ALLIED

Allied Announces Fourth-Quarter and Year-End Results

TORONTO, JANUARY 31, 2024

Allied Properties Real Estate Investment Trust ("Allied") (TSX: "AP.UN") today announced results for its fourth quarter and year ended December 31, 2023. Allied maintained operating momentum throughout 2023 as a result of (i) sustained leasing and user-experience activity, (ii) comprehensive team development and (iii) implementation of a five-year capital-allocation plan that places minimal reliance on the capital markets.

RESULTS

In the fourth quarter, Allied's operating income from continuing operations was $82 million, up 6% from the comparable quarter last year. Allied's net loss and comprehensive loss from continuing operations was $499 million, in large part due to a fair value loss on investment properties flowing from declines in development-property valuations in Toronto and Montréal ($70 million) and rental-property valuations in Toronto, Montréal, Calgary and Vancouver ($425 million).

FFO[(1)] was $86 million (61.4 cents per unit), up from $84 million (59.8 cents per unit) in the prior quarter. AFFO[(1)] was $79 million (56.2 cents per unit), up from $76 million (54.5 cents per unit) in the prior quarter. This resulted in FFO and AFFO pay-out ratios[(1)] in the fourth quarter of 73.3% and 80%, respectively.

While Allied's FFO per unit in the fourth quarter was down 0.6% from the comparable quarter last year, its AFFO per unit was up 2.6%. Same Asset NOI[(1)] from Allied's rental portfolio was down 0.2% while Same Asset NOI from its total portfolio was up 4.6%.

OPERATIONS

Knowledge-based organizations continue to prefer distinctive workspace in mixed-use, amenity-rich urban neighbourhoods in Canada's major cities. As a result, demand for Allied's workspace across the country continues to be evident and quantifiable.

Allied conducted 272 lease tours in its rental portfolio in the fourth quarter. Allied's occupied and leased area at the end of the quarter was 86.4% and 87.3%, respectively.

(1) This is a non-GAAP measure and includes the results of the continuing operations and the discontinued operations (except for Same Asset NOI, which only includes continuing operations). Refer to the Non-GAAP Measures section below.

Allied leased a total of 610,064 square feet of GLA in the fourth quarter, 559,683 square feet in its rental portfolio and 50,381 square feet in its development portfolio. Of the 559,683 square feet Allied leased in its rental portfolio, 131,291 square feet were vacant space, 233,814 square feet were space maturing in the quarter and 194,578 square feet were space maturing after the quarter.

Average in-place net rent per occupied square foot continued to rise in the fourth quarter, reaching $24.10 at quarter-end. Allied continued to achieve rent increases on renewal (up 3.6% ending-to-starting base rent and up 7.7% average-to-average base rent).

Allied continues to focus on user experience with a view to ensuring that its properties remain conducive to human wellness, creativity, connectivity and diversity for the tens of thousands of people in Canada's major cities who use Allied workspace daily. Allied completed its fourth consecutive annual user-experience assessment with Grace Hill KingsleySurveys in 2023. All rating areas improved over the prior year, and Allied exceeded industry averages materially in most rating areas, including the all-important net promoter score, which Allied exceeded by 250%. User experience is at the very core of all aspects of Allied's operations.

DEVELOPMENT AND REDEVELOPMENT ACTIVITY

In the second half of 2023, Allied transferred 567,747 square feet of GLA from its Properties Under Development ("PUD") to its rental portfolio at an average in-place net rent per square foot of $35.74, reducing the cost of PUD as a percentage of Gross Book Value ("GBV")(2) to 11.6% by the end of 2023. This will add to Allied's annual EBITDA run-rate by approximately $20 million from the beginning of 2024. Allied will continue to transfer material amounts of GLA from its PUD to its rental portfolio throughout 2024 and 2025. This will (i) reduce the cost of Allied's PUD as a percentage of GBV to approximately 4.7% by the end of 2025, (ii) increase average in-place net rent per occupied square foot in Allied's rental portfolio and (iii) add to Allied's annual EBITDA run-rate by approximately $41 million from the beginning of 2026 onward.

While Allied's development activity is concentrated in Toronto, its redevelopment activity is concentrated in Montréal. The largest and most advanced redevelopments in Montréal are the RCA Building, a high-quality Class I structure, and 1001 Boulevard Robert-Bourassa (formerly 700 de la Gauchetière), a large conventional office tower with Class I attributes, including large floorplates, favourable column spacing and extraordinary ceiling height.

