EBITDA divided by interest expense with interest capitalized included. Interest coverage ratio including interest capitalized and excluding financing prepayment costs is 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.	N/A
Total Indebtedness Ratio	Total indebtedness ratio is a non-GAAP 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; the proposed sale of the UDC Portfolio and the expected use of proceeds if such sale is completed; expected capital expenditure and allocation over 2023; 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, FFO per unit excluding condominium related items and the mark-to-market adjustment on unit-based compensation, AFFO 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 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 April 26, 2023, 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 months ended March 31, 2023, and the comparable period in 2022.

NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

The following table reconciles the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income on an IFRS basis to a proportionate basis, which is a non-GAAP measure, for the three months ended March 31, 2023, and March 31, 2022. Refer to Non-GAAP Measures on page 22.

There is an additional table to reconcile net (loss) income and comprehensive (loss) income from continuing operations to net income from continuing operations excluding fair value adjustments, a non-GAAP measure, for the three months ended March 31, 2023, and March 31, 2022. Refer to Non-GAAP Measures on page 22.

	THREE MONTHS ENDED					
	MARCH 31, 2023			MARCH 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Continuing operations						
Rental revenue	$138,490	$2,058	$140,548	$120,942	$1,402	$122,344
Property operating costs	(61,325)	(1,049)	(62,374)	(53,535)	(963)	(54,498)
Net rental income and operating income	$77,165	$1,009	$78,174	$67,407	$439	$67,846
Interest expense	(22,564)	—	(22,564)	(15,161)	—	(15,161)
General and administrative expenses	(6,170)	—	(6,170)	(6,882)	—	(6,882)
Condominium marketing expenses	(120)	—	(120)	(113)	—	(113)
Amortization of other assets	(370)	—	(370)	(261)	—	(261)
Interest income	9,744	8	9,752	7,024	—	7,024
Fair value (loss) gain on investment properties and investment properties held for sale	(78,357)	(4,023)	(82,380)	(10,069)	7,292	(2,777)
Fair value (loss) gain on derivative instruments	(8,024)	—	(8,024)	19,198	—	19,198
Net (loss) income from joint venture	(3,006)	3,006	—	7,731	(7,731)	—
Net (loss) income and comprehensive (loss) income from continuing operations (1)	$(31,702)	$—	$(31,702)	$68,874	$—	$68,874

(1) *Includes two investment properties held for sale as at March 31, 2023, and four investment properties held for sale as at March 31, 2022.*

	THREE MONTHS ENDED					
	MARCH 31, 2023			MARCH 31, 2022		
	IFRS BASIS	**INVESTMENT IN JOINT VENTURE**	**PROPORTIONATE BASIS**	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Discontinued operations (UDC segment)						
Rental revenue	**$21,100**	**$—**	**$21,100**	$23,878	$—	$23,878
Property operating costs	**(7,899)**	**—**	**(7,899)**	(8,051)	—	(8,051)
Net rental income and operating income	**$13,201**	**$—**	**$13,201**	$15,827	$—	$15,827
Interest expense	**(1,771)**	**—**	**(1,771)**	(1,508)	—	(1,508)
Fair value gain on investment properties held for sale	**6,589**	**—**	**6,589**	103,997	—	103,997
Net income and comprehensive income from discontinued operations	**$18,019**	**$—**	**$18,019**	$118,316	$—	$118,316
Net (loss) income and comprehensive (loss) income	**$(13,683)**	**$—**	**$(13,683)**	$187,190	$—	$187,190

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Net income and comprehensive income from continuing operations	**$(31,702)**	$68,874
Fair value loss on investment properties and investment properties held for sale	**78,357**	10,069
Fair value loss (gain) on derivative instruments	**8,024**	(19,198)
Mark-to-market adjustment on unit-based compensation	**(210)**	120
Net income from continuing operations excluding fair value adjustments [(1)]	**$54,469**	$59,865

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

On an IFRS basis, net (loss) income and comprehensive (loss) income from continuing operations for the three months ended March 31, 2023, decreased by $100,576 from the comparable period in 2022, primarily due to fair value adjustments and higher interest expense, partially offset by an increase in operating income. On an IFRS basis, net income and comprehensive income from discontinued operations for the three months ended March 31, 2023, decreased by $100,297 from the comparable period in 2022, primarily due to fair value adjustments. For the three months ended March 31, 2023, the fair value loss on investment properties and investment properties held for sale of continuing and discontinued operations on an IFRS basis is $71,768 (March 31, 2022 - fair value gain on investment properties and investment properties held for sale of $93,928).

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 months ended March 31, 2023, as compared to the same period in the prior year.

The following table reconciles operating income to net operating income, a non-GAAP measure. Refer to Non-GAAP Measures on page 22.

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Operating income, IFRS basis	**$77,165**	$67,407
Add: investment in joint venture	**1,009**	439
Operating income, proportionate basis	**$78,174**	$67,846
Amortization of improvement allowances [1][2]	**8,238**	7,765
Amortization of straight-line rent [1][2]	**(1,779)**	(345)
NOI from continuing operations	**$84,633**	$75,266
NOI from discontinued operations	**$13,069**	$15,848
Total NOI	**$97,702**	$91,114

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months ended March 31, 2023: amortization improvement allowances of $183 (March 31, 2022 - $133), and amortization of straight-line rent of $(48) (March 31, 2022 - $(250)).

(2) Excludes the Urban Data Centre segment which was classified as a discontinued operation starting in Q4 2022. The prior period comparative figures have been revised accordingly. For the three months ended March 31, 2023, the Urban Data Centre segment's amortization of improvement allowances was $130 (March 31, 2022 - $135). For the three months ended March 31, 2023, the Urban Data Centre segment's amortization of straight-line rent was $(262) (March 31, 2022 - $(114)).

The following tables set out the NOI by segment and space type from the rental and development properties for the three months ended March 31, 2023, and the comparable period in 2022:

SEGMENT	THREE MONTHS ENDED MARCH 31, 2023		MARCH 31, 2022		CHANGE $	%
Urban Workspace						
Montréal & Ottawa	**$29,560**	**30.3%**	$28,225	31.0%	$1,335	4.7%
Toronto & Kitchener	**40,730**	**41.6**	36,379	39.9	4,351	12.0
Calgary & Edmonton	**5,783**	**5.9**	5,159	5.7	624	12.1
Vancouver	**8,560**	**8.8**	5,503	6.0	3,057	55.6
NOI from continuing operations	**$84,633**	**86.6%**	$75,266	82.6%	$9,367	12.4%
NOI from discontinued operations	**$13,069**	**13.4%**	$15,848	17.4%	$(2,779)	(17.5)%
Total NOI	**$97,702**	**100.0%**	$91,114	100.0%	$6,588	7.2%

TYPE OF SPACE	THREE MONTHS ENDED MARCH 31, 2023		MARCH 31, 2022		CHANGE $	%
Urban Workspace - Office	**$70,667**	**72.3%**	$63,767	69.9%	$6,900	10.8%
Urban Workspace - Retail	**9,139**	**9.4**	8,432	9.3	707	8.4
Urban Workspace - Parking	**4,827**	**4.9**	3,067	3.4	1,760	57.4
NOI from continuing operations	**$84,633**	**86.6%**	$75,266	82.6%	$9,367	12.4%
NOI from discontinued operations	**$13,069**	**13.4%**	$15,848	17.4%	$(2,779)	(17.5)%
Total NOI	**$97,702**	**100.0%**	$91,114	100.0%	$6,588	7.2%

The increase in NOI from continuing operations for the three months ended March 31, 2023, was due to acquisitions, increased variable parking revenue, and rent commencement at The Well. This was partially offset by a non-renewal at The Tannery in Kitchener (with a large, long-time user moving into an owned building), and de-leasing to facilitate upgrade activities at 1001 Boulevard Robert-Bourassa in Montréal. The decrease in NOI from discontinued operations for the three months ended March 31, 2023, was due to a partial non-renewal in the UDC Portfolio.

SAME ASSET NOI

Same asset NOI, a non-GAAP measure in the table below, refers to those investment properties that were owned by Allied from January 1, 2022, to March 31, 2023. Same asset NOI of the development portfolio for the three months ended March 31, 2023, consists of Breithaupt Phase III, Adelaide & Duncan, 185 Spadina, KING Toronto, QRC West Phase II, King & Brant, 400 Atlantic, Boardwalk-Revillon Building, The Lougheed Building, 342 Water Street, 3575 Saint-Laurent, 365 Railway, and portions of The Well, 1001 Boulevard Robert-Bourassa and RCA Building - 1001 Lenoir Street. Same asset NOI of the assets held for sale for the three months ended March 31, 2023, consists of five investment properties.

	THREE MONTHS ENDED		CHANGE	
	MARCH 31, 2023	MARCH 31, 2022	$	%
Urban Workspace				
Montréal & Ottawa	**$26,716**	$26,160	$556	2.1%
Toronto & Kitchener	**30,979**	31,987	(1,008)	(3.2)
Calgary	**5,205**	4,672	533	11.4
Vancouver	**5,321**	5,267	54	1.0
Rental Portfolio - Same Asset NOI	**$68,221**	$68,086	$135	0.2%
Assets Held for Sale - Same Asset NOI	**13,522**	16,279	(2,757)	(16.9)
Rental Portfolio and Assets Held for Sale - Same Asset NOI	**$81,743**	$84,365	$(2,622)	(3.1)%
Urban Workspace	**$4,611**	$3,002	$1,609	53.6%
Development Portfolio - Same Asset NOI	**$4,611**	$3,002	$1,609	53.6%
Total Portfolio - Same Asset NOI	**$86,354**	$87,367	$(1,013)	(1.2)%
Acquisitions	**$9,030**	$—	$9,030	
Dispositions	**—**	435	(435)	
Lease terminations	**193**	124	69	
Development fees and corporate items	**2,125**	3,188	(1,063)	
Total NOI	**$97,702**	$91,114	$6,588	7.2%

Same asset NOI of the total portfolio decreased by $1,013 or 1.2% for the three months ended March 31, 2023. Same asset NOI of the rental portfolio increased by $135 or 0.2% as a result of rent growth and economic occupancy in Vancouver and Calgary, and increased variable parking revenue. This was partially offset by a non-renewal at The Tannery in Kitchener (with a large, long-time user moving into an owned building). Same asset NOI of assets held for sale decreased by $2,757 or 16.9% as a result of a partial non-renewal in the UDC Portfolio.

Same asset NOI of the development portfolio increased by $1,609 or 53.6%, primarily due to rent commencement at The Well. This was partially offset by de-leasing to facilitate upgrade activities at 1001 Boulevard Robert-Bourassa in Montréal.

INTEREST EXPENSE

Interest expense for the three months ended March 31, 2023 and 2022, are as follows:

	THREE MONTHS ENDED		CHANGE	
	MARCH 31, 2023	MARCH 31, 2022	$	%
Interest on debt:				
Mortgages payable	**$846**	$1,087	$(241)	(22.2)%
Construction loans payable	**3,001**	1,007	1,994	198.0
Promissory note payable	**986**	—	986	100.0
Unsecured Facility	**7,472**	1,908	5,564	291.6
Unsecured Debentures	**18,677**	18,674	3	—
Unsecured Term Loans	**6,918**	2,153	4,765	221.3
Interest on lease liabilities (1)	**801**	804	(3)	(0.4)
Amortization, net discount (premium) on debt	**985**	(159)	1,144	(719.5)
Amortization, net financing costs	**677**	606	71	11.7
	$40,363	$26,080	$14,283	54.8%
Interest capitalized to qualifying investment properties and residential inventory	**(17,799)**	(10,919)	(6,880)	(63.0)
Interest expense, IFRS basis	**$22,564**	$15,161	$7,403	48.8%

(1) *Excludes interest on a lease liability held for sale of $1,771 (March 31, 2022 - $1,508).*

For the three months ended March 31, 2023, interest expense on an IFRS basis increased by $7,403 or 48.8% over the comparable period primarily due to a higher balance of Unsecured Term Loans, and higher draws at a higher interest rate on the Unsecured Facility, partially offset by higher capitalized interest.

For the three months ended March 31, 2023, capitalized interest increased over the comparable period due to a higher weighted average interest rate and 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, 2022, 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, and 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 months ended March 31, 2023 and 2022, are as follows:

	THREE MONTHS ENDED		CHANGE	
	MARCH 31, 2023	MARCH 31, 2022	$	%
Salaries and benefits	**$5,245**	$5,611	$(366)	(6.5)%
Professional and trustees fees	**2,297**	2,177	120	5.5
Office and general expenses	**1,417**	1,311	106	8.1
	$8,959	$9,099	$(140)	(1.5)%
Capitalized to qualifying investment properties	**(2,789)**	(2,217)	(572)	(25.8)
Total general and administrative expenses, IFRS basis	**$6,170**	$6,882	$(712)	(10.3)%

For the three months ended March 31, 2023, general and administrative expenses decreased by $712 or 10.3% from the comparable period primarily due to mark-to-market adjustments on unit-based compensation liabilities, timing of expenses, and increased capitalization based on development and upgrade activities across the portfolio.

INTEREST INCOME

Interest income for the three months ended March 31, 2023 and 2022, are as follows:

	THREE MONTHS ENDED		CHANGE	
	MARCH 31, 2023	MARCH 31, 2022	$	%
Interest on loans receivable	**$8,743**	$6,364	$2,379	37.4%
Guarantee fees	**829**	619	210	33.9
Interest on cash and cash equivalents and other	**172**	41	131	319.5
Interest income, IFRS basis	**$9,744**	$7,024	$2,720	38.7%

For the three months ended March 31, 2023, interest income increased by $2,720 or 38.7% over the comparative period primarily due to a higher balance of loans receivable.

OTHER FINANCIAL PERFORMANCE MEASURES

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

Allied's calculation of FFO, a non-GAAP measure, is in compliance with REALPAC's standardized definition in the White Paper. FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation, a non-GAAP measure, starts with the standardized definition of FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs and the mark-to-market adjustment on unit-based compensation. Refer to Non-GAAP Measures on page 22.

Allied initiated condominium pre-sales at KING Toronto, a 50/50 joint venture with Westbank, in the fourth quarter of 2018. For the three months ended March 31, 2023, Allied incurred $120 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 March 31, 2023, FFO per unit excluding condominium related items and the mark-to-market adjustment on unit-based compensation totalled $0.580. This is a decrease of $0.025 or 4.1% over the comparable period in the prior year. The decrease was primarily due to higher interest expense, partially offset by an increase in NOI.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate FFO pay-out ratio excluding condominium related items and the mark-to-market adjustment on unit-based compensation. Refer to Non-GAAP Measures on page 22. For the three months ended March 31, 2023, the FFO pay-out ratio excluding condominium related items and the mark-to-market adjustment on unit-based compensation was 77.6%.

ADJUSTED FUNDS FROM OPERATIONS ("AFFO") EXCLUDING CONDOMINIUM RELATED ITEMS AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

Allied's calculation of AFFO, a non-GAAP measure, is in compliance with REALPAC's standardized definition in the White Paper. AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation, a non-GAAP measure, starts with the standardized definition of AFFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs and the mark-to-market adjustment on unit-based compensation. Refer to Non-GAAP Measures on page 22.

For the three months ended March 31, 2023, AFFO per unit excluding condominium related items and the mark-to-market adjustment on unit-based compensation totalled $0.533. This represents a decrease of $0.025 or 4.5% over the comparable period in the prior year. The decrease was primarily due to the changes in FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation discussed above, higher amortization of straight-line rent and higher maintenance capital expenditures, partially offset by lower 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 and the mark-to-market adjustment on unit-based compensation, which is the ratio of actual distributions to AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation in a given period. For the three months ended March 31, 2023, the AFFO pay-out ratio excluding condominium related items and the mark-to-market adjustment on unit-based compensation was 84.4%.

RECONCILIATION OF FFO AND AFFO

The following table reconciles Allied's net (loss) income and comprehensive (loss) income from continuing operations to FFO, FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation and AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation, which are on a non-GAAP basis, for the three months ended March 31, 2023, and March 31, 2022. Refer to Non-GAAP Measures on page 22.

	THREE MONTHS ENDED		
	MARCH 31, 2023	MARCH 31, 2022	CHANGE
Net (loss) income and comprehensive (loss) income from continuing operations	$(31,702)	$68,874	$(100,576)
Net income and comprehensive income from discontinued operations	18,019	118,316	(100,297)
Adjustment to fair value of investment properties and investment properties held for sale	71,768	(93,928)	165,696
Adjustment to fair value of derivative instruments	8,024	(19,198)	27,222
Incremental leasing costs	2,240	2,353	(113)
Amortization of improvement allowances	8,185	7,767	418
Amortization of property, plant and equipment (1)	100	—	100
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	4,023	(7,292)	11,315
Amortization of improvement allowances	183	133	50
Interest expense (2)	335	315	20
FFO	**$81,175**	$77,340	$3,835
Condominium marketing costs	120	113	7
Mark-to-market adjustment on unit-based compensation	(210)	120	(330)
FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**$81,085**	$77,573	$3,512
Amortization of straight-line rent	(1,993)	(209)	(1,784)
Regular leasing expenditures (3)	(1,126)	(3,195)	2,069
Regular maintenance capital expenditures	(33)	(386)	353
Incremental leasing costs (related to regular leasing expenditures)	(1,568)	(1,647)	79
Recoverable maintenance capital expenditures	(1,835)	(315)	(1,520)
Adjustment relating to joint venture:			
Amortization of straight-line rent	(48)	(250)	202
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**$74,482**	$71,571	$2,911
Weighted average number of units (4)			
Basic	139,765,128	128,074,012	11,691,116
Diluted	139,765,128	128,279,982	11,485,146
Per unit - basic			
FFO	$0.581	$0.604	$(0.023)
FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	$0.580	$0.606	$(0.026)

	THREE MONTHS ENDED		
	MARCH 31, 2023	MARCH 31, 2022	CHANGE
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**$0.533**	$0.559	$(0.026)
Per unit - diluted			
FFO	**$0.581**	$0.603	$(0.022)
FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**$0.580**	$0.605	$(0.025)
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**$0.533**	$0.558	$(0.025)
Pay-out Ratio			
FFO	**77.5%**	72.4%	5.1%
FFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**77.6%**	72.1%	5.5%
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation	**84.4%**	78.2%	6.2%

(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) Refer to Capital Expenditures on page 39 for a description of regular leasing expenditures.
(4) 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 financial statements 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, including 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 March 31, 2023, Allied incurred (i) $1,126 in regular leasing expenditures, (ii) $33 in regular maintenance capital expenditures and (iii) $1,835 of recoverable maintenance capital expenditures.

