

ALLIED

Quarterly Report
June 30, 2024

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Management's Discussion and Analysis of Results of Operations and Financial Condition as at June 30, 2024

Section I

–Overview

Allied is an unincorporated open-end real estate investment trust created pursuant to the Declaration of Trust (“Declaration of Trust”) dated October 25, 2002, as most recently amended on June 12, 2023. 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.sedarplus.ca.

This Management’s Discussion and Analysis (“MD&A”) of results of operations and financial condition relates to the three and six months ended June 30, 2024. 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 (the “Board”) of Allied, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

This MD&A has been prepared with an effective date of July 30, 2024, and should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2024. 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 16 and 22, respectively.

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		SIX MONTHS ENDED		YEAR ENDED
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023	DECEMBER 31, 2023
Leased area ⁽¹⁾	87.1%	87.6%	87.1%	87.6%	87.3%
Occupied area ⁽¹⁾	85.8%	87.4%	85.8%	87.4%	86.4%
Average in-place net rent per occupied square foot ⁽¹⁾	25.08	23.51	25.08	23.51	24.10
Retention rate ⁽¹⁾⁽²⁾	58.6%	53.6%	66.8%	55.8%	61.2%
Rent growth on renewal ⁽¹⁾	9.7%	7.6%	7.4%	9.6%	6.8%
Investment properties ⁽³⁾	9,777,747	9,725,755	9,777,747	9,725,755	9,387,032
Unencumbered investment properties ⁽⁴⁾	8,506,667	8,416,150	8,506,667	8,416,150	8,757,510
Total assets ⁽³⁾	10,981,068	12,185,427	10,981,068	12,185,427	10,609,285
Cost of PUD as % of GBV ⁽⁴⁾	11.4%	11.4%	11.4%	11.4%	11.6%
NAV per unit ⁽⁵⁾	44.43	50.80	44.43	50.80	45.60
Debt ⁽³⁾	4,272,514	4,474,519	4,272,514	4,474,519	3,659,611
Total indebtedness ratio ⁽⁴⁾	39.1%	36.9%	39.1%	36.9%	34.7%
Annualized Adjusted EBITDA ⁽⁴⁾	383,112	425,540	384,560	418,760	416,019
Net debt as a multiple of Annualized Adjusted EBITDA ⁽⁴⁾	10.9x	10.5x	10.9x	10.6x	8.1x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing ⁽⁴⁾	2.3x	2.3x	2.3x	2.3x	2.9x
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing ⁽⁴⁾	2.6x	2.6x	2.6x	2.6x	2.5x
Rental revenue ⁽³⁾⁽⁶⁾	146,750	136,137	290,327	274,627	563,980
Property operating costs ⁽³⁾⁽⁶⁾	(64,359)	(58,037)	(129,465)	(119,362)	(246,949)
Operating income ⁽³⁾⁽⁶⁾	82,391	78,100	160,862	155,265	317,031
Net income (loss) and comprehensive income (loss) ⁽³⁾	28,062	126,265	9,299	112,582	(420,716)
Net income (loss) and comprehensive income (loss) from continuing operations ⁽³⁾	28,062	11,081	9,299	(20,621)	(545,707)
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment ⁽⁷⁾	56,171	58,485	119,421	112,954	221,833
Adjusted EBITDA ⁽⁴⁾	95,778	106,385	192,280	209,380	416,019

(\$000's except per-square foot, per-unit and financial ratios)	THREE MONTHS ENDED		SIX MONTHS ENDED		YEAR ENDED
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023	DECEMBER 31, 2023
Same Asset NOI - rental portfolio ⁽⁷⁾	75,612	77,404	150,430	153,672	N/A
Same Asset NOI - total portfolio ⁽⁴⁾	85,025	83,621	169,251	165,484	N/A
FFO ⁽⁴⁾	72,089	82,224	153,238	163,399	332,578
FFO per unit (diluted) ⁽⁴⁾	0.516	0.588	1.096	1.169	2.380
FFO pay-out ratio ⁽⁴⁾⁽⁸⁾	87.2%	76.5%	82.1%	77.0%	75.6%
All amounts below are excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation ⁽⁴⁾:					
FFO	73,483	82,216	154,277	163,301	332,622
FFO per unit (diluted)	0.526	0.588	1.104	1.168	2.380
FFO payout-ratio ⁽⁸⁾	85.6%	76.5%	81.5%	77.0%	75.6%
AFFO	66,612	74,958	141,666	149,440	304,225
AFFO per unit (diluted)	0.477	0.536	1.014	1.069	2.177
AFFO payout-ratio ⁽⁸⁾	94.4%	83.9%	88.8%	84.2%	82.7%

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

(2) The retention rate includes relocations and maturities during the period which were leased in the current period and prior year. The prior period comparative figures have been revised accordingly. Refer to User Retention on page 48 for further details.

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

(4) This is a non-GAAP measure, as defined on page 16. These non-GAAP measures include the results of the continuing operations and the discontinued operations.

(5) 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.

(6) This metric includes only the results of the continuing operations.

(7) This is a non-GAAP measure, as defined on page 16. These non-GAAP measures include only the results of the continuing operations.