Allied acquired the RCA Building in 2019. With a view to serving Montréal's expanding knowledge-based organizations, it began systematically upgrading building infrastructure to current standards and rationalizing the large floor areas, increasing temporary vacancy considerably in the process. By the end of 2023, Allied completed approximately 60% of the redevelopment and leased 51,430 square feet of GLA to life-science, educational and tech users.

Allied acquired 1001 Boulevard Robert-Bourassa in 2019. With a view to serving Montréal's expanding knowledge-based organizations, it began transforming the extensive public areas, guided by a vision to create a comprehensively distinctive workspace environment. It also began transforming full floors in a manner consistent with the distinctive urban workspace environments that it owns and operates across the country. (The vision is illustrated in a vision document posted on Allied's website, www.alliedreit.com, in the Insight section.) By the end of 2023, Allied (i) completed 80% of the transformation at grade, with the remaining 20% scheduled for completion by early April of 2024, (ii) completed the transformation of nine full floors and (iii) leased 144,217 square feet of GLA, primarily to knowledge-based organizations, with another 18,000 square feet of GLA under negotiation.

(2) This is a non-GAAP measure and includes the results of the continuing operations and the discontinued operations. Refer to the Non-GAAP Measures section below.

OUTLOOK

Consistent with the practice of most Canadian public real estate entities, Allied does not provide formal guidance. It has in recent years provided an annual outlook with respect to three non-GAAP metrics, FFO per Unit, AFFO per Unit and Same Asset NOI. Over the course of 2021 and 2022, these metrics were up. In 2023, these metrics were flat or down slightly. While Allied will strive for flat metrics in 2024, Management recognizes that the metrics may contract by up to five percent in the year. Management expects the metrics in the first half to contract, as it assumes no economic occupancy gains in that period. Management does expect economic occupancy gains in the second half of the year, but cannot be certain as to the magnitude of those gains, given the current macroeconomic environment.

FINANCIAL MEASURES

The following table summarizes GAAP financial measures for the fourth quarter:

	FOR THE THREE MONTHS ENDED DECEMBER 31			
(in thousands except for % amounts)	2023	2022	CHANGE	% CHANGE
Continuing operations				
Rental revenue	**$150,898**	$135,924	$14,974	11.0%
Property operating costs	**$(69,029)**	$(58,639)	$(10,390)	(17.7)%
Operating income	**$81,869**	$77,285	$4,584	5.9%
Interest income	**$18,749**	$9,429	$9,320	98.8%
Interest expense	**$(30,265)**	$(20,722)	$(9,543)	(46.1)%
General and administrative expenses	**$(6,729)**	$(5,794)	$(935)	(16.1)%
Condominium marketing expenses	**$(89)**	$(189)	$296	76.9%
Amortization of other assets	**$(381)**	$(385)	$4	1.0%
Transaction costs	**$(167)**	$—	$(167)	100.0%
Net loss from joint venture	**$(14,131)**	$1,809	$(15,940)	(881.1)%
Fair value loss on investment properties and investment properties held for sale	**$(494,571)**	$(42,988)	$(451,583)	(1,050.5)%
Fair value loss on Exchangeable LP Units	**$(26,571)**	$—	$(26,571)	100.0%
Fair value (loss) gain on derivative instruments	**$(27,054)**	$1,733	$(28,787)	(1,661.1)%
Net (loss) income and comprehensive (loss) income from continuing operations	**$(499,340)**	$20,178	$(519,518)	(2,574.7)%
Net income and comprehensive income from discontinued operations	**$—**	$21,214	$(21,214)	(100.0)%
Net (loss) income and comprehensive (loss) income	**$(499,340)**	$41,392	$(540,732)	(1,306.4)%

	FOR THE YEAR ENDED DECEMBER 31			
(in thousands except for % amounts)	2023	2022	CHANGE	% CHANGE
Continuing operations				
Rental revenue	**$563,980**	$519,468	$44,512	8.6 %
Property operating costs	**$(246,949)**	$(224,260)	$(22,689)	(10.1)%
Operating income	**$317,031**	$295,208	$21,823	7.4 %
Interest income	**$53,605**	$32,080	$21,525	67.1 %
Interest expense	**$(107,073)**	$(72,802)	$(34,271)	(47.1)%
General and administrative expenses	**$(23,577)**	$(22,593)	$(984)	(4.4)%
Condominium marketing expenses	**$(538)**	$(602)	$64	10.6 %
Amortization of other assets	**$(1,499)**	$(1,325)	$(174)	(13.1)%