Revenue-enhancing capital is invested to improve the revenue generating ability of the properties. This includes 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 costs of internal staff directly attributable to the projects under development.

For the three months ended March 31, 2023, Allied invested $85,339 of revenue-enhancing capital into its portfolio to enhance its income-producing capability and in ongoing development activity.

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Regular maintenance capital expenditures	**$33**	$386
Recoverable maintenance capital expenditures	**$1,835**	$315
Regular leasing expenditures	**$1,126**	$3,195
Revenue-enhancing capital and development costs	**$85,339**	$82,535

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

The following table reconciles Allied's net (loss) income and comprehensive (loss) income to Adjusted EBITDA, a non-GAAP measure, for the three months ended March 31, 2023, and March 31, 2022. Refer to Non-GAAP Measures on page 22.

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Net (loss) income and comprehensive (loss) income for the period	**$(13,683)**	$187,190
Interest expense	**24,335**	16,669
Amortization of other assets	**370**	261
Amortization of improvement allowances	**8,368**	7,900
Fair value loss (gain) on investment properties and investment properties held for sale (1)	**75,791**	(101,220)
Fair value (gain) loss on derivative instruments	**8,024**	(19,198)
Mark-to-market adjustment on unit-based compensation	**(210)**	120
Adjusted EBITDA (2)	**$102,995**	$91,722

(1) Includes Allied's proportionate share of the equity accounted investment's fair value loss on investment properties of $4,023 for the three months ended March 31, 2023 (March 31, 2022 - fair value gain on investment properties of $7,292).

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

Section III
–Leasing

Allied strives to maintain high levels of occupancy and leased area. At March 31, 2023, Allied's rental portfolio (which excludes assets held for sale including UDC) was 88.8% leased.

STATUS

Leasing status for the rental portfolio as at March 31, 2023, is summarized below:

	THREE MONTHS ENDED	
	GLA	AS A % OF TOTAL GLA [1]
Leased area (occupied & committed) on December 31, 2022	12,998,230	90.8%
Vacancy committed for future leases	(166,163)	
Occupancy - December 31, 2022	12,832,067	89.6%
Previously committed vacant space now occupied	132,004	
New leases and expansions on vacant space	25,971	
New vacancies during the period	(269,702)	
Surrender/early termination agreements	(24,613)	
Suite additions, remeasurements and removals	947	
Occupancy (pre-2023 acquisitions, dispositions and transfers)	12,696,674	88.7%
Occupancy related to acquired properties	—	
Occupancy related to transfers from/(to) PUD	28,805	
Occupancy - March 31, 2023	**12,725,479**	**88.2%**
Vacancy committed for future leases	83,212	
Leased area (occupied & committed) - March 31, 2023	**12,808,691**	**88.8%**

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

Of the 14,422,652 square feet total GLA in Allied's rental portfolio, 12,725,479 square feet were occupied on March 31, 2023. Another 83,212 square feet were subject to contractual lease commitments with users whose leases commence subsequent to March 31, 2023, bringing the leased area to 12,808,691 square feet, which represents 88.8% of Allied's total rental portfolio GLA.

The table below outlines the rental portfolio's leased area as at March 31, 2023, 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.

	MARCH 31, 2023	
	LEASED AREA (SF)	LEASED AREA (%)
Stabilized rental portfolio	12,548,636	89.3%
Transitional rental portfolio	260,055	69.3%
Total rental portfolio	**12,808,691**	**88.8%**

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

FIXTURING COMMENCEMENT (OCCUPANCY)	Q2 2023	Q3 2023	Q4 2023	Q1 2024	THEREAFTER	TOTAL
Lease commitments - GLA	76,496	6,716	—	—	—	83,212
% of lease commitments	91.9%	8.1%	—%	—%	—%	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)	Q2 2023	Q3 2023	Q4 2023	Q1 2024	THEREAFTER	TOTAL
Lease commitments - GLA	15,156	18,194	38,701	6,716	4,445	83,212
% of lease commitments	18.2%	21.9%	46.5%	8.1%	5.3%	100.0%

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

	MARCH 31, 2023	DECEMBER 31, 2022	SEPTEMBER 30, 2022	JUNE 30, 2022
Toronto	**442,813**	271,100	242,962	249,239
Montréal	**268,399**	158,157	81,072	81,072
Calgary	**75,536**	32,361	27,203	15,006
Vancouver	**33,193**	7,411	5,499	16,035
Total square feet	**819,941**	469,029	356,736	361,352
% of Total GLA	**5.7%**	3.3%	2.4%	2.4%

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 three months ended March 31, 2023, is summarized in the following tables:

	LEASABLE SF	LEASED SF BY MARCH 31	% LEASED BY MARCH 31	UNLEASED SF AT MARCH 31
Total GLA as at December 31, 2022	14,317,179			
Leased area as at December 31, 2022	12,998,230			
Unleased area as at December 31, 2022	1,318,949			
Area expiring on December 31, 2022 and vacant on January 1, 2023	170,554			
Vacancy related to transfers from/(to) PUD	76,303			
Unleased area on January 1, 2023, including re-measurement (1)	1,565,806	70,951	4.5%	1,494,855
Maturities during the period ended March 31, 2023 (2)	359,028	108,413	30.2%	250,615
Maturities in remainder of 2023	1,220,241	86,885	7.1%	1,133,356
Maturities in future years		159,147		
Total (3)	**3,145,075**	**425,396**		2,878,826

(1) The unleased area on January 1, 2023, including re-measurement, consists of Allied's rental properties owned as at March 31, 2023.
(2) Some maturities occurred at March 31, 2023, and are included in Allied's leased area.
(3) The information above is net of transfers to/from PUD and investment properties held for sale.

Allied endeavours to renew leases in advance of expiry. Including the early renewals in the prior year related to the maturities in the three months ended March 31, 2023, Allied leased 46.8% of the GLA, which is summarized in the following table:

	LEASABLE SF	LEASED SF BY MARCH 31	% LEASED BY MARCH 31
Maturities during the period (leased in prior year) [1]	111,971	111,971	100.0%
Maturities during the period (leased in current period)	359,028	108,413	30.2%
Total	**470,999**	**220,384**	**46.8%**

(1) In the prior year, these leases were reported as maturities in future years.

The tables below summarize the rental rates achieved for leases that were renewed in the rental portfolio for the three months ended March 31, 2023:

LEASING SPREAD ON RENEWALS	THREE MONTHS ENDED MARCH 31, 2023			
	EXPIRING RATE	RENEWAL RATE	SPREAD	SQUARE FEET
Ending-to-Starting Base Rent				
Total Portfolio	$20.62	$22.97	11.4%	320,041
Excluding Calgary	$21.84	$24.34	11.4%	301,037
Average-to-Average Base Rent				
Total Portfolio	$20.18	$23.85	18.2%	320,041
Excluding Calgary	$21.38	$25.26	18.1%	301,037

LEASE RENEWAL RATE	THREE MONTHS ENDED MARCH 31, 2023		
	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total leased SF	71.3%	28.3%	0.4%
Maturing leases - weighted average rent	$20.60	$20.50	$32.00
Renewing leases - weighted average rent	$23.91	$20.50	$31.00

Leasing activity resulted in an increase of 11.4% in the net rent per square foot from maturing leases upon renewal for the three months ended March 31, 2023.

The following table outlines leasing activity in the rental portfolio for the three months ended March 31, 2023:

	THREE MONTHS ENDED MARCH 31, 2023		
	NEW LEASES	RENEWALS	TOTAL
Tours			243
Net leased square feet	105,355	320,041	425,396
Number of transactions	40	62	102
Lease term (in years)	4.6	5.4	5.2
Net effective rent (per square foot per year) [1]			
Net annualized rent	$22.83	$23.85	$23.60
Tenant improvements	(3.33)	(2.74)	(2.89)
Leasing commissions	(1.15)	(1.08)	(1.10)
Landlord's work	(0.36)	(0.05)	(0.12)
Total leasing costs	$(4.84)	$(3.87)	$(4.11)
Net effective rent	**$17.99**	**$19.98**	**$19.49**

(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 three months ended March 31, 2023:

CATEGORY	% OF RENTAL REVENUE [1] MARCH 31, 2023
Business services and professional	40.2%
Telecommunications and information technology	16.3
Media and entertainment	13.3
Retail	9.7
Financial services	6.8
Government	6.0
Life sciences	3.3
Parking and other	2.8
Educational and institutional	1.6
	100.0%

(1) The rental revenue is on a proportionate basis, which is a non-GAAP measure. Refer to Non-GAAP Measures on page 22.

The following sets out information on the top-10 users by rental revenue for the three months ended March 31, 2023:

USER	% OF RENTAL REVENUE [1] MARCH 31, 2023	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	% OF TOTAL RENTAL GLA	CREDIT RATING DBRS/S&P/ MOODY'S
Ubisoft Divertissements Inc.	3.1%	9.2	3.8%	Not Rated
Google Canada Corporation	2.4	6.6	2.3	-/AA+/Aa2
Shopify Inc	2.2	10.5	1.4	Not Rated
Société Québecoise des Infrastructures	2.1	4.8	2.0	Not Rated
Morgan Stanley Services Canada Corp	1.8	6.7	1.6	AH/A-/A1
National Capital Commission	1.6	11.5	1.4	Not Rated
National Bank of Canada	1.4	4.0	1.4	AA/A/Aa3
Technicolor Canada Inc.	1.3	2.2	1.3	*-/D/Caa3
Entertainment One	1.1	5.3	0.7	*-/BBB/Baa2
Hydro-Québec	1.0	7.1	0.9	AAL/AA-/Aa2
	18.0%	**7.1**	**16.8%**	

** Credit rating for parent company*

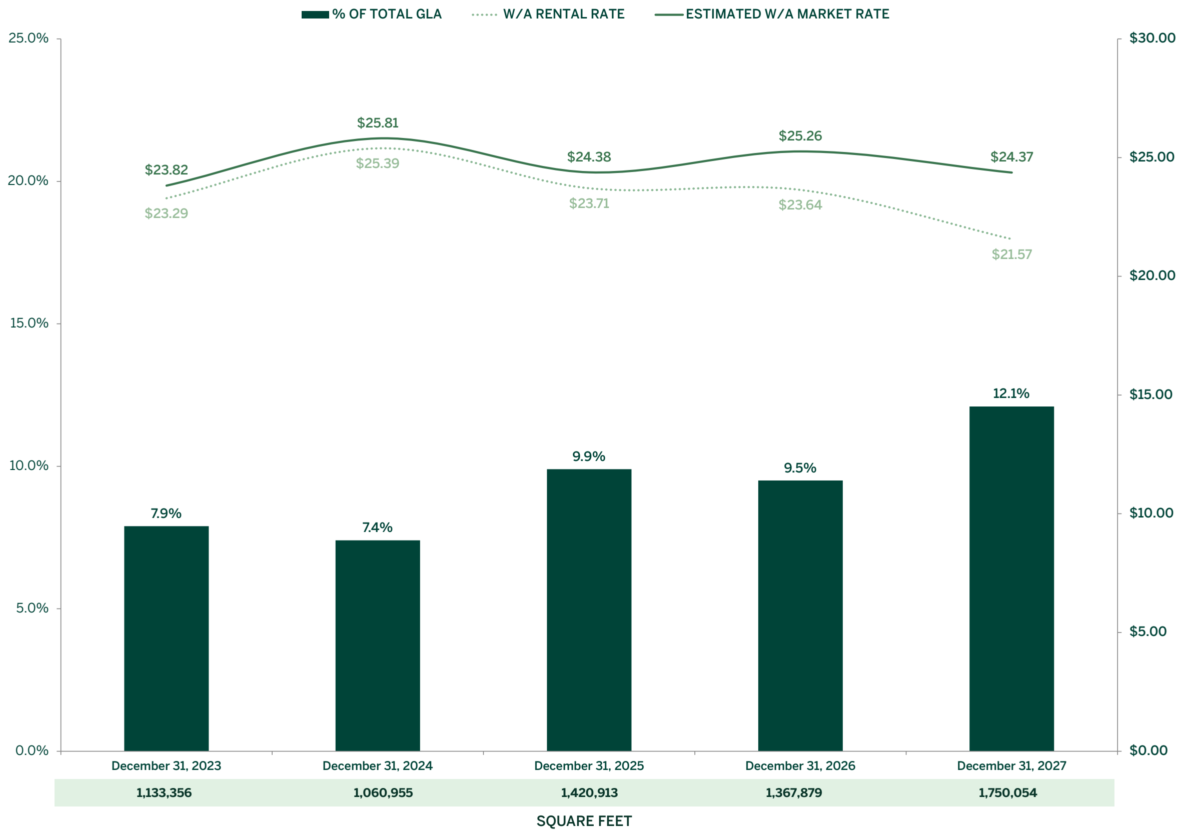
(1) The rental revenue is on a proportionate basis, which is a non-GAAP measure. Refer to Non-GAAP Measures on page 22.

LEASE MATURITY

As at March 31, 2023, 88.8% of the GLA in Allied's rental portfolio (which excludes assets held for sale including UDC) was leased and its weighted average term to maturity was 5.7 years. The estimated weighted average market net rental rate is based on Management's estimates of today's market rental rates and is supported by independent appraisals of certain 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 leases that mature through 2027 and the corresponding estimated weighted average market rental rate as at March 31, 2023. 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, 2023	1,133,356	7.9%	$23.29	$23.82
December 31, 2024	1,060,955	7.4%	$25.39	$25.81
December 31, 2025	1,420,913	9.9%	$23.71	$24.38
December 31, 2026	1,367,879	9.5%	$23.64	$25.26
December 31, 2027	1,750,054	12.1%	$21.57	$24.37



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, 2023	372,639	5.8%	$16.24	$17.79
December 31, 2024	390,593	6.0%	$16.26	$17.27
December 31, 2025	345,135	5.3%	$17.70	$18.47
December 31, 2026	527,862	8.2%	$17.07	$18.49
December 31, 2027	868,135	13.4%	$16.16	$19.28

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2023	404,562	7.2%	$24.80	$28.40
December 31, 2024	408,104	7.3%	$32.58	$33.22
December 31, 2025	786,451	14.0%	$26.56	$29.12
December 31, 2026	510,328	9.1%	$26.73	$29.25
December 31, 2027	686,359	12.2%	$27.63	$30.79

CALGARY	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2023	159,359	11.7%	$20.74	$10.92
December 31, 2024	110,577	8.1%	$18.99	$13.35
December 31, 2025	228,571	16.7%	$18.87	$12.98
December 31, 2026	120,624	8.8%	$16.08	$14.17
December 31, 2027	89,868	6.6%	$13.20	$11.73

VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
December 31, 2023	196,796	20.1%	$35.62	$36.28
December 31, 2024	151,681	15.5%	$34.23	$36.98
December 31, 2025	60,756	6.2%	$39.21	$39.31
December 31, 2026	209,065	21.4%	$37.06	$39.04
December 31, 2027	105,692	10.8%	$33.79	$35.15

Section IV
–Historical Performance

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

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Rental revenue (1)(2)	**$138,490**	$135,924	$131,823	$130,780	$120,942	$122,534	$118,090	$114,872
Property operating costs (1)(2)	**$(61,325)**	$(58,639)	$(56,401)	$(55,686)	$(53,535)	$(55,056)	$(50,000)	$(48,427)
Operating income (1)(2)	**$77,165**	$77,285	$75,422	$75,094	$67,407	$67,478	$68,090	$66,445
Net (loss) income and comprehensive (loss) income (1)	**$(13,683)**	$41,392	$46,743	$100,038	$187,190	$159,921	$107,185	$98,523
per unit (basic and diluted) (1)	**$(0.10)**	$0.30	$0.33	$0.72	$1.46	$1.25	$0.84	$0.77
Net (loss) income attributable to Unitholders (1)	**$(16,447)**	$39,223	$44,573	$97,869	$187,190	$159,921	$107,185	$98,523
per unit (basic and diluted) (1)	**$(0.12)**	$0.28	$0.32	$0.70	$1.46	$1.25	$0.84	$0.77
Net (loss) income from continuing operations (1)(2)	**$(31,702)**	$20,178	$101	$85,516	$68,874	$113,518	$98,318	$63,848
per unit (basic and diluted) (1)(2)	**$(0.23)**	$0.14	$—	$0.61	$0.54	$0.89	$0.77	$0.50
Net (loss) income from continuing operations attributable to Unitholders (1)(2)	**$(34,466)**	$18,009	$(2,068)	$83,347	$68,874	$113,518	$98,318	$63,848
per unit (basic and diluted) (1)(2)	**$(0.25)**	$0.13	$(0.01)	$0.60	$0.54	$0.89	$0.77	$0.50
Weighted average units (diluted) (3)	**139,765,128**	139,765,128	139,765,373	139,860,134	128,279,982	127,611,273	127,447,002	127,443,551
Distributions (1)(4)	**$62,894**	$61,134	$61,131	$61,132	$55,966	$54,225	$54,101	$54,094
FFO (5)	**$81,175**	$86,755	$85,332	$85,050	$77,340	$75,691	$41,690	$76,580
FFO per unit (diluted) (5)	**$0.581**	$0.621	$0.611	$0.608	$0.603	$0.593	$0.327	$0.601
FFO pay-out ratio (5)	**77.5%**	70.5%	71.6%	71.9%	72.4%	71.6%	129.8%	70.6%
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation (6)								
FFO (5)	**$81,085**	$86,325	$84,747	$84,747	$77,573	$76,520	$79,537	$76,705
FFO per unit (diluted) (5)	**$0.580**	$0.618	$0.606	$0.606	$0.605	$0.600	$0.624	$0.602
FFO payout-ratio (5)	**77.6%**	70.8%	72.1%	72.1%	72.1%	70.9%	68.0%	70.5%
AFFO (5)	**$74,482**	$76,553	$73,508	$75,947	$71,571	$66,076	$66,132	$67,980
AFFO per unit (diluted) (5)	**$0.533**	$0.548	$0.526	$0.543	$0.558	$0.518	$0.519	$0.533
AFFO payout-ratio (5)	**84.4%**	79.9%	83.2%	80.5%	78.2%	82.1%	81.8%	79.6%
NAV per unit (7)	**$50.41**	$50.96	$51.10	$51.20	$50.92	$50.30	$49.50	$49.07
Net debt as a multiple of annualized adjusted EBITDA (5)(8)	**10.5x**	9.8x	9.6x	9.6x	10.2x	9.4x	8.6x	8.0x
Total indebtedness ratio (5)	**36.5%**	35.6%	34.3%	33.9%	33.3%	33.5%	32.9%	31.0%

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Total rental GLA	**14,423**	14,317	14,968	14,812	15,417	14,234	14,106	13,936
Leased rental GLA	**12,809**	12,998	13,582	13,468	13,775	12,861	12,781	12,772
Leased area %	**88.8%**	90.8%	90.7%	90.9%	89.3%	90.4%	90.6%	91.6%

(1) *This measure is presented on an IFRS basis.*
(2) *Excludes the results of the Urban Data Centres segment which was classified as a discontinued operation in Q4 2022. The prior period comparative figures have been revised accordingly.*
(3) *Starting Q1 2022, this includes the weighted average number of Units and Exchangeable LP Units.*
(4) *Starting Q2 2022, this includes distributions on Units and Exchangeable LP Units.*
(5) *This is a non-GAAP measure, refer to page 22. These non-GAAP measures include the results of the continuing operations and the discontinued operations.*
(6) *In the fourth quarter of 2022, Allied incurred $(564) of financing prepayment costs in connection with the favourable refinancing of a mortgage. In addition, in the third and fourth quarters of 2021, Allied incurred $37,728 and $721, respectively, of financing prepayment costs in connection with the favourable refinancing of first mortgages.*
(7) *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.*
(8) *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 and investment properties held for sale.