(8) The payout ratios for the year ended December 31, 2023, exclude the special cash distributions declared of \$61,419 on Units and \$5,668 on Exchangeable LP Units, and the special Unit distribution declared of \$639,780.

Operating and Financial Highlights

Above all, Allied is an owner-operator of distinctive urban workspace in Canada's major cities. 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 effectively and profitably.

Q2 2024 Operating Results ⁽¹⁾

LEASED AREA	AVERAGE IN-PLACE NET RENT PER OCCUPIED SQUARE FOOT	RENT GROWTH ON RENEWAL	WEIGHTED AVERAGE REMAINING LEASE TERM IN YEARS
87.1%	\$25.08	9.7%	5.8
OCCUPIED AREA	2023: \$23.51 ↑ 6.7% from Q2 2023		
85.8%			

Q2 2024 Financial Results

SAME ASSET NOI - RENTAL PORTFOLIO ⁽²⁾	FFO PER UNIT ⁽²⁾⁽³⁾	AFFO PER UNIT ⁽²⁾⁽³⁾
↓ 2.3% from Q2 2023	\$0.526	\$0.477
	↓ 10.5% from Q2 2023	↓ 11.0% from Q2 2023

Q2 2024 Balance Sheet

LIQUIDITY ⁽⁴⁾ END OF Q2	UNENCUMBERED INVESTMENT PROPERTIES ⁽²⁾	
\$507.4M	\$8.5B	
\$607.4M including accordion	86.6% of investment properties on a proportionate basis ⁽²⁾	
NET DEBT AS A MULTIPLE OF ANNUALIZED ADJUSTED EBITDA ⁽²⁾	TOTAL INDEBTEDNESS RATIO ⁽²⁾	INTEREST COVERAGE RATIO ⁽²⁾⁽⁵⁾
10.9x	39.1%	2.3x

ESG Results ⁽⁶⁾

2023 GRESB SCORE FOR STANDING INVESTMENTS	2023 GRESB SCORE FOR DEVELOPMENT		
85/100	87/100		
Down from 86/100 in 2022	Up from 82/100 in 2022		
2023 ENERGY USE INTENSITY (EUI)	2023 GREENHOUSE GAS INTENSITY (GHGI)	2023 WATER USE INTENSITY (WUI)	2023 WASTE DIVERSION
↓ 7% from 2022	↓ 7% from 2022	↑ 2% from 2022	↑ 8% from 2022
↓ 19% from 2019 baseline	↓ 17% from 2019 baseline	↓ 30% from 2019 baseline	↑ 10% from 2019 baseline

(1) These metrics are for the rental portfolio which exclude the assets held for sale and properties under development based on the classification at the end of each period.

(2) This is a non-GAAP measure, as defined on page 16. 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, financing prepayment costs, 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 amount available on Allied's unsecured revolving operating facility as at June 30, 2024.

(5) This interest coverage ratio including capitalized interest is for the three months trailing period.

(6) For more information, refer to Allied's 2023 Environmental, Social and Governance Report published on June 10, 2024, available on www.alliedreit.com.

SUMMARY OF RENTAL PROPERTIES

192 Rental Properties valued at \$8.8B ⁽¹⁾

(Not including Properties Under Development valued at \$1.0B and Investment Properties Held for Sale valued at \$0.3B) ⁽¹⁾

TOTAL RENTAL
PORTFOLIO GLA ⁽³⁾

14.9M_{SF}

VANCOUVER

1.2M_{SF}

ALLIED LEASED	87.1%
ALLIED OCCUPANCY	85.3%
MARKET OCCUPANCY ⁽²⁾	91.0%
PROPERTIES	13
EMPLOYEES	15

KITCHENER

709K_{SF}

ALLIED LEASED	77.8%
ALLIED OCCUPANCY	75.9%
MARKET OCCUPANCY ⁽²⁾	68.0%
PROPERTIES	6
ANCILLARY PARKING FACILITY	1
EMPLOYEES	3

TORONTO

5.4M_{SF}

ALLIED LEASED	86.6%
ALLIED OCCUPANCY	84.9%
MARKET OCCUPANCY ⁽²⁾	81.0%
PROPERTIES	102
ANCILLARY PARKING FACILITIES	10
EMPLOYEES	217

MONTRÉAL

6.1M_{SF}

ALLIED LEASED	89.3%
ALLIED OCCUPANCY	89.1%
MARKET OCCUPANCY ⁽²⁾	85.0%
PROPERTIES	28
EMPLOYEES	79

CALGARY

1.2M_{SF}

ALLIED LEASED	80.4%
ALLIED OCCUPANCY	77.0%
MARKET OCCUPANCY ⁽²⁾	73.9%
PROPERTIES	30
EMPLOYEES	30

OTTAWA

231K_{SF}

ALLIED LEASED	99.1%
ALLIED OCCUPANCY	99.1%
MARKET OCCUPANCY ⁽²⁾	89.7%
PROPERTIES	2
EMPLOYEES	3

(1) The rental properties, properties under development and investment properties held for sale are on a proportionate basis, which are non-GAAP measures.

(2) Source: cbre.ca, CBRE Office Figures reports.