(in thousands except for % amounts)	FOR THE YEAR ENDED DECEMBER 31 2023	2022	CHANGE	% CHANGE
Transaction costs	**$(167)**	$—	$(167)	100.0%
Net loss from joint venture	**$(15,622)**	$(3,161)	$107	0.7%
Fair value loss on investment properties and investment properties held for sale	**$(772,652)**	$(73,750)	$(698,902)	(947.7)%
Fair value gain on Exchangeable LP Units	**$28,696**	$—	$28,696	100.0 %
Fair value (loss) gain on derivative instruments	**$(8,535)**	$37,343	$(45,878)	(122.9)%
Impairment of residential inventory	**$(15,376)**	$(15,729)	$353	2.2%
Net (loss) income and comprehensive (loss) income from continuing operations	**$(545,707)**	$174,669	$(720,376)	(412.4)%
Net income and comprehensive income from discontinued operations	**$124,991**	$200,694	$(75,703)	(37.7)%
Net (loss) income and comprehensive (loss) income	**$(420,716)**	$375,363	$(796,079)	(212.1)%

The following table summarizes other financial measures as at December 31, 2023, and December 31, 2022:

(in thousands except for per unit and % amounts)	AS AT DECEMBER 31 2023	2022	CHANGE	% CHANGE
Investment properties (1)	**$9,387,032**	$9,669,005	$(281,973)	(2.9)%
Unencumbered investment properties (2)	**$8,757,510**	$8,345,530	$411,980	4.9%
Total Assets (1)	**$10,609,285**	$11,906,350	$(1,297,065)	(10.9)%
Cost of PUD as a % of GBV (2)	**11.6%**	12.6%	—	(1.0)%
NAV per unit (3)	**$45.60**	$50.96	$(5.36)	(10.5)%
Debt (1)	**$3,659,611**	$4,211,185	$(551,574)	(13.1)%
Total indebtedness ratio (2)	**34.7%**	35.6%	—	(0.9)%
Annualized Adjusted EBITDA (2)	**$410,488**	$426,520	$(16,032)	(3.8)%
Net debt as a multiple of Annualized Adjusted EBITDA (2)	**8.2x**	9.8x	(1.6x)	—
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing (2)	**2.9x**	2.8x	(0.1x)	—
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing (2)	**2.5x**	3.0x	(0.5x)	—

(1) This measure is presented on an IFRS basis.

(2) This is a non-GAAP measure and includes the results of the continuing operations and the discontinued operations. Refer to the Non-GAAP Measures section below.

(3) Prior to Allied's conversion to an open-end trust, net asset value per unit ("NAV per unit") was calculated as 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. With Allied's conversion to an open-end trust on June 12, 2023, NAV per unit is calculated as total equity plus the value of Exchangeable LP Units as at the corresponding period ended, divided by the actual number of Units and Exchangeable LP Units. The rationale for including the value of Exchangeable LP Units is because they 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.

NON-GAAP MEASURES

Management uses financial measures based on International Financial Reporting Standards ("IFRS" or "GAAP") and non-GAAP measures to assess Allied's performance. Non-GAAP measures do not have any standardized meaning prescribed under IFRS, and therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Refer to the Non-GAAP Measures section on page 16 of the MD&A as at December 31, 2023, available on www.sedarplus.ca, for an explanation of the composition of the non-GAAP measures used in this press release and their usefulness for readers in assessing Allied's performance. Such explanation is incorporated by reference herein.

The following table summarizes non-GAAP financial measures for the fourth quarter:

	FOR THE THREE MONTHS ENDED DECEMBER 31			
(in thousands except for per unit and % amounts)[1]	2023	2022	CHANGE	% CHANGE
Adjusted EBITDA	**$102,622**	$106,630	$(4,008)	(3.8)%
Same Asset NOI - rental portfolio	**$77,824**	$78,002	$(178)	(0.2)%
Same Asset NOI - total portfolio	**$84,265**	$80,590	$3,675	4.6%
FFO	**$85,460**	$86,755	$(1,295)	(1.5)%
FFO per unit (diluted)	**$0.611**	$0.621	$(0.010)	(1.6)%
FFO pay-out ratio	**73.6%**	70.5%	—	3.1%
All amounts below are excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation:				
FFO	**$85,765**	$86,325	$(560)	(0.6)%
FFO per unit (diluted)	**$0.614**	$0.618	$(0.004)	(0.6)%
FFO pay-out ratio	**73.3%**	70.8%	—	2.5%
AFFO	**$78,611**	$76,553	$2,058	2.7%
AFFO per unit (diluted)	**$0.562**	$0.548	$0.014	2.6%
AFFO pay-out ratio	**80.0%**	79.9%	—	0.1%

(1) These non-GAAP measures include the results of the continuing operations and the discontinued operations (except for Same Asset NOI - rental portfolio, which only includes continuing operations).