Section V
–Asset Profile

The following table reconciles the unaudited condensed consolidated balance sheets on an IFRS basis to a proportionate basis, a non-GAAP measure, as at March 31, 2023, and December 31, 2022. Refer to Non-GAAP Measures on page 22.

	MARCH 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Assets						
Non-current assets						
Investment properties	**$9,691,030**	**$117,860**	**$9,808,890**	$9,669,005	$120,630	$9,789,635
Residential inventory	**198,978**	**—**	**198,978**	187,272	—	187,272
Investment in joint venture	**3,355**	**(3,355)**	**—**	7,089	(7,089)	—
Loans and notes receivable	**181,360**	**—**	**181,360**	174,019	—	174,019
Other assets	**48,106**	**1,376**	**49,482**	56,221	1,372	57,593
	10,122,829	**115,881**	**10,238,710**	10,093,606	114,913	10,208,519
Current assets						
Cash and cash equivalents	**13,309**	**1,348**	**14,657**	20,990	1,273	22,263
Loan receivable from joint venture	**113,287**	**(113,287)**	**—**	113,287	(113,287)	—
Loans and notes receivable	**266,326**	**—**	**266,326**	258,093	—	258,093
Accounts receivable, prepaid expenses and deposits	**91,526**	**899**	**92,425**	65,544	613	66,157
Investment properties held for sale	**1,361,080**	**—**	**1,361,080**	1,354,830	—	1,354,830
	1,845,528	**(111,040)**	**1,734,488**	1,812,744	(111,401)	1,701,343
Total assets	**$11,968,357**	**$4,841**	**$11,973,198**	$11,906,350	$3,512	$11,909,862
Liabilities						
Non-current liabilities						
Debt	**$3,999,107**	**$—**	**$3,999,107**	$3,864,256	$—	$3,864,256
Lease liabilities	**51,065**	**—**	**51,065**	50,851	—	50,851
Other liabilities	**44,837**	**—**	**44,837**	43,438	—	43,438
	4,095,009	**—**	**4,095,009**	3,958,545	—	3,958,545
Current liabilities						
Debt	**341,812**	**—**	**341,812**	346,929	—	346,929
Accounts payable and other liabilities	**378,546**	**4,841**	**383,387**	370,823	3,512	374,335
Lease liability held for sale	**107,340**	**—**	**107,340**	107,215	—	107,215
	827,698	**4,841**	**832,539**	824,967	3,512	828,479
Total liabilities	**$4,922,707**	**$4,841**	**$4,927,548**	$4,783,512	$3,512	$4,787,024

	MARCH 31, 2023			DECEMBER 31, 2022		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Equity						
Unitholders' equity	**$6,506,528**	**$—**	**$6,506,528**	$6,581,166	$—	$6,581,166
Non-controlling interests	**539,122**	**—**	**539,122**	541,672	—	541,672
Total equity	**$7,045,650**	**$—**	**$7,045,650**	$7,122,838	$—	$7,122,838
Total liabilities and equity	**$11,968,357**	**$4,841**	**$11,973,198**	$11,906,350	$3,512	$11,909,862

As at March 31, 2023, Allied's portfolio of 217 investment properties consists of 199 rental properties (three of which are partially under development), 13 development properties, and five investment properties held for sale. Allied's portfolio of investment properties has a fair value of $11,169,970, 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-GAAP measure, are summarized in the following table. Refer to Non-GAAP Measures on page 22.

	THREE MONTHS ENDED MARCH 31, 2023		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL
Balance, beginning of period	$9,615,025	$1,529,440	$11,144,465
Additions:			
Improvement allowances (1)	13,779	3,327	17,106
Leasing commissions (1)	3,067	309	3,376
Capital expenditures (1)	36,568	50,639	87,207
Transfers from PUD	105,200	(105,200)	—
Transfers to PUD	(24,410)	24,410	—
Transfers to other assets	(66)	—	(66)
Amortization of straight-line rent and improvement allowances (1)	(6,750)	423	(6,327)
Fair value loss on investment properties and investment properties held for sale (1)	(47,253)	(28,538)	(75,791)
Balance, end of period	**$9,695,160**	**$1,474,810**	**$11,169,970**
Investment properties	**$8,334,080**	**$1,474,810**	**$9,808,890**
Investment properties held for sale	**1,361,080**	**—**	**1,361,080**
	$9,695,160	**$1,474,810**	**$11,169,970**

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months ended March 31, 2023: improvement allowances of $829; leasing commissions of $94; capital expenditures of $465; amortization of straight-line rent and improvement allowances of $(135); and a fair value loss on investment properties of $(4,023).

As at March 31, 2023, Allied had five properties classified as investment properties held for sale totaling $1,361,080, four located in Toronto and one located in Montréal. There were five investment properties held for sale as at December 31, 2022, totaling $1,354,830, four located in Toronto and one located in Montréal. The increase of $6,250 in the three months ended March 31, 2023, is due to changes in fair market values on the investment properties held for sale.

For the three months ended March 31, 2023, Allied recognized a fair value loss on investment properties and investment properties held for sale of $75,791 on a proportionate basis. This is the result of modestly higher estimated cost-to-complete of development projects in Montréal and the impact of longer periods of turnover vacancy in the rental portfolio.

For the three months ended March 31, 2023, Allied capitalized $17,799 of borrowing costs to its capital expenditures on a proportionate basis, $13,666 of which related to development activity and $1,965 to upgrade activity in the rental portfolio. Allied capitalized $2,168 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-GAAP measure, in the terminal year. This method is primarily used to value the rental portfolio, and, in some cases, investment properties held for sale.

Comparable sales method - This approach compares a subject property's characteristics with those of comparable properties which have recently sold. The process uses one of several techniques to adjust the price of the comparable transactions according to the presence, absence, or degree of characteristics which influence value. These characteristics include the cost of construction incurred at a property under development. This method is primarily used to value the development portfolio and ancillary parking facilities and, in some cases, 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 March 31, 2023, 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 stabilized NOI. This is done to assess the reasonability of the value obtained under the DCF method. The resulting portfolio weighted average capitalization rate was 4.62%, detailed in the table below:

OVERALL CAPITALIZATION RATE	MARCH 31, 2023			DECEMBER 31, 2022		
	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $ (1)	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE $ (1)
Montréal & Ottawa	**4.50% - 7.00%**	**4.98%**	**$2,490,148**	4.50% - 7.00%	4.98%	$2,490,473
Toronto & Kitchener	**4.00% - 5.75%**	**4.39%**	**4,415,008**	4.00% - 5.75%	4.39%	4,396,581
Calgary	**5.75% - 7.50%**	**6.61%**	**344,290**	5.75% - 7.50%	6.58%	286,467
Vancouver	**4.00% - 4.25%**	**4.03%**	**965,010**	4.00% - 4.25%	4.03%	967,050
Rental Properties	**4.00% - 7.50%**	**4.61%**	**$8,214,456**	4.00% - 7.50%	4.62%	$8,140,571
Residential Properties	**3.75% - 5.00%**	**4.61%**	**119,624**	3.75% - 5.00%	4.61%	119,624
Properties Under Development	**4.00% - 6.50%**	**4.65%**	**1,474,810**	4.00% - 7.25%	4.66%	1,529,440
Investment Properties	**3.75% - 7.50%**	**4.62%**	**$9,808,890**	3.75% - 7.50%	4.62%	$9,789,635
Investment Properties Held for Sale	**4.50% - 5.25%**	**4.80%**	**$1,361,080**	4.50% - 5.25%	4.80%	$1,354,830
			$11,169,970			$11,144,465

(1) Presented on a proportionate basis, which is a non-GAAP measure. Refer to Non-GAAP Measures on page 22.

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 199 rental properties in six Canadian cities (three of these rental properties are partially under development) and five investment properties held for sale as at March 31, 2023. Listed below are Allied's top-10 urban workspace rental properties measured by Normalized Last Quarter Annualized ("LQA") NOI, a non-GAAP measure. Refer to Non-GAAP Measures on page 22. These properties represent 26.9% of the total LQA NOI as at March 31, 2023.

PROPERTY NAME	NORMALIZED LQA NOI	APPRAISED FAIR VALUE	CAP RATE	PRINCIPAL USERS
Le Nordelec, Montréal	$15,872	$311,120	5.00%	Gsoft, Unity Technologies, Yellow Pages Media
Cité Multimédia, Montréal	14,432	421,160	4.75%	Gearbox Studio Québec, Morgan Stanley, Technicolor
1001 Boulevard Robert-Bourassa, Montréal (1)	13,948	352,560	5.50%	Autorité Régionale de Transport Métropolitain, Hydro-Québec, National Bank of Canada, Société Québecoise des Infrastructures
QRC West, Toronto	12,406	345,030	4.00%	eOne, Sapient Canada
747 Rue du Square Victoria, Montréal	10,871	278,960	4.75%	Dassault Systèmes Canada, Otera Capital, Secretariat of the Convention on Biological Diversity, Société Québecoise des Infrastructures
5455 de Gaspé Avenue, Montréal	9,384	167,270	5.00%	Attraction Media, Framestore, Ubisoft
175 Bloor Street E, Toronto	8,055	184,630	4.25%	Klick Health, Leo Burnett Company, Norr
555 Richmond Street West, Toronto	6,886	189,230	4.50%	Centre Francophone de Toronto, Synaptive Medical
King Portland Centre, Toronto	6,795	185,810	4.00%	Indigo, Shopify
1508-1580 West Broadway, Vancouver	6,520	183,170	4.00%	Indigo, Nicola Wealth Management, The Canada Life Assurance Company
Total	**$105,169**	**$2,618,940**	**4.64%**	

(1) *A portion of the property is under development. The appraised fair value includes the portion in the rental portfolio and the portion under development.*

URBAN DATA CENTRES

As at March 31, 2023, the UDC segment continues to be classified as discontinued operations and is comprised of three investment properties held for sale totaling $1,314,500 and a related lease liability held for sale totaling $107,340. The three investment properties are 151 Front Street W, 905 King Street W and 250 Front Street W and the lease liability is at 250 Front Street W.

The following table summarizes the results from discontinued operations:

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Rental revenue	**$21,100**	$23,878
Property operating costs	**(7,899)**	(8,051)
Operating income	**$13,201**	$15,827
Interest expense	**(1,771)**	(1,508)
Fair value gain on investment properties held for sale	**6,589**	103,997
Net income from discontinued operations	**$18,019**	$118,316

ACQUISITIONS AND DISPOSITIONS

During the three months ended March 31, 2023, Allied did not acquire or dispose of any investment properties.

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 112 properties in Toronto now comprise 5.0 million square feet of current rental portfolio GLA and are situated on 40.1 acres of underutilized land immediately east and west of the Downtown Core. With achievable rezoning, the underlying land in our Toronto portfolio could permit up to 12.0 million square feet of GLA, 7.0 million square feet more than currently is in place.

Allied entered the Montréal market in April of 2005. The 34 properties in Montréal now comprise 6.2 million square feet of current rental portfolio GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 46.1 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 9.4 million square feet of GLA, 3.2 million square feet more than currently is in place.

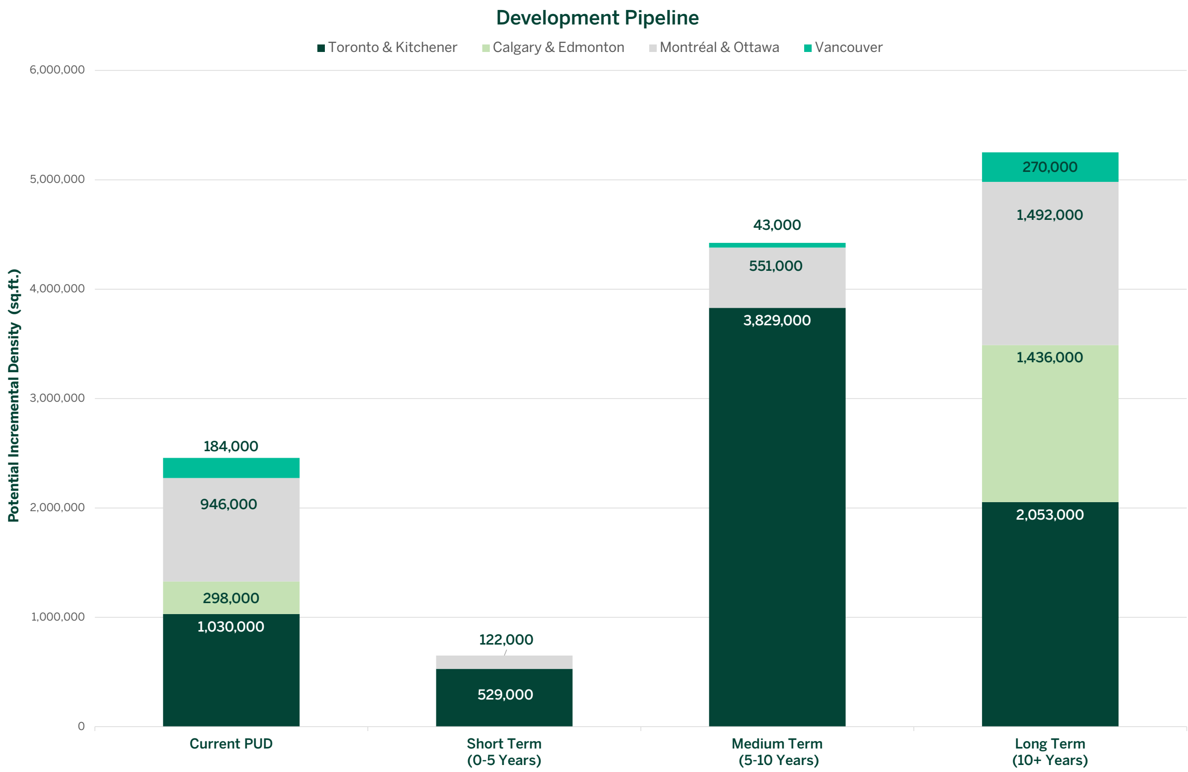
There is similar potential inherent in the rest of Allied's portfolio, which is quantified in the chart below. Across Canada on a portfolio-wide basis, there is 12.8 million square feet of potential incremental density, of which 2.5 million square feet is currently in PUD, and the remaining 10.3 million square feet is potential incremental density. Of the 10.3 million square feet of potential incremental density, 5.1 million square feet is reflected in the appraised fair values, mainly at properties where zoning approvals are in place. The remaining 5.2 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 (1)	5,041,612	883,122	6,078,918	12,003,652
Kitchener	562,303	147,000	332,397	1,041,700
Montréal	6,243,216	946,314	2,164,073	9,353,603
Ottawa	231,434	—	—	231,434
Calgary	1,366,785	—	1,436,296	2,803,081
Edmonton	—	297,851	—	297,851
Vancouver	977,302	183,640	312,572	1,473,514
Total	**14,422,652**	**2,457,927**	**10,324,256**	**27,204,835**

(1) The GLA estimated on completion for properties under development in Toronto excludes 368,225 square feet of GLA at The Well, which has been transferred to the rental portfolio.

The timing of development for the 10.3 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 seven properties in Toronto and three properties in Montréal, 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)	$88,310	In progress	Office, limited retail	180,112	440,000	Unscheduled
King & Peter (2)	120,740	Completed	Office, limited retail	86,230	790,000	Unscheduled
King & Spadina (3)	86,910	In progress	Office, limited retail	77,550	430,000	Unscheduled
King & Brant (4)	45,850	Completed	Office, residential, retail	22,275	240,000	Unscheduled
Union Centre	199,500	Completed	Office, limited retail	41,787	1,330,000	Unscheduled
Bathurst Street Assembly (5)	49,380	In progress	Office, residential, retail	36,919	318,000	Unscheduled
Adelaide & Spadina (6)	34,500	Completed	Office, retail	11,015	230,000	Unscheduled
Le Nordelec - Lot A (7)	23,600	In progress	Office	—	230,000	Unscheduled
Le Nordelec - Lot B (8)	52,080	In progress	Office	32,893	744,000	Unscheduled
Le Nordelec - Lot E (9)	10,800	Completed	Office	7,550	135,000	Unscheduled
Total	**$711,670**			**496,331**	**4,887,000**	

(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) King & Brant is comprised of 540 King W, 544 King W and the surface parking lot at 7-9 Morrison.
(5) 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.
(6) Adelaide & Spadina is comprised of 383 Adelaide W and 387 Adelaide W.
(7) Le Nordelec - Lot A is comprised of 1900 Saint Patrick, a component of the 1751 Richardson & 1700 Saint-Patrick property.
(8) Le Nordelec - Lot B is compromised of 1655 Richardson and the adjacent surface parking lot.
(9) 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.

The completion of projects currently under development is an important component of Allied's growth. The expectation is largely contingent upon completing the development projects in the manner contemplated. The most important factor affecting completion will be successful lease-up of space in the development portfolio. The material assumption is that the office leasing market in the relevant markets remains stable. Pursuant to Allied's Declaration of Trust, the cost of Properties Under Development cannot exceed 15% of GBV. At March 31, 2023, the cost of Allied's Properties Under Development was 11.5% of GBV (December 31, 2022 - 12.6%). 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 three rental properties partially under development. Eight 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)(3)	Office, retail	763,000	98%
Breithaupt Phase III, Kitchener (1)	Office	147,000	100
Adelaide & Duncan, Toronto (1)(4)	Office, retail, residential	230,000	100
QRC West Phase II, Toronto (5)	Office, retail	93,134	100
KING Toronto, Toronto (1)(6)	Office, retail	100,000	—
108 East 5th Avenue, Vancouver (1)	Office	102,000	54
700 Saint Hubert, Montréal	Office, retail	144,114	25
365 Railway, Vancouver	Office	60,000	—
Total		**1,639,248**	**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 in phases since Q4 2020, and the last phase closed in January 2022.
(3) A portion of The Well has been transferred to the rental portfolio. The percentage of office development pre-leased and the estimated GLA on completion includes the portion in the rental portfolio.
(4) 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.
(5) The GLA components (in square feet) are as follows: 77,434 of office and 15,700 of retail.
(6) 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.