(3) Excludes rental residential portfolio GLA.

BUSINESS OVERVIEW AND STRATEGY

Allied is a leading owner-operator of distinctive urban workspace in Canada's major cities.

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.

WORKSPACE INNOVATION

Allied's long and extensive experience continues to inform 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.

Allied continues to experience steady demand for urban workspace, urban rental-residential space and urban amenity space, as well as strong and quantifiable engagement among users of space in the Allied portfolio generally. Allied expects to continue the ongoing upgrade of its urban workspace portfolio and to accelerate the establishment of its urban rental-residential portfolio flowing from mixed-use urban development in which it has participated over the past decade.

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.

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 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 Board is responsible for the oversight of the ESG Strategy and ESG initiatives developed by Management. The Board's Governance, Compensation and Nomination Committee (the "GC&NC") oversees and monitors Allied's ESG performance and reviews Allied's ESG Report, ESG Policy and other governance policies and practices annually.

On the recommendation of the GC&NC, the Board established four specific and measurable ESG goals, the performance in relation to which the GC&NC and the Board analyzes as part of its assessment of incentive bonus awards for all Allied employees.

In June 2024, Allied published its 2023 ESG Report in accordance with the Global Reporting Initiative ("GRI") 2021 Universal Standards, the Sustainability Accounting Standards Board ("SASB") Real Estate Standard, the United Nations Sustainable Development Goals ("UN SDGs") and the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

ESG HIGHLIGHTS

Highlighting Allied's ESG Achievements

Allied is committed to the ongoing evolution of its ESG program and performance. Working with team members and external partners, Allied continues to achieve its goals and set new ambitions for the future.

Outperformed 2024 Targets⁽¹⁾

Allied's 2023 environmental performance metrics continued to exceed its 2024 reduction targets for Energy Use Intensity (EUI), Greenhouse Gas Intensity (GHGI) and Water Use Intensity (WUI).

Continued to Improve GRESB Scores

In its 2023 GRESB assessment, Allied achieved a score of 85 for its standing investments and a score of 87 for its developments, representing continuous improvement overall.

Committed to Green Financing

In December 2022, Allied obtained a \$75 million sustainability-linked construction lending facility, at its share, for the development of 108 East 5th Avenue in Vancouver. On this construction lending facility, Allied exceeded one of the sustainability performance targets for 2023, as more than 10% of individuals in its construction and construction-related labour identified themselves as equity deserving groups.⁽²⁾

Increased Portfolio Certification from 27% to 41%

In 2023, Allied increased the percentage of its portfolio certified to LEED and/or BOMA BEST from 27% in 2022 to 41% in 2023, with an aim to certify 70% of its portfolio by 2028.

Advanced commitment to Equity, Diversity and Inclusion ("EDI")

In 2023, Allied completed its inaugural EDI Roadmap. Feedback from Allied's User Experience Assessment indicated that 91% of building users are satisfied with its commitment to EDI.

Supported over 1,500 Artists

In 2023, Allied provided affordable workspace for over 1,500 artists in Calgary, Toronto and Montréal.

Outperformed Peers in User Experience Assessment Ratings Score

Sustained focus on user experience has led to an increase in Allied's Net Promoter Score⁽³⁾ by 47% from 2022, achieving 250% higher than the industry average in 2023.

Recognized as a Canadian "Best Employer" in 2023

Since 2020, Allied has engaged Kincentric to conduct a third-party employee engagement survey. Allied was recognized as a "Best Employer" by Kincentric in 2020, 2021 and 2023.

(1) These metrics are based on Allied's 2023 ESG Report, available on www.alliedreit.com.

(2) Equity deserving groups include Indigenous people, racialized communities, recent immigrants and refugees, disabled persons, members of the 2SLGBTQIA+ community, veterans, youth aged 29 and under, and people who identify as having experienced barriers to economic opportunity and participation.

(3) Net Promoter Score is a widely-used metric to measure user satisfaction and loyalty.

BUSINESS ENVIRONMENT AND OUTLOOK

In the first half, Management experienced strong and quantifiable demand for all categories of its office space, as well as strong and quantifiable engagement among users of Allied workspace generally. Management expects this to underpin operating results in 2024 that will fully support Allied's current distribution commitment.

Allied expects to continue (i) the ongoing upgrade of its urban workspace portfolio, (ii) the ongoing establishment of its urban rental-residential portfolio and (iii) the sale of less-strategic properties in its portfolio. Management expects that these portfolio optimization efforts will (i) materially enhance the productivity of Allied's national portfolio of urban income-producing properties and (ii) continue the ongoing strengthening of Allied's debt-metrics, to which Allied remains deeply committed.