	FOR THE YEAR ENDED DECEMBER 31			
(in thousands except for per unit and % amounts)[1]	2023	2022	CHANGE	% CHANGE
Adjusted EBITDA	**$416,019**	$403,119	$12,900	3.2%
Same Asset NOI - rental portfolio	**$271,237**	$272,412	$(1,175)	(0.4)%
Same Asset NOI - total portfolio	**$298,792**	$284,953	$13,839	4.9%
FFO	**$332,578**	$334,477	$(1,899)	(0.6)%
FFO per unit (diluted)	**$2.380**	$2.443	$(0.063)	(2.6)%
FFO pay-out ratio	**75.6%**	71.6%	—	4.0%
All amounts below are excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation				
FFO	**$332,622**	$333,392	$(770)	(0.2)%
FFO per unit (diluted)	**$2.380**	$2.435	$(0.055)	(2.3)%
FFO pay-out ratio	**75.6%**	71.8%	—	3.8%
AFFO	**$304,225**	$297,579	$6,646	2.2%
AFFO per unit (diluted)	**$2.177**	$2.174	$0.003	0.1%
AFFO pay-out ratio	**82.7%**	80.4%	—	2.3%

(1) These non-GAAP measures include the results of the continuing operations and the discontinued operations (except for Same Asset NOI - rental portfolio, which only includes continuing operations).

The following tables reconcile the non-GAAP measures to the most comparable IFRS measures for the year ended December 31, 2023, and the comparable period in 2022. These terms do not have any standardized meaning prescribed under IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

The following table reconciles Allied's net (loss) income and comprehensive (loss) income to Adjusted EBITDA, a non-GAAP measure, for the three months and years ended December 31, 2023 and December 31, 2022.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022	**DECEMBER 31, 2023**	DECEMBER 31, 2022
Net (loss) income and comprehensive (loss) income for the period	**$(499,340)**	$41,392	**$(420,716)**	$375,363
Interest expense	**30,265**	22,500	**111,506**	79,334
Amortization of other assets	**381**	385	**1,499**	1,325
Amortization of improvement allowances	**7,698**	8,279	**32,116**	32,915
Impairment of residential inventory	**—**	—	**15,376**	15,729
Transaction costs	**167**	—	**13,413**	—
Fair value loss (gain) on investment properties and investment properties held for sale [1]	**509,610**	35,862	**683,480**	(63,081)
Fair value gain on Exchangeable LP Units	**26,571**	—	**(28,696)**	—
Fair value gain on derivative instruments	**27,054**	(1,733)	**8,535**	(37,343)
Mark-to-market adjustment on unit-based compensation	**216**	(55)	**(494)**	(1,123)
Adjusted EBITDA [2]	**$102,622**	$106,630	**$416,019**	$403,119

(1) Includes Allied's proportionate share of the equity accounted investment's fair value loss on investment properties of $15,039 and $19,677 for the three months and year ended December 31, 2023, respectively (December 31, 2022 - fair value gain on investment properties of $693 and fair value loss of $6,101, respectively).

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

The following table reconciles operating income to net operating income, a non-GAAP measure, for the three months and years ended December 31, 2023 and December 31, 2022.

	THREE MONTHS ENDED		YEAR ENDED	
	DECEMBER 31, 2023	DECEMBER 31, 2022	**DECEMBER 31, 2023**	DECEMBER 31, 2022
Operating income, IFRS basis	**$81,869**	$77,285	**$317,031**	$295,208
Add: investment in joint venture	**903**	1,110	**4,032**	2,928
Operating income, proportionate basis	**$82,772**	$78,395	**$321,063**	$298,136
Amortization of improvement allowances [1][2]	**7,698**	8,147	**31,790**	32,379
Amortization of straight-line rent [1][2]	**(3,361)**	(2,533)	**(9,074)**	(6,739)
NOI from continuing operations	**$87,109**	$84,009	**$343,779**	$323,776
NOI from discontinued operations	**$—**	$16,392	**$33,452**	$64,134
Total NOI	**$87,109**	$100,401	**$377,231**	$387,910

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the year ended December 31, 2023: amortization improvement allowances of $169 and $660, respectively (December 31, 2022 - $164 and $613, respectively), and amortization of straight-line rent of $(43) and $(190), respectively (December 31, 2022 - $(25) and $(609), respectively).