REDEVELOPMENTS

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

PROPERTY NAME	USE	GLA (SF)
400 Atlantic, Montréal (1)	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	350,090
RCA Building, Montréal (5)	Office	179,858
422-424 Wellington W, Toronto	Retail	10,000
3575 Saint Laurent, Montréal (6)	Office, retail	184,779
Total		**1,186,904**

(1) The GLA components (in square feet) are as follows: 87,181 of office and 292 of retail.
(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: 317,719 of office and 32,371 of retail.
(5) A portion of the property is under development. The GLA represents the portion under development.
(6) The GLA components (in square feet) are as follows: 169,166 of office and 15,613 of retail.

The following table sets out the fair value of Allied's Properties Under Development as at March 31, 2023, as well as Management's estimates with respect to the financial outcome on completion. 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.

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	$960,900	$37,500 - 43,250	$793,000	4.7% - 5.5%	$48,479
Adelaide & Duncan, Toronto (1)(3)	Q3 2023 to Q4 2024	185,840	10,500 - 11,500	240,007	4.4% - 4.8%	73,862
Breithaupt Phase III, Kitchener (1)(4)	Q3 2023	85,680	5,375 - 5,500	78,652	6.8% - 7.0%	7,665
QRC West, Phase II, Toronto	Q2 2024	76,890	4,550 - 4,650	91,574	5.0% - 5.1%	26,022
KING Toronto, Toronto (1)(5)	Q2 2025	69,960	5,000 - 6,000	93,791	5.3% - 6.8%	17,543
108 East 5th Avenue, Vancouver (1)	Q1 2025	53,940	4,350 - 4,600	106,384	4.1% - 4.3%	54,047
700 Saint Hubert, Montréal	Q3 2023	128,710	4,000 - 5,000	137,939	2.9% - 3.6%	9,812
365 Railway, Vancouver	TBD	15,600	TBD	TBD	TBD	TBD
Redevelopments	Q2 2023 to Q4 2024	361,410	24,412 - 27,915	554,914	4.4% - 5.0%	113,868
Subtotal		**$1,938,930**	**$95,687 - 108,415+**			
Portion of The Well transferred to the Rental Portfolio		(464,120)				
Total		**$1,474,810**				

(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 of The Well to the rental portfolio is occurring in phases.*
(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 Q4 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.*

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 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.

RESIDENTIAL INVENTORY

Residential inventory is as follows:

	MARCH 31, 2023	DECEMBER 31, 2022
KING Toronto	**$198,978**	$187,272

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

	MARCH 31, 2023	DECEMBER 31, 2022
Balance, beginning of period	**$187,272**	$170,980
Development expenditures	**11,706**	32,021
Impairment	**—**	(15,729)
Balance, end of period	**$198,978**	$187,272

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 March 31, 2023, 390 units or 89% have been pre-sold, subject to customary closing conditions. Management expects the condominium sales to close in 2024.

Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment during the year ended December 31, 2022, reflects higher estimated costs to complete.

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	$12,406	9.5%	$345,030	$215,030	165.4%
The Breithaupt Block, Kitchener	2016	$25,020	$2,539	10.1%	$46,420	$21,400	85.5%
180 John, Toronto	2017	$27,500	$1,642	6.0%	$33,700	$6,200	22.5%
189 Joseph, Kitchener	2017	$11,360	$833	7.3%	$13,300	$1,940	17.1%
King Portland Centre, Toronto [2]	2019	$76,678	$6,076	7.9%	$156,030	$79,352	103.5%
425 Viger, Montréal	2020	$104,268	$8,180	7.8%	$171,390	$67,122	64.4%

(1) *This is a non-GAAP measure. Refer to Non-GAAP Measures on page 22.*
(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 March 31, 2023, total loans receivable outstanding is $447,612 (December 31, 2022 - $432,032).

In February 2015, Allied entered into a joint arrangement with Westbank and completed the acquisition of an undivided 50% interest in Adelaide & Duncan. As part of the arrangement, Allied advanced $21,173 to Westbank for its purchase of a 50% undivided interest in the property. The facility is secured by a charge on the property (subordinated to the construction lender) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum. The loan is repayable when the joint arrangement obtains external permanent financing. As at March 31, 2023, the loan receivable outstanding is $21,173 (December 31, 2022 - $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, and on August 18, 2022, the facility was further increased to $175,000. On May 18, 2022, Westbank exercised its option to extend the maturity date from August 31, 2022, to August 31, 2023. On January 12, 2023, the maturity date of the facility was further extended from August 31, 2023, to February 29, 2024. Interest accrues to the credit facility monthly at a rate of 6.75% per annum up to August 31, 2022. Thereafter, interest accrues to the credit facility monthly at the greater of 6.75% per annum and the prime rate plus 3.00% 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 March 31, 2023, the loan receivable outstanding is $167,600 (December 31, 2022 - $161,032).

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 is secured by a charge on the property (subordinated to the construction lender). Interest accrues to the credit facility at a rate of 7.00% per annum. The loan is repayable at the earlier of November 30, 2023, or the closing of the condominium units. As at March 31, 2023, the loan receivable outstanding is $98,701 (December 31, 2022 - $97,037).

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 installments upon completion of development and rent commencement, which is anticipated to begin in the third quarter of 2023. As at March 31, 2023, the loan receivable outstanding is $9,913 (December 31, 2022 - $9,913).

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 facility is 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 March 31, 2023, the loan receivable outstanding is $150,225 (December 31, 2022 - $142,877).

The table below summarizes the loans receivable as at March 31, 2023, and December 31, 2022:

	MARCH 31, 2023	DECEMBER 31, 2022
Adelaide & Duncan	**$21,173**	$21,173
400 West Georgia	**167,600**	161,032
KING Toronto	**98,701**	97,037
Breithaupt Phase III	**9,913**	9,913
150 West Georgia [1]	**150,225**	142,877
Total loans receivable	**$447,612**	$432,032

(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. As at March 31, 2023, 87.3% of investment properties and investment properties held for sale on a proportionate basis were unencumbered.

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.

DEBT

The following illustrates the calculation of debt (net of transaction costs) on an IFRS basis and net debt, a non-GAAP measure, as at March 31, 2023, and December 31, 2022. As at March 31, 2023, 81.9% of Allied's debt is at a fixed rate (December 31, 2022 - 86.3%). Refer to Non-GAAP Measures on page 22.

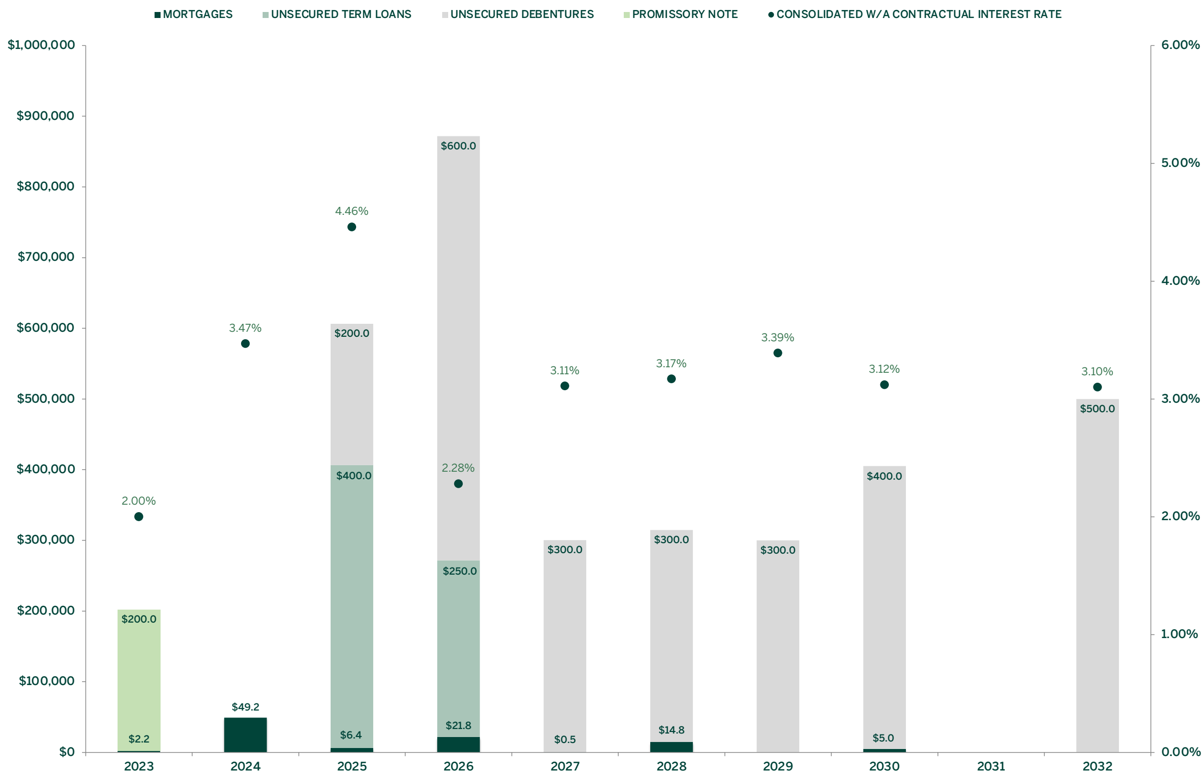
	MARCH 31, 2023	DECEMBER 31, 2022
Mortgages payable	**$99,671**	$112,822
Construction loans payable	**245,239**	223,725
Promissory note payable	**196,755**	195,673
Unsecured revolving operating facility	**560,000**	440,000
Senior unsecured debentures	**2,590,427**	2,589,939
Unsecured term loans	**648,827**	649,026
Debt, IFRS basis	**$4,340,919**	$4,211,185
Less: cash and cash equivalents [1]	**14,657**	22,263
Net debt	**$4,326,262**	$4,188,922

(1) *This is on a proportionate basis and includes cash and cash equivalents attributable to TELUS Sky totaling $1,348 as at March 31, 2023 (December 31, 2022 - $1,273).*

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:

	MORTGAGES PAYABLE	INTEREST RATE OF MATURING MORTGAGES	PROMISSORY NOTE PAYABLE	INTEREST RATE	SENIOR UNSECURED DEBENTURES	INTEREST RATE	UNSECURED TERM LOANS	INTEREST RATE	TOTAL	CONSOLIDATED INTEREST RATE OF MATURING DEBT
Remaining 2023	$2,265	—%	$200,000	2.00%	$—	—%	$—	—%	$202,265	2.00%
2024	49,197	3.47	—	—	—	—	—	—	49,197	3.47
2025	6,423	—	—	—	200,000	3.64	400,000	4.87	606,423	4.46
2026	21,834	3.59	—	—	600,000	1.73	250,000	3.50	871,834	2.28
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	—	—	—	—	—	—	—	—	—	—
2032	—	—	—	—	500,000	3.10	—	—	500,000	3.10
	$99,956	3.25%	$200,000	2.00%	$2,600,000	2.86%	$650,000	4.34%	$3,549,956	3.10%

The weighted average term of Allied's debt (excluding construction loans and the Unsecured Facility) is 4.6 years. The chart below summarizes the maturities of principal in regards to debt obligations as at March 31, 2023:



The table below summarizes the weighted average effective interest rate as at March 31, 2023:

	MORTGAGES PAYABLE	PROMISSORY NOTE PAYABLE	SENIOR UNSECURED DEBENTURES	UNSECURED TERM LOANS	TOTAL
Weighted Average Effective Interest Rate as at March 31, 2023	2.90%	3.81%	2.86%	4.34%	3.59%

MORTGAGES PAYABLE

As at March 31, 2023, mortgages payable, net of financing costs, total $99,671 and have a weighted average contractual interest rate of 3.25% (December 31, 2022 - 3.37%). The weighted average term of the mortgage debt is 3.1 years (December 31, 2022 - 3.0 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	MARCH 31, 2023	DECEMBER 31, 2022
Remaining 2023	$2,265	$—	$2,265	
2024	2,528	46,669	49,197	
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	**$18,387**	**$81,569**	**$99,956**	$112,990
Net premium on assumed mortgages			**487**	584
Net financing costs			**(772)**	(752)
			$99,671	$112,822

CONSTRUCTION LOANS PAYABLE

As at March 31, 2023, and December 31, 2022, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	MARCH 31, 2023	DECEMBER 31, 2022
Adelaide & Duncan	50%	August 11, 2023	**$90,338**	$85,485
Breithaupt Phase III	50%	June 2, 2023	**51,685**	50,472
KING Toronto	50%	December 17, 2024	**82,125**	71,762
108 East 5th Avenue	50%	December 6, 2025	**21,091**	16,006
			$245,239	$223,725

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 with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on $135,000 of the guarantee. 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%. The swap matured on March 31, 2023, so the construction costs are no longer fixed and are subject to the facility's variable rate.

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. On December 1, 2022, Allied and Perimeter exercised their option to extend the loan maturity to June 2, 2023, which bears interest at bank prime or bankers' acceptance rate plus 120 basis points with a standby fee of 20 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on $69,000 of the guarantee.

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 with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on $232,500 of the guarantee.

On December 5, 2022, the 108 East 5th Avenue joint arrangement obtained a $150,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $75,000. The loan matures on December 6, 2025, and bears interest at prime plus 35 basis points or bankers' acceptance rate plus 135 basis points with a standby fee of 27 basis points and a letter of credit fee rate of 100 basis points. These interest rates and the standby fee (other than the letter of credit fee) are subject to variability based on the achievement of two distinct sustainability performance targets. For each sustainability performance target achieved, the interest rate and standby fee would decrease by 0.025% per annum and 0.005% per annum, respectively. In addition, if certain sustainability minimums are not achieved, the interest rate and standby fee would increase by 0.025% per annum and 0.005% per annum, respectively. Depending on the applicable sustainability performance target or sustainability minimum, the settlement of these interest rate variations and the standby fee occurs either annually or at the earlier of December 6, 2025, and the date the construction lending facility is fully repaid. Allied has provided a joint and several guarantee of the entire facility and is earning a related guarantee fee on $75,000 of the guarantee. On January 13, 2023, the 108 East 5th Avenue joint arrangement entered into a swap agreement to fix 75% of the construction costs up to $110,175 at 4.90%.

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	MARCH 31, 2023	DECEMBER 31, 2022
Promissory note payable	1.00% for 2022, 2.00% for 2023	December 31, 2023	Quarterly	**$200,000**	$200,000
Net discount on promissory note payable				**(3,245)**	(4,327)
				$196,755	$195,673

UNSECURED REVOLVING OPERATING FACILITY

As at March 31, 2023, and December 31, 2022, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

			MARCH 31, 2023				
	MATURITY DATE	**CONTRACTUAL INTEREST RATES ON DRAWINGS**	**STANDBY FEE**	**FACILITY LIMIT**	**DRAWINGS**	**LETTERS OF CREDIT**	**AMOUNT AVAILABLE**
Unsecured Facility limit $700,000 (1)	**January 30, 2025**	**Prime + 0.20% or Bankers' acceptance + 1.20% (2)**	**0.24%**	**$700,000**	**$(560,000)**	**$(15,474)**	**$124,526**

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $800,000.

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

On March 31, 2023, Allied amended the unsecured facility to increase the facility limit by $100,000 to $700,000. There were no amendments to the other terms of the unsecured facility.

			DECEMBER 31, 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	$(440,000)	$(15,563)	$144,437

(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 March 31, 2023, and December 31, 2022, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	MARCH 31, 2023	DECEMBER 31, 2022
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				**(9,573)**	(10,061)
				$2,590,427	$2,589,939

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 March 31, 2023, and December 31, 2022, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	MARCH 31, 2023	DECEMBER 31, 2022
Unsecured term loan	3.496%	January 14, 2026	Monthly	**$250,000**	$250,000
Unsecured term loan	4.865%	October 22, 2025	Monthly	**400,000**	400,000
Unsecured Term Loans, principal				**$650,000**	$650,000
Net financing costs				**(1,173)**	(974)
				$648,827	$649,026

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 the rate at 4.86%. On December 21, 2022, Allied amended the swap agreement for the settlement period, which increased the rate from 4.86% to 4.865%.

On February 3, 2023, Allied extended the maturity date on its $250,000 unsecured term loan from January 14, 2024, to January 14, 2026, by exercising two one-year extension options. Debt financing costs of $300 were incurred for these extensions.

CREDIT RATINGS

Allied's credit ratings as at March 31, 2023, 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	Rating Under Review

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".

On February 23, 2023, Moody's placed Allied's long-term credit rating on review for downgrade. Allied expects Moody's to complete its review following the completion of Allied's sale process of the UDC Portfolio.

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-GAAP Measures on page 22.

COVENANT [(1)]	THRESHOLD	MARCH 31, 2023	DECEMBER 31, 2022
Indebtedness ratio	Below 60%	**36.5%**	35.6%
Secured indebtedness ratio	Below 45%	**4.6%**	4.5%
Debt service coverage ratio [(2)]	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	**2.7x**	3.0x
Equity maintenance	At least $1,250,000 plus 75% of future equity issuances ($2,819,658)	**$6,506,528**	$6,581,166
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	**2.6x**	2.6x
Distribution payout ratio	Maintain distributions below 100% of FFO	**71.8%**	71.2%

(1) Includes results from continuing operations, discontinued operations and assets and liabilities classified as held for sale.
(2) The debt service coverage ratio as at March 31, 2023, includes financing prepayment costs of $nil for the twelve months ended March 31, 2023 (December 31, 2022 - $(564)). Excluding these financing prepayment costs, the debt service coverage ratio as at March 31, 2023, would be 2.7x (December 31, 2022 - 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-GAAP Measures on page 22.

COVENANT	THRESHOLD	MARCH 31, 2023	DECEMBER 31, 2022
Pro forma interest coverage ratio	Maintain a 12-month rolling consolidated *pro forma* EBITDA of at least 1.65 times *pro forma* interest expense	**2.7x**	2.8x
Pro forma asset coverage test	Maintain net consolidated indebtedness below 65% of net aggregate assets on a *pro forma* basis	**36.5%**	35.5%
Equity maintenance [(1)]	Maintain Unitholders' equity above $300,000	**$6,506,528**	$6,581,166
Pro forma unencumbered net aggregate adjusted asset ratio	Maintain *pro forma* unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	**2.8x**	2.8x

(1) Includes results from continuing operations, discontinued operations and assets and liabilities classified as held for sale.