Allied has assembled the largest and most concentrated portfolio of economically-productive, underutilized urban land in Canada, one that affords extraordinary mixed-use intensification potential in major cities going forward. Allied believes deeply in the continued success of Canadian cities and has the platform and the breadth of funding relationships necessary to drive value in the coming years and decades for the benefit of its 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, Exchangeable LP Units and derivative instruments, impairment, transaction costs, incremental leasing costs, net income and comprehensive income from discontinued operations, distributions on Exchangeable LP Units as they are puttable instruments classified as financial liabilities, 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, 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
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

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
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, transaction costs, financing prepayment costs and impairment	Net income from continuing operations excluding fair value adjustments, transaction costs, 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, Exchangeable LP Units, or derivative instruments, the mark-to-market adjustment on unit-based compensation, transaction costs, 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 transaction costs, 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
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

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
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
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
Unencumbered investment properties	<p>Unencumbered investment properties is a non-GAAP measure defined as the fair value of investment properties which are free and clear of any encumbrances. This is calculated on a proportionate basis. The most directly comparable IFRS measure to unencumbered investment properties is investment properties.</p> <p>Management believes unencumbered investment properties is a useful measure to assess the borrowing capacity of Allied.</p>	N/A
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

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
<p>Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“Adjusted EBITDA”)</p> <p>and</p> <p>Annualized Adjusted EBITDA</p>	<p>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, Exchangeable LP Units, financial instruments, and unit-based compensation.</p> <p>Annualized Adjusted EBITDA is a non-GAAP measure calculated as the Adjusted EBITDA for the current period annualized.</p> <p>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.</p>	<p>Section II - Operations - Other Financial Performance Measures</p>
<p>Net debt</p>	<p>Net debt is a non-GAAP measure, calculated on a proportionate basis, as debt less cash, cash equivalents and a deposit Management considers to be cash equivalent. The most directly comparable IFRS measure to net debt is debt. Management considers net debt a useful measure for evaluating debt levels.</p>	<p>Section VI - Liquidity and Capital Resources - Debt</p>
<p>Net debt as a multiple of Annualized Adjusted EBITDA</p>	<p>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.</p>	<p>N/A</p>
<p>FFO and AFFO Payout-Ratios</p> <p>and</p> <p>FFO and AFFO Payout-Ratios excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation</p>	<p>FFO and AFFO payout-ratios and FFO and AFFO payout-ratios excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation are non-GAAP measures.</p> <p>These payout ratios are calculated by dividing the actual distributions declared (excluding any special distributions declared in cash or Units) by FFO, AFFO and FFO and AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation in a given period.</p> <p>Management considers these metrics a useful way to evaluate Allied's distribution paying capacity.</p>	<p>N/A</p>

NON-GAAP MEASURE	DEFINITION	RECONCILIATION
Interest Coverage Ratio	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.	N/A
and		
Interest Coverage Ratio including interest capitalized	Interest coverage ratio is defined as Adjusted EBITDA divided by interest expense excluding the distributions on Exchangeable LP Units which are recognized as interest expense.	
and		
Interest Coverage Ratio including interest capitalized and excluding financing prepayment costs	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. The interest expense excludes the distributions on Exchangeable LP Units which are recognized as interest expense.	
	Management considers these metrics useful as they indicate Allied's ability to meet its interest cost obligations.	
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, and the assumptions underlying any of the foregoing. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as "forecast", "outlook", "may", "will", "expect", "estimate", "anticipate", "intends", "believe", "assume", "plans", "continue" or similar expressions suggesting future outcomes or events. In particular, certain statements in 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; Allied's ability to fully support its current distribution commitment; expected sale of less-strategic properties in its portfolio; expected enhancements to the productivity of Allied's national portfolio of urban income-producing properties; expected ongoing strengthening of Allied's debt-metrics; expected capital expenditure and allocation over 2024; expected timing on external permanent financing on the 19 Duncan development; completion of construction and lease-up in connection with Properties Under Development ("PUDs"); the creation of future value; estimated gross leasable area ("GLA"), estimated NOI and growth from PUDs; estimated costs of PUDs; estimated gross proceeds from the sale of residential inventory; future economic occupancy; yield on cost of PUDs; anticipated rental rates; lease up of our intensification projects; anticipated available square feet ("SF") of leasable area; targets for LEED and/or BOMA certification; 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 financing and interest rates, access to capital, general economic conditions, lease roll-over, development and construction, user terminations and financial stability, competition for users and cybersecurity. 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 there is continued demand for development 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 provide us with access to capital at a reasonable cost to fund our future growth and potentially refinance our 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 Section I - Overview, Section III - Leasing, Section V - Asset Profile and Section VI - Liquidity and Capital Resources are qualified in their entirety by this forward-looking disclaimer. These statements are made as of July 30, 2024, 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

Allied's operating platform is built on its concentration of distinctive urban workspace, focused strategy and integrated team.

NET INCOME AND COMPREHENSIVE INCOME

The following table reconciles the unaudited condensed consolidated statements of income and comprehensive income on an IFRS basis to a proportionate basis, which is a non-GAAP measure, for the three and six months ended June 30, 2024, and June 30, 2023, as defined on page 16.

There is an additional table to reconcile net income and comprehensive income from continuing operations to net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment, a non-GAAP measure, for the three and six months ended June 30, 2024, and June 30, 2023, as defined on page 16.