(2) Excludes the Urban Data Centre segment which was classified as a discontinued operation starting in Q4 2022. For the three months and year ended December 31, 2023, the Urban Data Centre segment's amortization of improvement allowances was $nil and $326, respectively (December 31, 2022 - $132 and $536, respectively). For the three months and year ended December 31, 2023, the Urban Data Centre segment's amortization of straight-line rent was $nil and $(695), respectively (December 31, 2022 - $(299) and $(695), respectively).

Same Asset NOI, a non-GAAP measure, is measured as the net operating income for the properties that Allied owned and operated for the entire duration of both the current and comparative period.

	THREE MONTHS ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Rental Portfolio - Same Asset NOI	**$77,824**	$78,002	$(178)	(0.2)%
Development Portfolio - Same Asset NOI	**$6,441**	$2,588	$3,853	148.9%
Total Portfolio - Same Asset NOI	**$84,265**	$80,590	$3,675	4.6%
Acquisitions	**$378**	$189	$189	
Dispositions	**69**	16,814	(16,745)	
Lease terminations	**28**	741	(713)	
Development fees and corporate items	**2,369**	2,067	302	
Total NOI	**$87,109**	$100,401	$(13,292)	(13.2%)

	YEAR ENDED		CHANGE	
	DECEMBER 31, 2023	DECEMBER 31, 2022	$	%
Rental Portfolio - Same Asset NOI	**$271,237**	$272,412	$(1,175)	(0.4)%
Development Portfolio - Same Asset NOI	**$27,555**	$12,541	$15,014	119.7%
Total Portfolio - Same Asset NOI	**$298,792**	$284,953	$13,839	4.9%
Acquisitions	**$35,661**	$25,633	$10,028	
Dispositions	**34,629**	66,650	(32,021)	
Lease terminations	**221**	1,094	(873)	
Development fees and corporate items	**7,928**	9,580	(1,652)	
Total NOI	**$377,231**	$387,910	$(10,679)	(2.8%)

The following tables reconcile Allied's net (loss) income and comprehensive (loss) income to FFO, FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, AFFO, and AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, which are non-GAAP measures, for the three months and years ended December 31, 2023, and December 31, 2022.

	THREE MONTHS ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Net (loss) income and comprehensive (loss) income from continuing operations	**$(499,340)**	$20,178	$(519,518)
Net (loss) income and comprehensive (loss) income from discontinued operations	**—**	21,214	(21,214)
Adjustment to fair value of investment properties and investment properties held for sale	**494,571**	36,555	458,016
Adjustment to fair value of Exchangeable LP Units	**26,571**	—	26,571
Adjustment to fair value of derivative instruments	**27,054**	(1,733)	28,787
Transaction costs	**167**	—	167
Incremental leasing costs	**2,302**	2,479	(177)
Amortization of improvement allowances	**7,529**	8,115	(586)
Amortization of property, plant and equipment [(1)]	**103**	99	4
Distributions on Exchangeable LP Units	**10,983**	—	10,983
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**15,039**	(693)	15,732
Amortization of improvement allowances	**169**	164	5
Interest expense [(2)]	**312**	377	(65)
FFO	**$85,460**	$86,755	$(1,295)
Condominium marketing costs	**89**	189	(100)
Financing prepayment costs	**—**	(564)	564
Mark-to-market adjustment on unit-based compensation	**216**	(55)	271
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$85,765**	$86,325	$(560)
Amortization of straight-line rent	**(3,318)**	(2,807)	(511)
Regular leasing expenditures	**(1,565)**	(2,855)	1,290
Regular and recoverable maintenance capital expenditures	**(616)**	(2,349)	1,733
Incremental leasing costs (related to regular leasing expenditures)	**(1,612)**	(1,736)	124
Adjustment relating to joint venture:			
Amortization of straight-line rent	**(43)**	(25)	(18)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$78,611**	$76,553	$2,058
Weighted average number of units [(3)]			
Basic	**139,765,128**	139,765,128	—
Diluted	**139,765,128**	139,765,128	—
Per unit - basic			
FFO	**$0.611**	$0.621	$(0.010)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.614**	$0.618	$(0.004)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.562**	$0.548	$0.014