As at March 31, 2023, 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. 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 holders of Units and Special Voting Units (as defined below) and entitles the holders of Units and Special Voting Units 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 holders of Units and Special Voting Units. 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 three months ended March 31, 2023, and year ended December 31, 2022:

	NUMBER ISSUED AND OUTSTANDING			AMOUNT		
	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY
Balance - January 1, 2022	127,737,851	—	127,737,851	$3,902,655	$—	$3,902,655
Restricted Unit Plan (net of forfeitures)	—	—	—	(2,661)	—	(2,661)
Unit Option Plan - options exercised	6,332	—	6,332	200	—	200
Unit issuance (net of costs)	211,800	11,809,145	12,020,945	9,184	550,660	559,844
Balance - December 31, 2022	127,955,983	11,809,145	139,765,128	$3,909,378	$550,660	$4,460,038
Restricted Unit Plan (net of forfeitures)	**—**	**—**	**—**	**(2,147)**	**—**	**(2,147)**
Balance - March 31, 2023	**127,955,983**	**11,809,145**	**139,765,128**	**$3,907,231**	**$550,660**	**$4,457,891**

During the year ended December 31, 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.

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

As at April 26, 2023, 127,955,983 Units and 1,717,043 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	
	MARCH 31, 2023	MARCH 31, 2022
Units	**127,955,983**	127,942,799
Exchangeable LP Units (1)	**11,809,145**	131,213
Total units - basic	**139,765,128**	128,074,012
Unit Option Plan	**—**	205,970
Total units - fully diluted	**139,765,128**	128,279,982

(1) Issued on March 31, 2022.

NORMAL COURSE ISSUER BID

On February 22, 2023, 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 12,582,628 of its outstanding Units, representing approximately 10% of its public float as at February 10, 2023. The NCIB commenced February 24, 2023, and will expire on February 23, 2024, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied's Restricted Unit Plan or to employees pursuant to Allied's employee programs.

During the three months ended March 31, 2023, Allied purchased 72,119 Units for $2,147 at a weighted average price of $29.77 per Unit under its NCIB program, which were purchased for delivery to participants under 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 March 31, 2023, Allied had granted options to purchase up to 1,717,043 Units outstanding, of which 1,435,990 had vested. At December 31, 2022, Allied had granted options to purchase 1,717,043 Units outstanding, of which 1,151,274 had vested.

For the three months ended March 31, 2023, Allied recorded a unit-based compensation expense of $151 (March 31, 2022 - $281) in general and administrative expense in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) 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 March 31, 2023, Allied had 317,409 Restricted Units outstanding (December 31, 2022 - 322,411).

For the three months ended March 31, 2023, Allied recorded a unit-based compensation expense of $1,385 (March 31, 2022 - $1,430) in general and administrative expense in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) 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:

	THREE MONTHS ENDED	YEAR ENDED
	MARCH 31, 2023	DECEMBER 31, 2022
Plan Units, beginning of period	**179,193**	—
Granted	**170,461**	172,500
Settled	**(743)**	—
Forfeited	**—**	(1,035)
Distributions equivalents	**4,743**	7,728
Plan Units, end of period	**353,654**	179,193

For the three months ended March 31, 2023, Allied recorded a unit-based compensation expense of $371 (March 31, 2022 - $545), including the mark-to-market adjustment, in general and administrative expense in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income. During the three months ended March 31, 2023, 743 Plan Units vested and were settled in cash resulting in a decrease of $18 to the unit-based compensation liabilities.

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	DECEMBER, 2014
Annualized increase per Unit	$0.04	$0.04	$0.04	$0.04	$0.06	$0.04	$0.05	$0.05
% increase	3.6%	3.5%	3.4%	3.3%	4.8%	3.0%	3.7%	3.5%
Annualized distribution per Unit	$1.14	$1.18	$1.22	$1.26	$1.32	$1.36	$1.41	$1.46

	DECEMBER, 2015	DECEMBER, 2016	DECEMBER, 2017	DECEMBER, 2018	JANUARY, 2020	JANUARY, 2021	JANUARY, 2022	JANUARY, 2023
Annualized increase per Unit	$0.04	$0.03	$0.03	$0.04	$0.05	$0.05	$0.05	$0.05
% increase	2.7%	2.0%	2.0%	2.6%	3.1%	3.0%	2.9%	2.9%
Annualized distribution per Unit	$1.50	$1.53	$1.56	$1.60	$1.65	$1.70	$1.75	$1.80

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. 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 January 3, 2023, $13,774 of the note receivable due from Choice Properties for the cash advances made during the nine months ended December 31, 2022, was settled on a net basis against the distribution payable to Choice Properties.

SOURCES OF DISTRIBUTIONS

For the three months ended March 31, 2023, Allied declared $62,894 in distributions (March 31, 2022 - $55,966), including distributions to holders of the Exchangeable LP Units of $5,314 (March 31, 2022 - $nil).

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Distributions declared	**$62,894**	$55,966
Net (loss) income and comprehensive (loss) income	**$(13,683)**	$187,190
Cash flows provided by operating activities	**$48,407**	$68,671
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation (1)	**$74,482**	$71,571
AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation payout ratio (1)	**84.4%**	78.2%
(Deficit) excess of net income over distributions declared	**$(76,577)**	$131,224
(Deficit) excess of cash flows provided by operating activities over distributions declared	**$(14,487)**	$12,705
Excess of cash provided by AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation over distributions declared	**$11,588**	$15,605

(1) This is a non-GAAP measure, refer to page 22.

In determining the amount of distributions to be made, Allied's Board of Trustees considers many factors, including provisions in its Declaration of Trust, macroeconomic 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 March 31, 2023, amounts to $1.80 per unit per annum (December 31, 2022 - $1.75 per Unit per annum).

COMMITMENTS

At March 31, 2023, Allied had future commitments as set out below, excluding the amount held within equity accounted investments:

	MARCH 31, 2023	DECEMBER 31, 2022
Capital expenditures and committed acquisitions	**$234,361**	$247,819

As at March 31, 2023, commitments of $406 (December 31, 2022 - $510) were held within equity accounted investments.

The above does not include Allied's lease liability commitments, which are disclosed in note 13 of the unaudited condensed consolidated financial statements for the three months ended March 31, 2023.

Section VII
–Accounting Estimates and Assumptions

MATERIAL ACCOUNTING POLICY INFORMATION

Accounting policies and any respective changes are discussed in Allied's unaudited condensed consolidated financial statements for the three months ended March 31, 2023, and the notes contained therein.

Section VIII
–Disclosure Controls and Internal Controls

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

No changes were made in the design of internal controls over financial reporting during the period ended March 31, 2023, 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.

For a detailed discussion of risk factors, refer to the 2022 Annual Report and Allied's AIF, which can be found on Allied's website at *www.alliedreit.com* or SEDAR at *www.sedar.com*, together with the updates to the risk factors discussed below.

OPERATING RISKS AND RISK MANAGEMENT

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 48.

In evaluating lease roll-over risk, it is informative to determine Allied's sensitivity to a decline in occupancy. For every full-year decline of 100 basis points in occupancy at its average rental rate per square foot, Allied's annual AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation would decline by approximately $6,466 (approximately $0.046 per unit). The decline in AFFO excluding condominium related items and the mark-to-market adjustment on unit-based compensation 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.

FINANCIAL RISKS AND RISK MANAGEMENT

FINANCING AND INTEREST RATE RISK

Allied is subject to risk associated with debt financing. Allied's financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in Allied's cost of borrowing. 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 71.

Interest rates on debt for mortgages payable, promissory note payable, unsecured debentures and unsecured term loans are between 1.73% and 4.87% 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 4.6 years. Refer to note 12(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.

MORTGAGE PAYMENTS

Approximately 73.1% of the principal amount of the Mortgages have terms of five years or less. Variations in interest rates and principal repayments required under the Mortgages and Allied's operating and acquisition credit facilities, on renewal or otherwise, could result in significant changes in the amount required to be applied to debt service and, as a result, reduce the amount of cash available for distribution to Unitholders. Certain covenants in the Mortgages and credit facilities may also limit payments by Allied to its Unitholders. If Allied becomes unable to pay its debt service charges or otherwise commits an event of default, the rights of its lenders will rank senior to any rights of Unitholders.

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 18.0% of rental revenue and the credit quality of our top-10 users continues to improve.

As Allied has invested in mortgages to third parties to facilitate acquisitions, further credit risks arise in the event that borrowers default on the repayment of their mortgages to Allied. Allied's mortgage investments will typically be subordinate to prior ranking mortgage or charges. Not all of Allied's financing activities will translate into acquisitions. As at March 31, 2023, Allied had $447,612 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.

Section X
–Property Table

MARCH 31, 2023 PROPERTIES	Office GLA	Retail 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%
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		29,408	25,949	46.9%
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%
The Well - 8 Spadina (1)(6)	299,614	364	299,978		—	299,978	100.0%
The Well - 452 Front W (1)(6)	35,721	—	35,721		—	35,721	100.0%
The Well - 460 Front W (1)(6)	31,003	—	31,003		—	31,003	100.0%
The Well - 468 Front W (1)(6)	1,523	—	1,523		—	1,523	100.0%
King West	**721,505**	**15,584**	**737,089**	**5.1%**	**42,973**	**694,116**	**94.2%**
12 Brant	—	11,936	11,936		—	11,936	100.0%
141 Bathurst	10,101	—	10,101		—	10,101	100.0%
183 Bathurst	24,136	5,643	29,779		14,971	14,808	49.7%
241 Spadina	24,833	6,046	30,879		—	30,879	100.0%
379 Adelaide W	38,560	3,045	41,605		33,922	7,683	18.5%
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	31,339	3,163	34,502		—	34,502	100.0%
425 Adelaide W	70,846	3,809	74,655		1,247	73,408	98.3%
425-439 King W	66,486	23,497	89,983		10,545	79,438	88.3%
432 Wellington W	—	8,997	8,997		—	8,997	100.0%
441-443 King W	6,377	2,904	9,281		3,156	6,125	66.0%
445-455 King W	31,523	16,304	47,827		—	47,827	100.0%
460 King W	10,144	4,285	14,429		—	14,429	100.0%
461 King W	38,717	35,833	74,550		17,071	57,479	77.1%
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%

MARCH 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
485 King W	12,339	—	12,339		—	12,339	100.0%
500 King W	44,130	21,598	65,728		—	65,728	100.0%
522 King W	28,850	21,863	50,713		14,449	36,264	71.5%
540 King W	—	5,935	5,935		—	5,935	100.0%
544 King W	16,340	—	16,340		—	16,340	100.0%
552-560 King W	6,784	17,395	24,179		—	24,179	100.0%
555 Richmond W	296,009	1,850	297,859		30,026	267,833	89.9%
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	77,223	8,240	85,463		11,562	73,901	86.5%
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		2,237	134,591	98.4%
King Portland Centre - 642 King W (1)	7,370	5,365	12,735		363	12,372	97.1%
King West Central	**1,211,593**	**265,522**	**1,477,115**	**10.2%**	**213,764**	**1,263,351**	**85.5%**
116 Simcoe	15,461	—	15,461		3,973	11,488	74.3%
117 & 119 John	—	7,562	7,562		—	7,562	100.0%
121 John	2,590	855	3,445		—	3,445	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		3,681	7,796	67.9%
217 Richmond W	31,200	21,670	52,870		2,898	49,972	94.5%
257 Adelaide W	42,763	—	42,763		16,600	26,163	61.2%
312 Adelaide W	62,420	5,584	68,004		27,163	40,841	60.1%
331-333 Adelaide W	19,048	3,725	22,773		—	22,773	100.0%
358-360 Adelaide W	50,786	—	50,786		12,228	38,558	75.9%
388 King W	20,275	19,040	39,315		18,227	21,088	53.6%
82 Peter	40,069	6,846	46,915		—	46,915	100.0%
99 Spadina	51,058	—	51,058		23,068	27,990	54.8%
QRC West - 134 Peter, Phase I	298,782	8,213	306,995		17,928	289,067	94.2%
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	**871,309**	**74,293**	**945,602**	**6.6%**	**137,582**	**808,020**	**85.5%**

MARCH 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
110 Yonge [2]	78,088	2,376	80,464		11,748	68,716	85.4%
175 Bloor E [3]	295,739	9,177	304,916		60,382	244,534	80.2%
193 Yonge	34,349	16,898	51,247		—	51,247	100.0%
525 University	192,771	9,392	202,163		1,772	200,391	99.1%
Downtown	**600,947**	**37,843**	**638,790**	**4.4%**	**73,902**	**564,888**	**88.4%**
106 Front E	24,118	10,554	34,672		6,756	27,916	80.5%
184 Front E	84,116	4,829	88,945		21,709	67,236	75.6%
35-39 Front E	34,818	13,822	48,640		—	48,640	100.0%
36-40 Wellington E	15,494	9,993	25,487		8,073	17,414	68.3%
41-45 Front E	20,958	14,239	35,197		13,967	21,230	60.3%
45-55 Colborne	30,622	13,288	43,910		5,039	38,871	88.5%
47 Front E	9,068	4,337	13,405		2,900	10,505	78.4%
49 Front E	9,482	10,435	19,917		—	19,917	100.0%
50 Wellington E	22,112	12,454	34,566		—	34,566	100.0%
54 Esplanade	—	9,038	9,038		—	9,038	100.0%
56 Esplanade	59,270	22,137	81,407		22,619	58,788	72.2%
60 Adelaide E	106,193	4,608	110,801		8,383	102,418	92.4%
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**	**4.1%**	**89,446**	**502,499**	**84.9%**
135-137 George	2,399	—	2,399		—	2,399	100.0%
133 George	1,617	—	1,617		—	1,617	100.0%
139-141 George	2,190	—	2,190		2,190	—	—%
204-214 King E	115,087	13,837	128,924		1,505	127,419	98.8%
230 Richmond E	73,542	—	73,542		—	73,542	100.0%
252-264 Adelaide E	44,537	2,582	47,119		12,069	35,050	74.4%
489 Queen E	31,737	—	31,737		—	31,737	100.0%
70 Richmond E	34,469	—	34,469		—	34,469	100.0%
Dominion Square - 468 Queen N	30,383	3,523	33,906		—	33,906	100.0%
Dominion Square - 468 Queen S	34,313	9,091	43,404		1,358	42,046	96.9%
Dominion Square - 478-496 Queen	6,552	33,526	40,078		3,040	37,038	92.4%
QRC East - 111 Queen E	190,953	20,733	211,686		6,165	205,521	97.1%
Queen Richmond	**567,779**	**83,292**	**651,071**	**4.5%**	**26,327**	**624,744**	**96.0%**
Toronto	**4,423,313**	**618,299**	**5,041,612**	**35.0%**	**583,994**	**4,457,618**	**88.4%**

MARCH 31, 2023 PROPERTIES	Office GLA	Retail 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		8,789	57,566	86.8%
72 Victoria	90,010	—	90,010		4,386	85,624	95.1%
The Tannery - 151 Charles W	306,821	25,810	332,631		131,443	201,188	60.5%
Kitchener	**536,493**	**25,810**	**562,303**	**3.9%**	**144,618**	**417,685**	**74.3%**
Toronto & Kitchener	**4,959,806**	**644,109**	**5,603,915**	**38.9%**	**728,612**	**4,875,303**	**87.0%**
The Chambers - 40 Elgin	195,994	5,466	201,460		—	201,460	100.0%
The Chambers - 46 Elgin	28,218	1,756	29,974		2,430	27,544	91.9%
Ottawa	**224,212**	**7,222**	**231,434**	**1.6%**	**2,430**	**229,004**	**99.0%**
1001 Boulevard Robert-Bourassa [6]	639,483	—	639,483		—	639,483	100.0%
1010 Sherbrooke W	326,754	1,600	328,354		25,292	303,062	92.3%
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%
425 Viger	307,201	9,146	316,347		13,555	302,792	95.7%
4396-4410 Saint-Laurent	41,374	14,147	55,521		838	54,683	98.5%
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		8,823	22,204	71.6%
480 Saint-Laurent	53,407	6,293	59,700		1,635	58,065	97.3%
5445 de Gaspé	483,685	896	484,581		53,713	430,868	88.9%
5455 de Gaspé	466,698	22,562	489,260		7,917	481,343	98.4%
5505 Saint-Laurent	243,788	2,221	246,009		2,221	243,788	99.1%
6300 Parc	184,510	3,933	188,443		17,339	171,104	90.8%
645 Wellington	129,017	7,422	136,439		4,810	131,629	96.5%
700 Saint Antoine	107,320	16,893	124,213		5,281	118,932	95.7%
740 Saint-Maurice	67,651	—	67,651		—	67,651	100.0%
747 Square-Victoria	531,617	37,752	569,369		53,548	515,821	90.6%
810 Saint Antoine	43,500	—	43,500		29,000	14,500	33.3%
85 Saint-Paul W	79,707	—	79,707		9,491	70,216	88.1%
Cité Multimédia - 111 Boulevard Robert-Bourassa	359,039	12,571	371,610		173,350	198,260	53.4%
Cité Multimédia - 50 Queen	27,072	—	27,072		1,255	25,817	95.4%
Cité Multimédia - 700 Wellington	135,232	—	135,232		20,912	114,320	84.5%
Cité Multimédia - 75 Queen	253,311	2,513	255,824		48,321	207,503	81.1%
Cité Multimédia - 80 Queen	69,247	—	69,247		—	69,247	100.0%