	THREE MONTHS ENDED					
	JUNE 30, 2024			JUNE 30, 2023		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Continuing operations						
Rental revenue	\$146,750	\$1,838	\$148,588	\$136,137	\$2,188	\$138,325
Property operating costs	(64,359)	(1,255)	(65,614)	(58,037)	(1,048)	(59,085)
Operating income	\$82,391	\$583	\$82,974	\$78,100	\$1,140	\$79,240
Interest income	9,615	9	9,624	10,225	3	10,228
Interest expense	(29,932)	—	(29,932)	(26,797)	—	(26,797)
General and administrative expenses	(7,320)	—	(7,320)	(4,714)	—	(4,714)
Condominium marketing expenses	(65)	—	(65)	(192)	—	(192)
Amortization of other assets	(382)	(51)	(433)	(360)	—	(360)
Net income from joint venture	535	(535)	—	2,423	(2,423)	—
Fair value (loss) gain on investment properties and investment properties held for sale	(44,983)	(6)	(44,989)	(73,471)	1,280	(72,191)
Fair value gain on Exchangeable LP Units	27,870	—	27,870	10,510	—	10,510
Fair value (loss) gain on derivative instruments	(3,490)	—	(3,490)	15,357	—	15,357
Impairment of residential inventory	(6,177)	—	(6,177)	—	—	—
Net income and comprehensive income from continuing operations ⁽¹⁾	\$28,062	\$—	\$28,062	\$11,081	\$—	\$11,081

THREE MONTHS ENDED

	JUNE 30, 2024			JUNE 30, 2023		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Discontinued operations (UDC segment)						
Rental revenue	\$—	\$—	\$—	\$22,034	\$—	\$22,034
Property operating costs	—	—	—	(8,165)	—	(8,165)
Operating income	\$—	\$—	\$—	\$13,869	\$—	\$13,869
Interest expense	—	—	—	(1,781)	—	(1,781)
Fair value gain on investment properties held for sale	—	—	—	103,096	—	103,096
Net income and comprehensive income from discontinued operations	\$—	\$—	\$—	\$115,184	\$—	\$115,184
Net income and comprehensive income	\$28,062	\$—	\$28,062	\$126,265	\$—	\$126,265

(1) Includes 14 investment properties held for sale as at June 30, 2024 (June 30, 2023 - five investment properties held for sale), on a proportionate basis, as defined on page 16.

THREE MONTHS ENDED

	JUNE 30, 2024	JUNE 30, 2023
Net income and comprehensive income from continuing operations	\$28,062	\$11,081
Fair value loss on investment properties and investment properties held for sale	44,983	73,471
Fair value gain on Exchangeable LP Units	(27,870)	(10,510)
Fair value loss (gain) on derivative instruments	3,490	(15,357)
Mark-to-market adjustment on unit-based compensation	1,329	(200)
Transaction costs	—	—
Financing prepayment costs	—	—
Impairment of residential inventory	6,177	—
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment⁽¹⁾	\$56,171	\$58,485

(1) This excludes the Urban Data Centre segment which was classified as a discontinued operation from Q4 2022 until its disposition in August 2023.

On an IFRS basis, operating income from continuing operations for the three months ended June 30, 2024, increased by \$4,291 or 5.5%, primarily due to ongoing development completions at The Well and

contributions from the 400 West Georgia and 19 Duncan transactions as described on page 60, partially offset by non-renewals and longer lease-up time frames from the organic portfolio.

On an IFRS basis, net income and comprehensive income from continuing operations for the three months ended June 30, 2024, increased by \$16,981 from the comparable period in 2023, primarily due to a lower fair value loss on investment properties and investment properties held for sale of \$28,488 and a higher fair value gain on Exchangeable LP Units of \$17,360, partially offset by a lower fair value gain on derivative investments of \$18,847, and higher impairment of residential inventory of \$6,177.

On an IFRS basis, for the three months ended June 30, 2024, the operating income from discontinued operations decreased by \$13,869 and the net income and comprehensive income from discontinued operations decreased by \$115,184 from the comparable period in 2023, due to the disposition of the Urban Data Centre (“UDC”) portfolio in August 2023.

	SIX MONTHS ENDED					
	JUNE 30, 2024			JUNE 30, 2023		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Continuing operations						
Rental revenue	\$290,327	\$3,893	\$294,220	\$274,627	\$4,246	\$278,873
Property operating costs	(129,465)	(2,700)	(132,165)	(119,362)	(2,097)	(121,459)
Operating income	\$160,862	\$1,193	\$162,055	\$155,265	\$2,149	\$157,414
Interest income	24,374	22	24,396	19,969	11	19,980
Interest expense	(53,363)	—	(53,363)	(49,361)	—	(49,361)
General and administrative expenses	(13,818)	—	(13,818)	(10,884)	—	(10,884)
Condominium marketing expenses	(100)	—	(100)	(312)	—	(312)
Amortization of other assets	(760)	(110)	(870)	(730)	—	(730)
Net income (loss) from joint venture	1,287	(1,287)	—	(583)	583	—
Fair value (loss) gain on investment properties and investment properties held for sale	(164,175)	182	(163,993)	(151,828)	(2,743)	(154,571)
Fair value gain on Exchangeable LP Units	57,511	—	57,511	10,510	—	10,510
Fair value gain on derivative instruments	3,658	—	3,658	7,333	—	7,333
Impairment of residential inventory	(6,177)	—	(6,177)	—	—	—
Net income (loss) and comprehensive income (loss) from continuing operations ⁽¹⁾	\$9,299	\$—	\$9,299	\$(20,621)	\$—	\$(20,621)