	THREE MONTHS ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Per unit - diluted			
FFO	**$0.611**	$0.621	$(0.010)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.614**	$0.618	$(0.004)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.562**	$0.548	$0.014
Pay-out Ratio			
FFO	**73.6%**	70.5%	3.1%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**73.3%**	70.8%	2.5%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**80.0%**	79.9%	0.1%

(1) Property, plant and equipment relates to owner-occupied property.
(2) This amount represents interest expense on Allied's joint venture investment in TELUS Sky and is not capitalized under IFRS, but is allowed as an adjustment under REALPAC's definition of FFO.
(3) The weighted average number of units includes Units and Exchangeable LP Units. The Exchangeable LP Units were re-classified from non-controlling interests in equity to liabilities in the audited consolidated financial statements on Allied's conversion to an open-end trust on June 12, 2023.

	YEAR ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Net (loss) income and comprehensive (loss) income from continuing operations	**$(545,707)**	$174,669	$(720,376)
Net income and comprehensive income from discontinued operations	**124,991**	200,694	(75,703)
Adjustment to fair value of investment properties and investment properties held for sale	**663,803**	(69,182)	732,985
Adjustment to fair value of Exchangeable LP Units	**(28,696)**	—	(28,696)
Adjustment to fair value of derivative instruments	**8,535**	(37,343)	45,878
Impairment of residential inventory	**15,376**	15,729	(353)
Transaction costs	**13,413**	—	13,413
Incremental leasing costs	**9,184**	9,281	(97)
Amortization of improvement allowances	**31,456**	32,302	(846)
Amortization of property, plant and equipment [(1)]	**405**	224	181
Distributions on Exchangeable LP Units	**18,068**	—	18,068
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**19,677**	6,101	13,576
Amortization of improvement allowances	**660**	613	47
Interest expense [(2)]	**1,413**	1,389	24
FFO	**$332,578**	$334,477	$(1,899)
Condominium marketing costs	**538**	602	(64)
Financing prepayment costs	**—**	(564)	564
Mark-to-market adjustment on unit-based compensation	**(494)**	(1,123)	629
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$332,622**	$333,392	$(770)
Amortization of straight-line rent	**(9,579)**	(6,825)	(2,754)
Regular leasing expenditures	**(7,187)**	(13,956)	6,769

	YEAR ENDED		
	DECEMBER 31, 2023	DECEMBER 31, 2022	CHANGE
Regular and recoverable maintenance capital expenditures	**(5,011)**	(7,926)	2,915
Incremental leasing costs (related to regular leasing expenditures)	**(6,430)**	(6,497)	67
Adjustment relating to joint venture:			
Amortization of straight-line rent	**(190)**	(609)	419
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$304,225**	$297,579	$6,646
Weighted average number of units [3]			
Basic	**139,765,128**	136,880,675	2,884,453
Diluted	**139,765,128**	136,904,082	2,861,046
Per unit - basic			
FFO	**$2.380**	$2.444	$(0.064)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.380**	$2.436	$(0.056)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.177**	$2.174	$0.003
Per unit - diluted			
FFO	**$2.380**	$2.443	$(0.063)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.380**	$2.435	$(0.055)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$2.177**	$2.174	$0.003
Pay-out Ratio			
FFO	**75.6%**	71.6%	4.0%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**75.6%**	71.8%	3.8%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**82.7%**	80.4%	2.3%

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

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

(3) The weighted average number of units includes Units and Exchangeable LP Units. The Exchangeable LP Units were re-classified from non-controlling interests in equity to liabilities in the audited consolidated financial statements on Allied's conversion to an open-end trust on June 12, 2023.

CAUTIONARY STATEMENTS

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition, and the assumptions underlying any of the foregoing. These statements generally can be identified by use of forward-looking words such as "forecast", "outlook" "may", "will", "expect", "estimate", "anticipate", "intends", "believe", "assume" or "continue" or the negative thereof or similar variations. The forward-looking statements in this press release 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 under "Risks and Uncertainties" in Allied's Annual MD&A, which is available at www.sedarplus.ca. Those risks and uncertainties include risks associated with financing and interest rates, access to capital, general economic conditions and lease roll-over. Allied's actual results and performance discussed herein could differ materially from those expressed or implied by such statements. These cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. All forward-looking statements speak only as of the date of this press release and, except as required by applicable law, Allied has no obligation to update such statements.

ABOUT ALLIED

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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