MARCH 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
Cité Multimédia - 87 Prince	99,089	1,040	100,129		3,254	96,875	96.8%
El Pro Lofts - 644 Courcelle	145,193	8,935	154,128		53,476	100,652	65.3%
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	785,296	41,479	826,775		45,178	781,597	94.5%
RCA Building - 1001 Lenoir (6)	139,160	26,925	166,085		—	166,085	100.0%
Montréal	**5,990,624**	**252,592**	**6,243,216**	**43.3%**	**598,187**	**5,645,029**	**90.4%**
Montréal & Ottawa	**6,214,836**	**259,814**	**6,474,650**	**44.9%**	**600,617**	**5,874,033**	**90.7%**
613 11th SW	—	4,288	4,288		—	4,288	100.0%
617 11th SW	3,230	6,306	9,536		—	9,536	100.0%
Alberta Block - 805 1st SW	9,094	22,038	31,132		1,856	29,276	94.0%
Alberta Hotel - 808 1st SW	28,036	20,424	48,460		10,563	37,897	78.2%
Atrium on Eleventh - 625 11th SE	34,594	1,373	35,967		4,204	31,763	88.3%
Biscuit Block - 438 11th SE	51,298	—	51,298		—	51,298	100.0%
Burns Building - 237 8th SE	67,160	7,423	74,583		3,644	70,939	95.1%
Cooper Block - 809 10th SW	35,256	—	35,256		—	35,256	100.0%
Customs House - 134 11th SE	77,097	—	77,097		—	77,097	100.0%
Demcor Condo - 221 10th SE	14,253	—	14,253		7,021	7,232	50.7%
Demcor Tower - 239 10th SE	25,228	—	25,228		2,938	22,290	88.4%
Five Roses Building - 731-739 10th SW	—	20,808	20,808		—	20,808	100.0%
Glenbow - 802 11th SW	—	7,319	7,319		—	7,319	100.0%
Glenbow - 822 11th SW	14,037	3,501	17,538		4,743	12,795	73.0%
Glenbow Annex - 816 11th SW	—	9,021	9,021		—	9,021	100.0%
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		11,148	37,354	77.0%
Leeson Lineham Building - 209 8th SW	27,821	5,420	33,241		—	33,241	100.0%
LocalMotive - 1240 20th SE	57,536	—	57,536		—	57,536	100.0%
Odd Fellows - 100 6th SW	33,474	—	33,474		—	33,474	100.0%
Pilkington Building - 402 11th SE	40,018	—	40,018		—	40,018	100.0%
Roberts Block - 603-605 11th SW	23,641	27,499	51,140		15,915	35,225	68.9%

MARCH 31, 2023 PROPERTIES	Office GLA	Retail GLA	Total GLA	% Total GLA	Total Vacant & Unleased	Total Leased	Leased %
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		32,957	115,044	77.7%
Theatre Grand - 608 1st Street SW	—	34,100	34,100		—	34,100	100.0%
The Lougheed Building - 604 1st Street SW	83,783	—	83,783		83,783	—	—%
Vintage Towers - 322-326 11th SW	190,243	20,418	210,661		6,912	203,749	96.7%
Woodstone Building - 1207-1215 13th SE	32,428	—	32,428		1,629	30,799	95.0%
Young Block - 129 8th SW	4,841	2,164	7,005		2,414	4,591	65.5%
Calgary	**1,151,584**	**215,201**	**1,366,785**	**9.5%**	**226,428**	**1,140,357**	**83.4%**
1040 Hamilton	36,278	9,162	45,440		1,215	44,225	97.3%
1050 Homer	38,302	4,797	43,099		—	43,099	100.0%
1185 West Georgia	160,481	4,869	165,350		567	164,783	99.7%
1220 Homer	21,708	—	21,708		—	21,708	100.0%
1286 Homer	25,613	—	25,613		—	25,613	100.0%
1508 West Broadway	82,961	64,063	147,024		2,514	144,510	98.3%
151-155 West Hastings	38,512	—	38,512		—	38,512	100.0%
2233 Columbia	21,591	6,852	28,443		—	28,443	100.0%
375 Water	150,276	27,157	177,433		32,530	144,903	81.7%
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	59,738	12,646	72,384		4,504	67,880	93.8%
Sun Tower - 128 West Pender	76,223	1,693	77,916		16,974	60,942	78.2%
Vancouver	**824,305**	**152,997**	**977,302**	**6.7%**	**58,304**	**918,998**	**94.0%**
Total Rental Portfolio	**13,150,531**	**1,272,121**	**14,422,652**	**100.0%**	**1,613,961**	**12,808,691**	**88.8%**

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 MARCH 31, 2023	OCCUPANCY AT DECEMBER 31, 2022
TELUS Sky	90.6%	81.4%
College & Manning	98.4%	96.8%

PROPERTIES UNDER DEVELOPMENT

PROPERTIES UNDER DEVELOPMENT	ESTIMATED GLA ON COMPLETION (SF)
The Well, Toronto (1)(2)(3)	763,000
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 (3)	350,090
RCA Building, Montréal (3)	179,858
422-424 Wellington W, Toronto	10,000
QRC West Phase II, Toronto (6)	93,134
KING Toronto, Toronto (1)(7)	100,000
108 East 5th Avenue, Vancouver (1)	102,000
700 Saint Hubert, Montréal	144,114
3575 Saint-Laurent, Montréal	184,779
365 Railway, Vancouver	60,000
Total Development Portfolio	**2,826,152**

(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 in phases since Q4 2020, and the last phase closed in January 2022.*
(3) *A portion of the property is under development. The GLA represents the portion under development, except for The Well, which is a ground-up development and the GLA includes the portion in the rental portfolio.*
(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) *The GLA components (in square feet) are as follows: 77,434 of office and 15,700 of retail.*
(7) *Allied entered into a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied sold a 50% undivided interest to Westbank. KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, 539 King W. The GLA components (in square feet) at our 50% share will be as follows: 60,000 of retail and 40,000 of office.*

ANCILLARY PARKING FACILITIES	NUMBER OF SPACES
15 Brant, Toronto	208
78 Spadina, Toronto	39
7-9 Morrison, Toronto	25
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	**840**

Unaudited Condensed Consolidated Financial Statements For the Three Months Ended March 31, 2023 and 2022

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022

(in thousands of Canadian dollars)	NOTES	MARCH 31, 2023	DECEMBER 31, 2022
Assets			
Non-current assets			
Investment properties	5	$9,691,030	$9,669,005
Residential inventory	7	198,978	187,272
Investment in joint venture	8	3,355	7,089
Loans and notes receivable	9	181,360	174,019
Other assets	10	48,106	56,221
		$10,122,829	$10,093,606
Current assets			
Cash and cash equivalents	22	13,309	20,990
Loan receivable from joint venture	8	113,287	113,287
Loans and notes receivable	9	266,326	258,093
Accounts receivable, prepaid expenses and deposits	11	91,526	65,544
Investment properties held for sale	5, 6	1,361,080	1,354,830
		$1,845,528	$1,812,744
Total assets		$11,968,357	$11,906,350
Liabilities			
Non-current liabilities			
Debt	12	$3,999,107	$3,864,256
Lease liabilities	13	51,065	50,851
Other liabilities	14	44,837	43,438
		$4,095,009	$3,958,545
Current liabilities			
Debt	12	341,812	346,929
Accounts payable and other liabilities	14	378,546	370,823
Lease liability held for sale	6, 13	107,340	107,215
		$827,698	$824,967
Total liabilities		$4,922,707	$4,783,512
Equity			
Unitholders' equity	16	$6,506,528	$6,581,166
Non-controlling interests	16	539,122	541,672
Total equity		$7,045,650	$7,122,838
Total liabilities and equity		$11,968,357	$11,906,350

Commitments and Contingencies (note 28)
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 (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(in thousands of Canadian dollars, except unit and per unit amounts)	NOTES	THREE MONTHS ENDED MARCH 31, 2023	THREE MONTHS ENDED MARCH 31, 2022
Rental revenue	**20, 24**	**$138,490**	$120,942
Property operating costs	**24**	**(61,325)**	(53,535)
Operating income		**$77,165**	$67,407
Interest expense	**6, 12 (g)**	**(22,564)**	(15,161)
General and administrative expenses	**21**	**(6,170)**	(6,882)
Condominium marketing expenses		**(120)**	(113)
Amortization of other assets	**10**	**(370)**	(261)
Interest income		**9,744**	7,024
Fair value loss on investment properties and investment properties held for sale	**5, 6**	**(78,357)**	(10,069)
Fair value (loss) gain on derivative instruments	**27 (d)**	**(8,024)**	19,198
Net (loss) income from joint venture	**8**	**(3,006)**	7,731
Net (loss) income and comprehensive (loss) income from continuing operations		**$(31,702)**	$68,874
Net income and comprehensive income from discontinued operations	**6**	**$18,019**	$118,316
Net (loss) income and comprehensive (loss) income		**$(13,683)**	$187,190
Net (loss) income and comprehensive (loss) income attributable to:			
Unitholders' equity		**$(16,447)**	$187,190
Non-controlling interests		**2,764**	—
		$(13,683)	$187,190
Net (loss) income and comprehensive (loss) income per unit	**19**		
Basic and Diluted		**$(0.10)**	$1.46
Weighted average number of units	**18**		
Basic		**139,765,128**	128,074,012
Diluted		**139,765,128**	128,279,982

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 THREE MONTHS ENDED MARCH 31, 2023 AND 2022

		ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
(in thousands of Canadian dollars)	NOTES	UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNITHOLDERS' EQUITY	EXCHANGEABLE LP UNITS	RETAINED EARNINGS	EXCHANGEABLE LP UNITS' EQUITY	TOTAL EQUITY
Balance at January 1, 2022	16	$3,902,655	$2,491,956	$31,161	$6,425,772	$—	$—	$—	$6,425,772
Net income and comprehensive income		—	187,190	—	187,190	—	—	—	187,190
Unit issuance (net of costs)	16	9,184	—	—	9,184	550,660	—	550,660	559,844
Distributions		—	(55,966)	—	(55,966)	—	—	—	(55,966)
Unit Option Plan – options exercised	16, 17 (a)	80	—	—	80	—	—	—	80
Contributed surplus – Unit Option Plan	17 (a)	—	—	281	281	—	—	—	281
Restricted Unit Plan (net of forfeitures)	16, 17 (b)	(2,480)	—	1,430	(1,050)	—	—	—	(1,050)
Balance at March 31, 2022		$3,909,439	$2,623,180	$32,872	$6,565,491	$550,660	$—	$550,660	$7,116,151

		ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			
	NOTES	UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNITHOLDERS' EQUITY	EXCHANGEABLE LP UNITS	RETAINED EARNINGS (DEFICIT)	EXCHANGEABLE LP UNITS' EQUITY	TOTAL EQUITY
Balance at January 1, 2023	**16**	**$3,909,378**	**$2,636,944**	**$34,844**	**$6,581,166**	**$550,660**	**$(8,988)**	**$541,672**	**$7,122,838**
Net (loss) income and comprehensive (loss) income		**—**	**(16,447)**	**—**	**(16,447)**	**—**	**2,764**	**2,764**	**(13,683)**
Distributions		**—**	**(57,580)**	**—**	**(57,580)**	**—**	**(5,314)**	**(5,314)**	**(62,894)**
Contributed surplus – Unit Option Plan	**17 (a)**	**—**	**—**	**151**	**151**	**—**	**—**	**—**	**151**
Restricted Unit Plan (net of forfeitures)	**16, 17 (b)**	**(2,147)**	**—**	**1,385**	**(762)**	**—**	**—**	**—**	**(762)**
Balance at March 31, 2023		**$3,907,231**	**$2,562,917**	**$36,380**	**$6,506,528**	**$550,660**	**$(11,538)**	**$539,122**	**$7,045,650**

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

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

		THREE MONTHS ENDED	
(in thousands of Canadian dollars)	NOTES	MARCH 31, 2023	MARCH 31, 2022
Operating activities			
Net (loss) income for the period		**$(13,683)**	$187,190
Fair value loss (gain) on investment properties and investment properties held for sale	5	**71,768**	(93,928)
Fair value loss (gain) on derivative instruments	27 (d)	**8,024**	(19,198)
Interest expense (excluding the impact of capitalization)	12 (g)	**24,335**	16,669
Interest paid (excluding the impact of capitalization)	5, 7, 13, 22	**(28,891)**	(22,172)
Interest income		**(9,744)**	(7,024)
Interest received		**7,274**	4,848
Net loss (income) from joint venture	8	**3,006**	(7,731)
Amortization of other assets	10	**370**	261
Amortization of improvement allowances	5	**8,185**	7,767
Amortization of straight-line rent	5	**(1,993)**	(209)
Amortization of discount (premium) on debt	12 (g)	**985**	(159)
Amortization of lease liabilities	5, 13	**347**	139
Amortization of net financing costs	12 (g)	**677**	606
Unit-based compensation expense	17	**1,889**	2,256
Additions to residential inventory	7	**(11,706)**	(11,441)
Change in other non-cash operating items	9, 11, 14, 22	**(12,436)**	10,797
Cash provided by operating activities		**$48,407**	$68,671
Financing activities			
Repayment of mortgages payable	12 (a)	**(13,034)**	(834)
Principal payments of lease liabilities	13	**(9)**	(8)
Distributions paid on Units		**(57,043)**	(55,412)
Proceeds of Unit issuance (net of issuance costs)	16	**—**	9,184
Proceeds from exercise of Unit options	16, 17 (a)	**—**	80
Restricted Unit Plan (net of forfeitures)	16, 17 (b)	**(2,147)**	(2,480)
Proceeds from Unsecured Revolving Operating Facility	12 (d)	**130,000**	150,000
Repayments of Unsecured Revolving Operating Facility	12 (d)	**(10,000)**	(55,000)
Proceeds from construction loan	12 (b)	**21,514**	14,738
Financing costs		**(408)**	(8)
Cash provided by financing activities		**$68,873**	$60,260

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED MARCH 31, 2023	THREE MONTHS ENDED MARCH 31, 2022
Investing activities			
Acquisition of investment properties	4	—	(46,937)
Deposits on acquisitions		—	(528)
Additions to investment properties (including capitalized interest)	5, 12 (g)	(86,742)	(83,437)
Net proceeds on disposition of properties under development	4	—	15,254
Net distributions from equity accounted investments	8	728	408
Loans receivable issued to third-parties	8, 9 (a), 22	(13,916)	(5,940)
Proceeds from loans receivable	9 (a)	—	179
Proceeds from notes receivable	9 (b)	6	5
Advances on note receivable from holder of Exchangeable LP Units	16	(5,265)	—
Additions to equipment and other assets	10	(213)	(379)
Leasing commissions	5	(3,282)	(7,063)
Improvement allowances	5	(16,277)	(12,597)
Cash used in investing activities		**$(124,961)**	$(141,035)
Decrease in cash and cash equivalents		(7,681)	(12,104)
Cash and cash equivalents, beginning of period		20,990	22,548
Cash and cash equivalents, end of period		**$13,309**	$10,444

Note 22 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. MATERIAL ACCOUNTING POLICY INFORMATION

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

The unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and 2022 were approved and authorized for issue by the Board of Trustees on April 26, 2023.

Statement of Compliance

The unaudited condensed consolidated financial statements of Allied for the three months ended March 31, 2023 and 2022 are prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB").

The material accounting policy information discussed below and disclosed in Allied's December 31, 2022, audited annual consolidated financial statements as significant accounting policies have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

Accounting standards effective in the period

In February 2021, the IASB issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2, Making Materiality Judgements and IAS 8, Accounting Polices, Changes in Accounting Estimates and Errors. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application was permitted. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify how to distinguish changes in accounting policies from changes in accounting estimates. Allied's financial disclosure is currently not materially affected by the application of the amendments.

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, 2022, audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited condensed consolidated financial statements.

4. ACQUISITIONS AND DISPOSITIONS

Acquisitions

During the three months ended March 31, 2023, Allied did not acquire any properties.

During the year ended December 31, 2022, Allied completed the following property acquisitions:

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%
121 John, Toronto	July 6, 2022	Office, Retail	4,544	100%
700 Saint-Hubert, Montréal	October 31, 2022	Office	126,198	100%
			$971,504	

(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 12) 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.

The total purchase price, including acquisition costs, for 121 John Street is comprised of net cash consideration of $4,541 and assumption of other liabilities of $3.

The total purchase price, including acquisition costs, for 700 Saint-Hubert is comprised of net cash consideration of $112,660 and assumptions of other liabilities of $13,538.

Dispositions

During the three months ended March 31, 2023, Allied did not dispose of any properties.

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 year ended December 31, 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.

On August 16, 2022, Allied closed on the disposition of one investment property held for sale, 100 Lombard Street in Toronto, at a selling price of $26,000 (note 5), which represented the fair value at the time of disposition, so there was no gain or loss recorded on closing. In addition, Allied incurred net working capital adjustments of $487 and selling costs of $21, resulting in the total net cash consideration of $25,492.

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:

	THREE MONTHS ENDED MARCH 31, 2023			YEAR ENDED DECEMBER 31, 2022		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of period	$9,494,395	$1,529,440	$11,023,835	$8,374,535	$1,238,830	$9,613,365
Additions:						
Acquisitions	—	—	—	805,757	165,747	971,504
Improvement allowances	12,950	3,327	16,277	60,494	1,728	62,222
Leasing commissions	2,973	309	3,282	14,714	5,889	20,603
Capital expenditures	36,103	50,639	86,742	134,630	263,544	398,174
Dispositions	—	—	—	(74,945)	(15,254)	(90,199)
Transfers from PUD	105,200	(105,200)	—	376,730	(376,730)	—
Transfers to PUD	(24,410)	24,410	—	(293,542)	293,542	—
Transfers (to) from other assets	(66)	—	(66)	3,900	—	3,900
Lease liabilities	—	—	—	561	—	561
Amortization of straight-line rent and improvement allowances	(6,615)	423	(6,192)	(26,866)	1,389	(25,477)
Fair value (loss) gain on investment properties and investment properties held for sale [(1)]	(43,230)	(28,538)	(71,768)	118,427	(49,245)	69,182
Balance, end of period	**$9,577,300**	**$1,474,810**	**$11,052,110**	$9,494,395	$1,529,440	$11,023,835
Investment properties	$8,216,220	$1,474,810	$9,691,030	$8,139,565	$1,529,440	$9,669,005
Investment properties held for sale	1,361,080	—	1,361,080	1,354,830	—	1,354,830
	$9,577,300	$1,474,810	$11,052,110	$9,494,395	$1,529,440	$11,023,835

(1) *Includes a fair value gain on investment properties held for sale for discontinued operations for the three months ended March 31, 2023, of $6,589 (for the year ended December 31, 2022 - $142,932) which is presented separately in the net income from discontinued operations (note 6).*

As at March 31, 2023, and December 31, 2022, Allied had five properties classified as investment properties held for sale totaling $1,361,080 (December 31, 2022 - $1,354,830), four located in Toronto and one located in Montréal. The increase of $6,250 in the three months ended March 31, 2023, is due to the net fair value gain on investment properties held for sale.

For the three months ended March 31, 2023, Allied capitalized $15,631 (March 31, 2022 - $9,705) 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 $563,520 (December 31, 2022 - $564,200) representing the fair value of Allied's interest in four investment properties and one investment property held for sale with corresponding lease liabilities. The leases' maturities range from 21.5 years to 79.2 years (December 31, 2022 - 21.8 years to 79.5 years). In addition, Allied has a prepaid land leasehold interest on a property with a fair value of $183,170 (December 31, 2022 - $178,020) and a maturity of 73.3 years (December 31, 2022 - 73.6 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-GAAP measure, in the terminal year. This method is primarily used to value the rental portfolio, and, in some cases, investment properties held for sale.