SIX MONTHS ENDED

	JUNE 30, 2024			JUNE 30, 2023		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Discontinued operations (UDC segment)						
Rental revenue	\$—	\$—	\$—	\$43,134	\$—	\$43,134
Property operating costs	—	—	—	(16,064)	—	(16,064)
Operating income	\$—	\$—	\$—	\$27,070	\$—	\$27,070
Interest expense	—	—	—	(3,552)	—	(3,552)
Fair value gain on investment properties held for sale	—	—	—	109,685	—	109,685
Net income and comprehensive income from discontinued operations	\$—	\$—	\$—	\$133,203	\$—	\$133,203
Net income and comprehensive income	\$9,299	\$—	\$9,299	\$112,582	\$—	\$112,582

(1) Includes 14 investment properties held for sale as at June 30, 2024 (June 30, 2023 - five investment properties held for sale), on a proportionate basis, as defined on page 16.

SIX MONTHS ENDED

	JUNE 30, 2024	JUNE 30, 2023
Net income (loss) and comprehensive income (loss) from continuing operations	\$9,299	\$(20,621)
Fair value loss on investment properties and investment properties held for sale	164,175	151,828
Fair value gain on Exchangeable LP Units	(57,511)	(10,510)
Fair value gain on derivative instruments	(3,658)	(7,333)
Mark-to-market adjustment on unit based compensation	939	(410)
Transaction costs	—	—
Financing prepayment costs	—	—
Impairment of residential inventory	6,177	—
Net income from continuing operations excluding fair value adjustments, transaction costs, financing prepayment costs and impairment⁽¹⁾	\$119,421	\$112,954

(1) This excludes the Urban Data Centre segment which was classified as a discontinued operation in Q4 2022 until its disposition in August 2023.

On an IFRS basis, operating income from continuing operations for the six months ended June 30, 2024, increased by \$5,597 or 3.6%, primarily due to ongoing development completions at The Well and contributions from the 400 West Georgia and 19 Duncan transactions, partially offset by non-renewals and longer lease-up time frames from the organic portfolio.

On an IFRS basis, net income (loss) and comprehensive income (loss) from continuing operations for the six months ended June 30, 2024, increased by \$29,920 from the comparable period in 2023 primarily due to a higher fair value gain on Exchangeable LP Units of \$47,001 and an increase in operating income of \$5,597, partially offset by a higher fair value loss on investment properties and investment properties held for sale of \$12,347 and higher impairment of residential inventory of \$6,177.

On an IFRS basis, for the six months ended June 30, 2024, operating income from discontinued operations decreased by \$27,070 and net income and comprehensive income from discontinued operations decreased by \$133,203 from the comparable period in 2023, due to the disposition of the UDC portfolio in August 2023.

NET OPERATING INCOME

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 portfolio has grown through acquisitions and development activities that have positively contributed to the operating results for the three and six months ended June 30, 2024, as compared to the same period in the prior year.

The following table reconciles operating income to net operating income, a non-GAAP measure, as defined on page 16.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Operating income, IFRS basis	\$82,391	\$78,100	\$160,862	\$155,265
Add: investment in joint venture	583	1,140	1,193	2,149
Operating income, proportionate basis	\$82,974	\$79,240	\$162,055	\$157,414
Amortization of improvement allowances ⁽¹⁾⁽²⁾	9,236	8,023	18,808	16,261
Amortization of straight-line rent ⁽¹⁾⁽²⁾	(2,212)	(1,626)	(3,710)	(3,405)
NOI from continuing operations	\$89,998	\$85,637	\$177,153	\$170,270
NOI from discontinued operations	\$—	\$13,797	\$—	\$26,866
Total NOI	\$89,998	\$99,434	\$177,153	\$197,136

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and six months ended June 30, 2024: amortization improvement allowances of \$197 and \$376, respectively (June 30, 2023 - \$144 and \$327, respectively), and amortization of straight-line rent of \$(50) and \$(95), respectively (June 30, 2023 - \$(50) and \$(98), respectively).

(2) Excludes the Urban Data Centre segment which was classified as a discontinued operation starting in Q4 2022. For the three and six months ended June 30, 2024, the Urban Data Centre segment's amortization of improvement allowances was \$nil and \$nil, respectively (June 30, 2023 - \$131 and \$261, respectively). For the three and six months ended June 30, 2024, the Urban Data Centre segment's amortization of straight-line rent was \$nil and \$nil (June 30, 2023 - \$(203) and \$(465), respectively).

The following tables set out the NOI by segment and space type from the rental and development properties for the three and six months ended June 30, 2024, and the comparable period in 2023.