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

	WEIGHTED AVERAGE	
	MARCH 31, 2023	DECEMBER 31, 2022
Discount rate	**5.94%**	5.93%
Terminal capitalization rate	**4.99%**	4.99%
Overall capitalization rate	**4.63%**	4.64%
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 (including investment properties and investment properties held for sale):

CHANGE IN CAPITALIZATION RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value				
Investment Properties and Investment Properties Held for Sale	$1,338,028	$630,828	$(566,194)	$(1,077,204)

6. DISCONTINUED OPERATIONS

The Urban Data Centre segment has been classified as discontinued operations and the disposal group is comprised of three investment properties held for sale totaling $1,314,500 (December 31, 2022 - $1,305,990) and a related lease liability held for sale totaling $107,340 (December 31, 2022 - $107,215). The three investment properties are 151 Front Street W, 905 King Street W and 250 Front Street W and the lease liability is at 250 Front Street W. Allied expects to sell these properties to a third-party purchaser within the current year.

The following table summarizes the results from discontinued operations:

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Rental revenue	**$21,100**	$23,878
Property operating costs	**(7,899)**	(8,051)
Operating income	**$13,201**	$15,827
Interest expense	**(1,771)**	(1,508)
Fair value gain on investment properties held for sale	**6,589**	103,997
Net income from discontinued operations	**$18,019**	$118,316

The following table summarizes the cash flows of the discontinued operations:

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Cash provided by (used in):		
Operating activities	**$9,080**	$10,932
Financing activities	**—**	—
Investing activities	**(1,787)**	(5,584)
	$7,293	$5,348

7. RESIDENTIAL INVENTORY

Residential inventory is as follows:

	MARCH 31, 2023	DECEMBER 31, 2022
KING Toronto	**$198,978**	$187,272

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

	MARCH 31, 2023	DECEMBER 31, 2022
Balance, beginning of period	$187,272	$170,980
Development expenditures	11,706	32,021
Impairment	—	(15,729)
Balance, end of period	**$198,978**	$187,272

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.

Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment during the year ended December 31, 2022, reflects higher estimated costs to complete.

For the three months ended March 31, 2023, Allied capitalized $2,168 (March 31, 2022 - $1,214) of borrowing costs to qualifying residential inventory.

8. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

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

	MARCH 31, 2023	DECEMBER 31, 2022
Investment in joint venture	$3,355	$7,089
Loan receivable from joint venture	113,287	113,287
	$116,642	$120,376
Current	$113,287	$113,287
Non-current	3,355	7,089
	$116,642	$120,376

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 March 31, 2023, the loan receivable outstanding is $113,287 (December 31, 2022 - $113,287). Allied is providing a joint and several guarantee in the amount of $114,000 to support the TELUS Sky facility.

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

	MARCH 31, 2023	DECEMBER 31, 2022
Current assets (including cash and cash equivalents)	**$6,741**	$5,658
Non-current assets	**357,708**	366,006
Current liabilities	**(354,384)**	(350,397)
Net assets of TELUS Sky at 100%	**$10,065**	$21,267
Net assets of TELUS Sky at Allied's share	**$3,355**	$7,089

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Revenue	**$6,174**	$4,206
Expenses	**(3,147)**	(2,889)
Interest income	**24**	—
Fair value (loss) gain	**(12,069)**	21,876
Net (loss) income and comprehensive (loss) income of TELUS Sky at 100%	**$(9,018)**	$23,193
Net (loss) income and comprehensive (loss) income of TELUS Sky at Allied's share	**$(3,006)**	$7,731

	MARCH 31, 2023	DECEMBER 31, 2022
Investment in joint venture, beginning of period	**$7,089**	$11,503
Net loss	**(3,006)**	(3,161)
Contributions	**984**	3,192
Distributions	**(1,712)**	(4,445)
Investment in joint venture, end of period	**$3,355**	$7,089

9. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	MARCH 31, 2023	DECEMBER 31, 2022
Loans receivable (a)	**$447,612**	$432,032
Notes and other receivables (b)	**74**	80
	$447,686	$432,112
Current	**$266,326**	$258,093
Non-current	**181,360**	174,019
	$447,686	$432,112

(a) In February 2015, Allied entered into a joint arrangement with Westbank and completed the acquisition of an undivided 50% interest in Adelaide & Duncan. As part of the arrangement, Allied advanced $21,173 to Westbank for its purchase of a 50% undivided interest in the property. The facility is secured by a charge on the property (subordinated to the construction lender) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum. The loan is repayable when the joint arrangement obtains external permanent financing. As at March 31, 2023, the loan receivable outstanding is $21,173 (December 31, 2022 - $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, and on August 18, 2022, the facility was further increased to $175,000. On May 18, 2022, Westbank exercised its option to extend the maturity date from August 31, 2022, to August 31, 2023. On January 12, 2023, the maturity date of the facility was further extended from August 31, 2023, to February 29, 2024. Interest accrues to the credit facility monthly at a rate of 6.75% per annum up to August 31, 2022. Thereafter, interest accrues to the credit facility monthly at the greater of 6.75% per annum and the prime rate plus 3.00% per annum. As at March 31, 2023, the loan receivable outstanding is $167,600 (December 31, 2022 - $161,032).

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 is secured by a charge on the property (subordinated to the construction lender). Interest accrues to the credit facility at a rate of 7.00% per annum. The loan is repayable at the earlier of November 30, 2023, or the closing of the condominium units. As at March 31, 2023, the loan receivable outstanding is $98,701 (December 31, 2022 - $97,037).

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 installments upon completion of development and rent commencement, which is anticipated to begin in the third quarter of 2023. As at March 31, 2023, the loan receivable outstanding is $9,913 (December 31, 2022 - $9,913).

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 facility is 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 March 31, 2023, the loan receivable outstanding is $150,225 (December 31, 2022 - $142,877).

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 March 31, 2023 (December 31, 2022 - $nil).

(b) As at March 31, 2023, and December 31, 2022, the balance of notes and other receivables is made up of individually insignificant notes receivable.

10. OTHER ASSETS

Other assets consist of the following:

	MARCH 31, 2023	DECEMBER 31, 2022
Equipment and other assets [1]	**$3,266**	$3,323
Property, plant and equipment [2]	**20,463**	20,497
Interest rate swap derivative assets	**24,377**	32,401
	$48,106	$56,221

(1) During the three months ended March 31, 2023, Allied recorded amortization of equipment and other assets of $270 (March 31, 2022 - $261).

(2) Property, plant and equipment relates to owner-occupied property. During the three months ended March 31, 2023, Allied recorded amortization of owner-occupied property of $100 (March 31, 2022 - $nil).

11. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

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

	MARCH 31, 2023	DECEMBER 31, 2022
User trade receivables - net of allowance (a)	$21,601	$19,864
Other user receivables (b)	9,274	5,950
Miscellaneous receivables (c)	23,069	22,979
Prepaid expenses and deposits (d)	37,582	16,751
	$91,526	$65,544

(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:

	THREE MONTHS ENDED	YEAR ENDED
	MARCH 31, 2023	DECEMBER 31, 2022
Allowance for expected credit loss, beginning of period	$11,336	$9,177
Additional provision recorded during the period	610	3,117
Reversal of previous provisions	(50)	(829)
Receivables written off during the period	(221)	(129)
Allowance for expected credit loss, end of period	$11,675	$11,336

(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, interest rate swap receivables due from financial institutions, management fees and interest income due from external parties, and chargebacks on construction projects which are managed by Allied for tenants. As at March 31, 2023, 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 prepaid taxes and interest, deposits for naming rights, and residential deposits related to KING Toronto.

12. DEBT

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

	MARCH 31, 2023	DECEMBER 31, 2022
Mortgages payable (a)	**$99,671**	$112,822
Construction loans payable (b)	**245,239**	223,725
Promissory note payable (c)	**196,755**	195,673
Unsecured revolving operating facility (d)	**560,000**	440,000
Senior unsecured debentures (e)	**2,590,427**	2,589,939
Unsecured term loans (f)	**648,827**	649,026
	$4,340,919	$4,211,185
Current	**$341,812**	$346,929
Non-current	**3,999,107**	3,864,256
	$4,340,919	$4,211,185

(a) *Mortgages payable*

Mortgages payable have a weighted average contractual interest rate of 3.25% as at March 31, 2023 (December 31, 2022 - 3.37%). The mortgages are secured by a first registered charge over specific investment properties and first general assignments of leases, insurance and registered chattel mortgages.

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	MARCH 31, 2023	DECEMBER 31, 2022
Remaining 2023	**$2,265**	**$—**	**$2,265**	
2024	**2,528**	**46,669**	**49,197**	
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	**$18,387**	**$81,569**	**$99,956**	$112,990
Net premium on assumed mortgages			**487**	584
Net financing costs			**(772)**	(752)
			$99,671	$112,822

(b) *Construction loans payable*

As at March 31, 2023, and December 31, 2022, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	MARCH 31, 2023	DECEMBER 31, 2022
Adelaide & Duncan	50%	August 11, 2023	**$90,338**	$85,485
Breithaupt Phase III	50%	June 2, 2023	**51,685**	50,472
KING Toronto	50%	December 17, 2024	**82,125**	71,762
108 East 5th Avenue	50%	December 6, 2025	**21,091**	16,006
			$245,239	$223,725

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 with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on $135,000 of the guarantee. 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%. The swap matured on March 31, 2023, so the construction costs are no longer fixed and are subject to the facility's variable rate.

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. On December 1, 2022, Allied and Perimeter exercised their option to extend the loan maturity to June 2, 2023, which bears interest at bank prime or bankers' acceptance rate plus 120 basis points with a standby fee of 20 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on $69,000 of the guarantee.

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 with a standby fee of 25 basis points and a letter of credit fee of 100 basis points. Allied is providing a joint and several guarantee of the entire facility and is earning a related guarantee fee on $232,500 of the guarantee.

On December 5, 2022, the 108 East 5th Avenue joint arrangement obtained a $150,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is $75,000. The loan matures on December 6, 2025, and bears interest at prime plus 35 basis points or bankers' acceptance rate plus 135 basis points with a standby fee of 27 basis points and a letter of credit fee rate of 100 basis points. These interest rates and the standby fee (other than the letter of credit fee) are subject to variability based on the achievement of two distinct sustainability performance targets. For each sustainability performance target achieved, the interest rate and standby fee would decrease by 0.025% per annum and 0.005% per annum, respectively. In addition, if certain sustainability minimums are not achieved, the interest rate and standby fee would increase by 0.025% per annum and 0.005% per annum, respectively. Depending on the applicable sustainability performance target or sustainability minimum, the settlement of these interest rate variations and the standby fee occurs either annually or at the earlier of December 6, 2025, and the date the construction lending facility is fully repaid. Allied has provided a joint and several guarantee of the entire facility and is earning a related guarantee fee on $75,000 of the guarantee. On January 13, 2023, the 108 East 5th Avenue joint arrangement entered into a swap agreement to fix 75% of the construction costs up to $110,175 at 4.90%.

(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	MARCH 31, 2023	DECEMBER 31, 2022
Promissory note payable	1.00% for 2022, 2.00% for 2023	December 31, 2023	Quarterly	**$200,000**	$200,000
Net discount on promissory note payable				**(3,245)**	(4,327)
				$196,755	$195,673

(d) *Unsecured revolving operating facility*

As at March 31, 2023, and December 31, 2022, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

	MARCH 31, 2023						
	MATURITY DATE	**CONTRACTUAL INTEREST RATES ON DRAWINGS**	**STANDBY FEE**	**FACILITY LIMIT**	**DRAWINGS**	**LETTERS OF CREDIT**	**AMOUNT AVAILABLE**
Unsecured Facility limit $700,000 (1)	**January 30, 2025**	**Prime + 0.20% or Bankers' acceptance + 1.20% (2)**	**0.24%**	**$700,000**	**$(560,000)**	**$(15,474)**	**$124,526**

(1) This Unsecured Facility contains a $100,000 accordion feature, allowing Allied to increase the amount available under the facility to $800,000.

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

On March 31, 2023, Allied amended the unsecured facility to increase the facility limit by $100,000 to $700,000. There were no amendments to the other terms of the unsecured facility.

	DECEMBER 31, 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	$(440,000)	$(15,563)	$144,437

(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.

(e) *Senior unsecured debentures*

As at March 31, 2023, and December 31, 2022, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	MARCH 31, 2023	DECEMBER 31, 2022
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				**(9,573)**	(10,061)
				$2,590,427	$2,589,939

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 (note 12 (g)).

(f) *Unsecured term loans*

As at March 31, 2023, and December 31, 2022, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	MARCH 31, 2023	DECEMBER 31, 2022
Unsecured term loan	3.496%	January 14, 2026	Monthly	**$250,000**	$250,000
Unsecured term loan	4.865%	October 22, 2025	Monthly	**400,000**	400,000
Unsecured term loans, principal				**$650,000**	$650,000
Net financing costs				**(1,173)**	(974)
				$648,827	$649,026

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 12 (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 at 4.86%. On December 21, 2022, Allied amended the swap agreement for the settlement period, which increased the rate from 4.86% to 4.865%.

On February 3, 2023, Allied extended the maturity date on its $250,000 unsecured term loan from January 14, 2024, to January 14, 2026 by exercising two one-year extension options. Debt financing costs of $300 were incurred for these extensions.

(g) *Interest expense*

Interest expense consists of the following:

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Interest on debt:		
Mortgages payable	**$846**	$1,087
Construction loans payable	**3,001**	1,007
Promissory note payable	**986**	—
Unsecured Facility	**7,472**	1,908
Unsecured Debentures	**18,677**	18,674
Unsecured Term Loans	**6,918**	2,153
Interest on lease liabilities [1]	**801**	804
Amortization, net discount (premium) on debt	**985**	(159)
Amortization, net financing costs	**677**	606
	$40,363	$26,080
Interest capitalized to qualifying investment properties and residential inventory	**(17,799)**	(10,919)
Interest expense	**$22,564**	$15,161

(1) Excludes interest on a lease liability held for sale of $1,771 (March 31, 2022 - $1,508) that is presented separately in the net income from discontinued operations (note 6).

Borrowing costs have been capitalized to qualifying investment properties and residential inventory at a weighted average effective rate of 3.56% per annum (March 31, 2022 - 2.72%).

(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 March 31, 2023:

	REMAINING 2023	2024	2025	2026	2027	THEREAFTER	TOTAL
Mortgages payable, principal repayments	$2,265	$2,528	$6,423	$1,391	$487	$5,293	$18,387
Mortgages payable, balance due at maturity	—	46,669	—	20,443	—	14,457	81,569
Construction loans payable	142,023	82,125	21,091	—	—	—	245,239
Promissory note payable	200,000	—	—	—	—	—	200,000
Unsecured Facility	—	—	560,000	—	—	—	560,000
Unsecured Debentures	—	—	200,000	600,000	300,000	1,500,000	2,600,000
Unsecured Term Loans	—	—	400,000	250,000	—	—	650,000
Total	**$344,288**	**$131,322**	**$1,187,514**	**$871,834**	**$300,487**	**$1,519,750**	**$4,355,195**

A description of Allied's risk management objectives and policies for financial instruments is provided in note 27.

13. LEASE LIABILITIES

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

	REMAINING 2023(1)(2)	2024 - 2027(1)(2)	THEREAFTER	MARCH 31, 2023	DECEMBER 31, 2022
Future minimum lease payments	**$8,150**	**$42,168**	**$425,359**	**$475,677**	$477,983
Interest accrued (paid) on lease obligations	**(396)**	**(944)**	**—**	**(1,340)**	(992)
Less: amounts representing interest payments	**(7,754)**	**(41,224)**	**(266,954)**	**(315,932)**	(318,925)
Present value of lease payments	**$—**	**$—**	**$158,405**	**$158,405**	$158,066
Current (note 6)				**$107,340**	$107,215
Non-current				**51,065**	50,851
				$158,405	$158,066

(1) *The future minimum lease payments prior to 2027 are less than the effective interest on the lease liabilities.*
(2) *Includes future minimum lease payments for the lease liability held for sale.*

Some of Allied's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income as required when contingent criteria are met. The lease agreements contain renewal options, purchase options, escalation clauses, additional debt and further leasing clauses. For the three months ended March 31, 2023, minimum lease payments of $2,217 (March 31, 2022 - $2,156) were paid by Allied.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	MARCH 31, 2023	DECEMBER 31, 2022
Trade payables and other liabilities	**$257,000**	$245,675
Prepaid user rents	**82,673**	81,489
Accrued interest payable on Unsecured Debentures	**17,909**	23,281
Distributions payable on Units	**19,193**	18,656
Distributions payable on Exchangeable LP Units (note 16)	**1,771**	1,722
Residential deposits (1)	**43,746**	42,700
Unit-based compensation liabilities (note 17(c))	**1,091**	738
	$423,383	$414,261
Current	**$378,546**	$370,823
Non-current (2)	**44,837**	43,438
	$423,383	$414,261

(1) Residential deposits related to the residential condominium units at KING Toronto.
(2) Non-current liabilities as at March 31, 2023, are composed of residential deposits totaling $43,746, and unit-based compensation liabilities totaling $1,091 (December 31, 2022 - $42,700 and $738, respectively).