SEGMENT	THREE MONTHS ENDED				CHANGE	
	JUNE 30, 2024		JUNE 30, 2023		\$	%
Montréal & Ottawa	\$30,102	33.4%	\$30,032	30.2%	\$70	0.2%
Toronto & Kitchener	44,790	49.8	41,708	41.9	3,082	7.4
Calgary & Edmonton	4,664	5.2	5,688	5.7	(1,024)	(18.0)
Vancouver	10,442	11.6	8,209	8.3	2,233	27.2
NOI from continuing operations	\$89,998	100.0%	\$85,637	86.1%	\$4,361	5.1%
NOI from discontinued operations	\$—	—%	\$13,797	13.9%	\$(13,797)	(100.0)%
Total NOI	\$89,998	100.0%	\$99,434	100.0%	\$(9,436)	(9.5)%

TYPE OF SPACE	THREE MONTHS ENDED				CHANGE	
	JUNE 30, 2024		JUNE 30, 2023		\$	%
Office	\$73,553	81.7%	\$70,948	71.4%	\$2,605	3.7%
Retail	10,725	11.9	9,571	9.6	1,154	12.1
Parking	5,720	6.4	5,118	5.1	602	11.8
NOI from continuing operations	\$89,998	100.0%	\$85,637	86.1%	\$4,361	5.1%
NOI from discontinued operations	\$—	—%	\$13,797	13.9%	\$(13,797)	(100.0)%
Total NOI	\$89,998	100.0%	\$99,434	100.0%	\$(9,436)	(9.5)%

The increase in NOI from continuing operations for the three months ended June 30, 2024, increased by \$4,361 or 5.1% mainly due to rent commencement from development completions at The Well and 19 Duncan in Toronto of \$3,833, contributions from the 400 West Georgia and 19 Duncan transactions of \$3,578, and increased variable parking income across the portfolio of \$602. This was partially offset by non-renewals and dispositions. The decrease in NOI from discontinued operations for the three months ended June 30, 2024, was due to the disposition of the UDC portfolio in August 2023.

SEGMENT	SIX MONTHS ENDED				CHANGE	
	JUNE 30, 2024		JUNE 30, 2023		\$	%
Montréal & Ottawa	\$59,810	33.8%	\$59,592	30.2%	\$218	0.4%
Toronto & Kitchener	89,490	50.5	82,438	41.9	7,052	8.6
Calgary & Edmonton	9,680	5.5	11,471	5.8	(1,791)	(15.6)
Vancouver	18,173	10.2	16,769	8.5	1,404	8.4
NOI from continuing operations	\$177,153	100.0%	\$170,270	86.4%	\$6,883	4.0%
NOI from discontinued operations	\$—	—%	\$26,866	13.6%	\$(26,866)	(100.0)%
Total NOI	\$177,153	100.0%	\$197,136	100.0%	\$(19,983)	(10.1)%

TYPE OF SPACE	SIX MONTHS ENDED				CHANGE	
	JUNE 30, 2024		JUNE 30, 2023		\$	%
Office	\$144,733	81.7%	\$141,615	71.9%	\$3,118	2.2%
Retail	21,157	11.9	18,710	9.5	2,447	13.1
Parking	11,263	6.4	9,945	5.0	1,318	13.3
NOI from continuing operations	\$177,153	100.0%	\$170,270	86.4%	\$6,883	4.0%
NOI from discontinued operations	\$—	—%	\$26,866	13.6%	\$(26,866)	(100.0)%
Total NOI	\$177,153	100.0%	\$197,136	100.0%	\$(19,983)	(10.1)%

The increase in NOI from continuing operations for the six months ended June 30, 2024, of \$6,883 or 4.0% was mainly due to rent commencement from development completions at The Well and 19 Duncan in Toronto of \$9,168, contributions from the 400 West Georgia and 19 Duncan transactions of \$3,578, and increased variable parking income across the portfolio of \$1,318. This was partially offset by non-renewals and dispositions. The decrease in NOI from discontinued operations for the six months ended June 30, 2024, was related to the disposition of the UDC portfolio in August 2023.

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 April 1, 2023, to June 30, 2024, as defined on page 16. Same Asset NOI of the development portfolio for the three months ended June 30, 2024, consists of Breithaupt Phase III, 19 Duncan, 185 Spadina, KING Toronto, QRC West Phase II, 400 Atlantic, Boardwalk-Revillon Building, 342 Water Street, 3575 Saint-Laurent, 365 Railway, 422-424 Wellington W, 108 East 5th Avenue, Kipling Square, 700 Saint-Hubert, and portions of The Well, 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir Street, 469 King West, and 375 Water.

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Montréal & Ottawa	\$27,709	\$27,533	\$176	0.6%
Toronto & Kitchener	36,810	37,802	(992)	(2.6)
Calgary	3,645	4,104	(459)	(11.2)
Vancouver	7,448	7,965	(517)	(6.5)
Rental Portfolio - Same Asset NOI	\$75,612	\$77,404	\$(1,792)	(2.3)%
Assets Held for Sale - Same Asset NOI	2,346	3,232	(886)	(27.4)
Rental Portfolio and Assets Held for Sale - Same Asset NOI	\$77,958	\$80,636	\$(2,678)	(3.3)%
Development Portfolio - Same Asset NOI⁽¹⁾	7,067	2,985	4,082	136.8
Total Portfolio - Same Asset NOI	\$85,025	\$83,621	\$1,404	1.7%
Acquisitions ⁽¹⁾	3,665	—	3,665	
Dispositions	29	14,250	(14,221)	
Lease terminations	19	—	19	
Development fees and corporate items	1,260	1,563	(303)	
Total NOI	\$89,998	\$99,434	\$(9,436)	(9.5)%

(1) The development portfolio's Same Asset NOI includes 50% of Allied's ownership in 19 Duncan. The acquisitions' Same Asset NOI includes the incremental 45% interest Allied acquired on April 1, 2024.