15. FAIR VALUE MEASUREMENTS

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

		MARCH 31, 2023		DECEMBER 31, 2022	
	CLASSIFICATION/ MEASUREMENT	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial Assets:					
Loan receivable from joint venture (note 8)	Amortized cost	**$113,287**	**$113,287**	$113,287	$113,287
Loans and notes receivable (note 9)	Amortized cost	**447,686**	**440,161**	432,112	422,999
Interest rate swap derivative assets (note 10)	FVTPL	**24,377**	**24,377**	32,401	32,401
Accounts receivable (note 11)	Amortized cost	**53,944**	**53,944**	48,793	48,793
Cash and cash equivalents (note 22)	Amortized cost	**13,309**	**13,309**	20,990	20,990
Financial Liabilities:					
Debt (note 12)					
Mortgages	Amortized cost	**$99,671**	**$95,257**	$112,822	$107,030
Construction loans payable	Amortized cost	**245,239**	**245,239**	223,725	223,725
Promissory note payable	Amortized cost	**196,755**	**196,029**	195,673	194,145
Unsecured Facility	Amortized cost	**560,000**	**560,000**	440,000	440,000
Unsecured Debentures	Amortized cost	**2,590,427**	**2,228,306**	2,589,939	2,255,528
Unsecured Term Loans	Amortized cost	**648,827**	**643,689**	649,026	628,450
Accounts payable and other liabilities (note 14)	Amortized cost	**422,292**	**422,292**	413,523	413,523
Unit-based compensation liabilities (notes 14 and 17(c))	FVTPL	**1,091**	**1,091**	738	738

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:

	MARCH 31, 2023			DECEMBER 31, 2022		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loan receivable from joint venture (note 8)	**$—**	**$113,287**	**$—**	$—	$113,287	$—
Loans and notes receivable (note 9)	**—**	**440,161**	**—**	—	422,999	—
Interest rate swap derivative assets (note 10)	**—**	**24,377**	**—**	—	32,401	—
Accounts receivable (note 11)	**—**	**53,944**	**—**	—	48,793	—
Cash and cash equivalents (note 22)	**13,309**	**—**	**—**	20,990	—	—
Financial Liabilities:						
Debt (note 12)						
Mortgages	**$—**	**$95,257**	**$—**	$—	$107,030	$—
Construction loans payable	**—**	**245,239**	**—**	—	223,725	—
Promissory note payable	**—**	**196,029**	**—**	—	194,145	—
Unsecured Facility	**—**	**560,000**	**—**	—	440,000	—
Unsecured Debentures	**—**	**2,228,306**	**—**	—	2,255,528	—
Unsecured Term Loans	**—**	**643,689**	**—**	—	628,450	—
Accounts payable and other liabilities (note 14)	**—**	**422,292**	**—**	—	413,523	—
Unit-based compensation liabilities (notes 14 and 17(c))	**—**	**1,091**	**—**	—	738	—

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 March 31, 2023, is $24,377 (December 31, 2022 - $32,401) (note 10). The fair value of the derivative contracts is determined using forward interest rates observable in the market (Level 2).

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).

16. 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 holders of Units and Special Voting Units (as defined below) and entitles the holders of Units and Special Voting Units 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 holders of Units and 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 three months ended March 31, 2023 and year ended December 31, 2022.

	NUMBER ISSUED AND OUTSTANDING			AMOUNT		
	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY	UNITS	EXCHANGEABLE LP UNITS	TOTAL EQUITY
Balance at January 1, 2022	127,737,851	—	127,737,851	$3,902,655	$—	$3,902,655
Restricted Unit Plan (net of forfeitures) (note 17(b))	—	—	—	(2,661)	—	(2,661)
Unit Option Plan - options exercised (note 17(a))	6,332	—	6,332	200	—	200
Unit issuance (net of costs)	211,800	11,809,145	12,020,945	9,184	550,660	559,844
Balance at December 31, 2022	127,955,983	11,809,145	139,765,128	$3,909,378	$550,660	$4,460,038
Restricted Unit Plan (net of forfeitures) (note 17(b))	**—**	**—**	**—**	**(2,147)**	**—**	**(2,147)**
Balance at March 31, 2023	**127,955,983**	**11,809,145**	**139,765,128**	**$3,907,231**	**$550,660**	**$4,457,891**

During the year ended December 31, 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 27(a).

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

Distributions

On April 17, 2023, Allied declared a distribution for the month of April 2023 of $0.15 per Unit, representing $1.80 per Unit on an annualized basis to Unitholders of record as at April 28, 2023.

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. 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. The distributions declared by the Partnership on the Exchangeable LP Units from January 1, 2023 to March 31, 2023 was $5,314, for which Choice Properties elected to receive a loan in lieu of all of the distributions. Of the $5,314 loan in lieu of distributions, a note receivable of $5,265 was issued to Choice Properties for the cash advances made during the three months ended March 31, 2023.

On April 17, 2023, the Partnership declared a distribution for the month of April 2023 of $0.15 per Exchangeable LP Unit, representing $1.80 per Exchangeable LP Unit on an annualized basis to holders of the Exchangeable Units as at April 28, 2023, for which Choice Properties elected to receive a loan in lieu of the distribution.

Normal Course Issuer Bid

On February 22, 2023, 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 12,582,628 of its outstanding Units, representing approximately 10% of its public float as at February 10, 2023. The NCIB commenced February 24, 2023, and will expire on February 23, 2024, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied’s Restricted Unit Plan or to employees pursuant to Allied’s employee programs.

During the three months ended March 31, 2023, Allied purchased 72,119 Units for $2,147 at a weighted average price of $29.77 per Unit under its NCIB program for delivery to participants under Allied’s Restricted Unit Plan.

17. 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	(350,831)	(19,132)	170,517	170,517
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	316,450
February 5, 2020	February 5, 2030	352,230	$54.59	—	(1,594)	350,636	271,832
February 3, 2021	February 3, 2031	442,233	$36.55	(1,533)	(1,460)	439,240	236,991
		2,136,901		**(393,342)**	**(26,516)**	**1,717,043**	**1,435,990**

	THREE MONTHS ENDED MARCH 31, 2023		YEAR ENDED DECEMBER 31, 2022	
	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 year	**$31.56-54.59**	**5.89**	$31.56-54.59	6.13

	THREE MONTHS ENDED MARCH 31, 2023		YEAR ENDED DECEMBER 31, 2022	
	NUMBER OF UNITS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF UNITS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	1,717,043	$41.98	1,726,381	$41.95
Forfeited	—	—	(3,006)	43.28
Exercised	—	—	(6,332)	31.56
Balance, end of period	1,717,043	$41.98	1,717,043	$41.98
Units exercisable at the end of the period	1,435,990	$42.06	1,151,274	$41.32

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.

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

For the three months ended March 31, 2023, Allied recorded a unit-based compensation expense of $151 (March 31, 2022 - $281) in general and administrative expense in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) 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. Restricted Units are released to participants forthwith following the sixth anniversary of the award date or such other date as determined in accordance with the Restricted Unit Plan.

The following is a summary of the activity of Allied's Restricted Unit Plan:

	THREE MONTHS ENDED	YEAR ENDED
	MARCH 31, 2023	DECEMBER 31, 2022
Restricted Units, beginning of period	**322,411**	296,810
Granted	**72,119**	61,148
Released	**(77,121)**	(35,444)
Forfeited	**—**	(103)
Restricted Units, end of period	**317,409**	322,411

For the three months ended March 31, 2023, Allied recorded a unit-based compensation expense of $1,385 (March 31, 2022 - $1,430) in general and administrative expense in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) 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:

	THREE MONTHS ENDED	YEAR ENDED
	MARCH 31, 2023	DECEMBER 31, 2022
Plan Units, beginning of period	**179,193**	—
Granted	**170,461**	172,500
Settled	**(743)**	—
Forfeited	**—**	(1,035)
Distribution equivalents	**4,743**	7,728
Plan Units, end of period	**353,654**	179,193

For the three months ended March 31, 2023, Allied recorded a unit-based compensation expense of $371 (March 31, 2022 - $545), including the mark-to-market adjustment, in general and administrative expense in the unaudited condensed consolidated statements of (loss) income and comprehensive (loss) income. During the three months ended March 31, 2023, 743 Plan Units vested and were settled in cash resulting in a decrease of $18 to the unit-based compensation liabilities.

18. 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	
	MARCH 31, 2023	MARCH 31, 2022
Units	**127,955,983**	127,942,799
Exchangeable LP Units [1]	**11,809,145**	131,213
Total units - basic	**139,765,128**	128,074,012
Unit Option Plan	**—**	205,970
Total units - fully diluted	**139,765,128**	128,279,982

(1) Issued on March 31, 2022.

19. NET (LOSS) INCOME PER UNIT

Net (loss) income per basic and diluted unit is calculated based on net (loss) income and comprehensive (loss) income divided by the weighted average number of units taking into account the dilution effect of Unit options.

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Net (loss) income and comprehensive (loss) income from continuing operations attributable to Unitholders	**$(34,466)**	$68,874
Net (loss) income and comprehensive (loss) income from discontinued operations attributable to Unitholders	**18,019**	118,316
Net (loss) income and comprehensive (loss) income attributable to Unitholders	**$(16,447)**	$187,190
Net income and comprehensive income attributable to non-controlling interests	**2,764**	—
Net (loss) income and comprehensive (loss) income	**$(13,683)**	$187,190

Net (loss) income and comprehensive (loss) income per unit (basic and diluted):	THREE MONTHS ENDED MARCH 31, 2023	MARCH 31, 2022
Continuing operations	$(0.25)	$0.54
Discontinued operations	0.13	0.92
Attributable to Unitholders	$(0.12)	$1.46
Attributable to non-controlling interests	0.02	—
Net (loss) income and comprehensive (loss) income per unit (basic and diluted)	$(0.10)	$1.46

20. RENTAL REVENUE

Rental revenue includes the following:

	THREE MONTHS ENDED MARCH 31, 2023	MARCH 31, 2022
Rental revenue [1]	$66,757	$57,335
Tax and insurance recoveries	27,966	25,293
Miscellaneous revenue [2]	5,496	3,945
Operating cost recoveries	38,271	34,369
Total rental revenue	$138,490	$120,942

(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 from continuing operations is as follows:

	REMAINING 2023	2024	2025	2026	2027	THEREAFTER	TOTAL
Future minimum rental income	$224,365	$288,351	$262,089	$232,886	$198,647	$842,106	$2,048,444

21. GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Salaries and benefits	**$5,245**	$5,611
Professional and trustee fees	**2,297**	2,177
Office and general expenses	**1,417**	1,311
	$8,959	$9,099
Capitalized to qualifying investment properties	**(2,789)**	(2,217)
Total general and administrative expenses	**$6,170**	$6,882

22. SUPPLEMENTAL CASH FLOW INFORMATION

The following summarizes supplemental cash flow information in operating activities:

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Supplemental		
Interest paid on debt (including capitalized interest and financing prepayment costs (note 12))	**$46,690**	$33,091

The following summarizes supplemental cash flow information in investing activities:

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Supplemental		
Mortgages assumed (note 4)	**$—**	$13,625

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

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Net change in accounts receivable, prepaid expenses and deposits	**$(25,982)**	$(12,037)
Net change in loans and notes receivable	**(15,574)**	(7,310)
Net change in accounts payable and other liabilities	**9,122**	21,909
Other working capital changes	**19,998**	8,235
Change in non-cash operating items	**$(12,436)**	$10,797

23. 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**	**MARCH 31, 2023**	DECEMBER 31, 2022
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	Rental Property and Property Under Development	**50%**	50%
108 East 5th Avenue	Vancouver, BC	Property Under Development	**50%**	50%
175 Bloor Street E	Toronto, ON	Rental Property	**50%**	50%
110 Yonge Street	Toronto, ON	Rental Property	**50%**	50%

	MARCH 31, 2023	DECEMBER 31, 2022
Total assets	**$2,091,724**	$2,016,405
Total liabilities	**$600,422**	$570,821

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Revenue	**$14,761**	$4,092
Expenses	**(5,813)**	(1,894)
Income before impairment and fair value adjustment on investment properties	**8,948**	2,198
Fair value gain (loss) on investment properties	**18,423**	(4,266)
Net income (loss)	**$27,371**	$(2,068)

24. 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. 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 operating income.

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 all assets and liabilities 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, fair value of derivative instruments and impairment of residential inventory are not allocated to operating segments.

The Urban Data Centre segment is classified as discontinued operations (note 6) and is therefore excluded from the following tables, which present a reconciliation of operating income to net (loss) income from continuing operations for the three months ended March 31, 2023 and 2022.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME FROM CONTINUING OPERATIONS

THREE MONTHS ENDED MARCH 31, 2023	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$53,900	$62,768	$10,757	$13,123	$(2,058)	$138,490
Property operating costs	(27,870)	(24,176)	(5,692)	(4,636)	1,049	(61,325)
Net rental income and operating income	**$26,030**	**$38,592**	**$5,065**	**$8,487**	**$(1,009)**	**$77,165**
Interest expense						(22,564)
General and administrative expenses						(6,170)
Condominium marketing expenses						(120)
Amortization of other assets						(370)
Interest income						9,744
Fair value loss on investment properties and investment properties held for sale						(78,357)
Fair value loss on derivative instruments						(8,024)
Net loss from joint venture						(3,006)
Net loss from continuing operations						**$(31,702)**

(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.

THREE MONTHS ENDED MARCH 31, 2022	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON (1)	VANCOUVER	JOINT VENTURE (TELUS SKY) (2)	TOTAL
Rental revenue	$51,180	$54,500	$8,212	$8,453	$(1,403)	$120,942
Property operating costs	(26,373)	(20,976)	(4,124)	(3,025)	963	(53,535)
Net rental income and operating income	**$24,807**	**$33,524**	**$4,088**	**$5,428**	**$(440)**	**$67,407**
Interest expense						(15,161)
General and administrative expenses						(6,882)
Condominium marketing expenses						(113)
Amortization of other assets						(261)
Interest income						7,024
Fair value loss on investment properties and investment properties held for sale						(10,069)
Fair value gain on derivative instruments						19,198
Net income from joint venture						7,731
Net income from continuing operations						**$68,874**

(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.

25. INCOME TAXES

Allied qualifies as a Real Estate Investment Trust and Mutual Fund Trust 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.

26. 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 months ended March 31, 2023, real estate service revenue earned from these properties was $99 (March 31, 2022 - $111).

As at March 31, 2023, the loan to the TELUS Sky joint venture has a balance outstanding of $113,287 (December 31, 2022 - $113,287) (see note 8).

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

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

	THREE MONTHS ENDED	
	MARCH 31, 2023	MARCH 31, 2022
Salary, bonus and other short-term employee benefits	**$1,099**	$1,114
Unit-based compensation	**1,589**	1,765
Total	**$2,688**	$2,879

27. 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 March 31, 2023, the debt to gross book value ratio was 36.5% (December 31, 2022 - 35.6%) and debts having variable interest rates or maturities of less than one year aggregated to 8.2% of gross book value (December 31, 2022 - 7.4%).

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 March 31, 2023.

(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 March 31, 2023, 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 March 31, 2023, the Unsecured Facility, which is at a floating interest rate and is exposed to changes in interest rates, had a balance outstanding of $560,000 (December 31, 2022 - $440,000). Also, Allied has construction loans payable, of which $224,148 is subject to floating interest rates and is exposed to changes in interest rates (December 31, 2022 - $138,240). In addition, there is a risk that interest rates will fluctuate from the date Allied commits to a debt to the date the interest rate is set with the lender. As part of its risk management program, Allied endeavours to maintain an appropriate mix of fixed rate and floating rate debt, to stagger the maturities of its debt and to minimize the time between committing to a debt and the date the interest rate is set with the lender.

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

		-1.0%	+1.0%
AS AT MARCH 31, 2023	CARRYING AMOUNT	INCOME IMPACT	INCOME IMPACT
Unsecured Facility	$560,000	$5,600	$(5,600)
Construction loans payable (1)	$224,148	$2,241	$(2,241)
Mortgages payable due within one year	$3,034	$30	$(30)
Promissory note	$196,755	$1,968	$(1,968)

(1) *Includes construction loans payable of $142,023 that are due within one year.*

(c) *Credit risk*

As Allied has provided loans and advances to facilitate property development, further credit risks arise in the event that borrowers default on the repayment of their amounts owing to Allied. Allied's loans and advances will be subordinate to prior ranking mortgages or charges. As at March 31, 2023, Allied had $447,612 outstanding in loans receivable (December 31, 2022 - $432,032) and $113,287 outstanding in joint venture loan receivable (December 31, 2022 - $113,287). In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the loan value. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges and assignment of leases, performing credit checks on potential borrowers, monitoring the financial and operating performance of borrowers, monitoring the status of development projects and ensuring interest payments are made on time. The expected credit losses estimated by Management, giving consideration to the factors above, as at March 31, 2023, are $nil (December 31, 2022 - $nil) (note 9).

Credit risk from user receivables arises from the possibility that users may experience financial difficulty and be unable to fulfill their lease commitments, resulting in Allied incurring a financial loss. Allied manages credit risk to mitigate exposure to financial loss by staggering lease maturities, diversifying revenue sources over a large user base, ensuring no individual user contributes a significant portion of Allied's revenues and conducting credit reviews of new users. The expected credit losses estimated by Management at March 31, 2023 are $11,675 (December 31, 2022 - $11,336) (note 11 (a)).

Allied considers that all the financial assets that are not impaired or past due for each of the reporting dates under review are of good quality. The carrying amount of accounts receivable best represents Allied's maximum exposure to credit risk. None of Allied's financial assets are secured by collateral or other credit enhancements.

An aging of trade receivables, including trade receivables past due but not impaired can be shown as follows:

	MARCH 31, 2023	DECEMBER 31, 2022
Less than 30 days	**$2,945**	$1,677
30 to 60 days	**2,318**	3,129
More than 60 days	**16,338**	15,058
Total	**$21,601**	$19,864

(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 4.04% for March 31, 2023 (December 31, 2022 - 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 $21,091 of its construction loans (December 31, 2022 - $650,000 and $85,485, respectively). Allied does not have any variable rate mortgages. 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 (loss) income and comprehensive (loss) income. For the three months ended March 31, 2023, Allied recognized as part of the change in fair value adjustment on derivative instruments a fair value loss of $8,024 (March 31, 2022 - fair value gain of $19,198).

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 2023	2024	2025	2026	2027	THEREAFTER	TOTAL
Mortgages payable	$4,655	$51,754	$7,842	$23,199	$1,088	$20,091	$108,629
Construction loans payable	150,433	88,786	22,038	—	—	—	261,257
Promissory note payable	203,000	—	—	—	—	—	203,000
Unsecured Facility	28,980	38,640	563,220	—	—	—	630,840
Unsecured Debentures	50,245	74,485	270,849	662,035	352,188	1,625,869	3,035,671
Unsecured Term Loans	21,150	28,200	424,957	250,335	—	—	724,642
Total	**$458,463**	**$281,865**	**$1,288,906**	**$935,569**	**$353,276**	**$1,645,960**	**$4,964,039**

(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.

28. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments for development activity and building renovations from leasing activity. The commitments as at March 31, 2023 were $234,361 (December 31, 2022 - $247,819).

Commitments as at March 31, 2023 of $406 (December 31, 2022 - $510) 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 $23,863 as at March 31, 2023 (December 31, 2022 - $23,952).

Corporate Profile

About Us

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 and UDC space 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.

Senior Management

Michael Emory
President and Chief Executive Officer

Tom Burns
Executive Vice President and
Chief Operating Officer

Cecilia Williams
Executive Vice President and
Chief Financial Officer

Doug Riches
Executive Vice President, Special Operations

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(1) Audit Committee
(2) Governance, Compensation and Nomination Committee