Same Asset NOI of the total portfolio increased by \$1,404 or 1.7% for the three months ended June 30, 2024. Same Asset NOI of the rental portfolio decreased by \$1,792 or 2.3% as a result of non-renewals at The Tannery in Kitchener, 82 Peter in Toronto, Odd Fellows and Telephone Building in Calgary, and 1185 West Georgia in Vancouver of \$1,815. This was partially offset by rent growth and economic occupancy in Montréal of \$338, and increased variable parking income of \$201.

Same Asset NOI of the development portfolio increased by \$4,082 or 136.8%, primarily due to rent commencement at The Well and 19 Duncan of \$3,464.

Same Asset NOI, a non-GAAP measure in the table below, refers to those investment properties that were owned by Allied from January 1, 2023 to June 30, 2024. Same Asset NOI of the development portfolio for the six months ended June 30, 2024, consists of Breithaupt Phase III, 19 Duncan, 185 Spadina, KING Toronto, QRC West Phase II, 400 Atlantic, Boardwalk-Revillon Building, The Lougheed Building, 342 Water Street, 3575 Saint-Laurent, 365 Railway, 422-424 Wellington W, 810 Saint Antoine, Kipling Square, and portions of The Well, 1001 Boulevard Robert-Bourassa, RCA Building - 1001 Lenoir Street, 469 King West, and 375 Water.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Montréal & Ottawa	\$55,445	\$54,817	\$628	1.1%
Toronto & Kitchener	72,483	74,249	(1,766)	(2.4)
Calgary	7,526	8,305	(779)	(9.4)
Vancouver	14,976	16,301	(1,325)	(8.1)
Rental Portfolio - Same Asset NOI	\$150,430	\$153,672	\$(3,242)	(2.1)%
Assets Held for Sale - Same Asset NOI	5,381	6,348	(967)	(15.2)
Rental Portfolio and Assets Held for Sale - Same Asset NOI	\$155,811	\$160,020	\$(4,209)	(2.6)%
Development Portfolio - Same Asset NOI ⁽¹⁾	13,440	5,464	7,976	146.0%
Total Portfolio - Same Asset NOI	\$169,251	\$165,484	\$3,767	2.3%
Acquisitions ⁽¹⁾	3,665	—	3,665	
Dispositions	37	27,771	(27,734)	
Lease terminations	28	193	(165)	
Development fees and corporate items	4,172	3,688	484	
Total NOI	\$177,153	\$197,136	\$(19,983)	(10.1)%

(1) The development portfolio's Same Asset NOI includes 50% of Allied's ownership in 19 Duncan. The acquisitions' Same Asset NOI includes the incremental 45% interest Allied acquired on April 1, 2024.

Same Asset NOI of the total portfolio increased by \$3,767 or 2.3% for the six months ended June 30, 2024. Same Asset NOI of the rental portfolio decreased by \$3,242 or 2.1% as a result of non-renewals at The Tannery in Kitchener, The Castle and 82 Peter in Toronto, Odd Fellows and Telephone Building in Calgary, and 1185 West Georgia in Vancouver of \$4,285. This was partially offset by rent growth and economic occupancy in Montréal of \$618, and increased variable parking income of \$430.

Same Asset NOI of the development portfolio increased by \$7,976 or 146.0% primarily due to rent commencement at The Well and 19 Duncan of \$7,857.

INTEREST EXPENSE

Interest expense for the three and six months ended June 30, 2024, and 2023, are as follows:

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Interest on debt:				
Mortgages payable	\$929	\$815	\$114	14.0%
Construction loans payable	10,006	4,110	5,896	143.5
Promissory note payable ⁽¹⁾	—	998	(998)	(100.0)
Unsecured revolving operating facility	4,054	9,589	(5,535)	(57.7)
Senior unsecured debentures	18,663	18,681	(18)	(0.1)
Unsecured term loans	7,000	6,912	88	1.3
Interest on lease liabilities ⁽²⁾	775	803	(28)	(3.5)
Amortization, net discount (premium) on debt ⁽¹⁾	(86)	998	(1,084)	(108.6)
Amortization, net financing costs	731	703	28	4.0
Distributions on Exchangeable LP Units ⁽³⁾	5,314	1,771	3,543	200.1
	\$47,386	\$45,380	\$2,006	4.4%
Interest capitalized to qualifying investment properties and residential inventory	(17,454)	(18,583)	1,129	6.1
Interest expense, IFRS basis	\$29,932	\$26,797	\$3,135	11.7%

(1) 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 had a contractual interest rate of 2.0% for 2023, and was fully repaid on December 29, 2023.

(2) Excludes interest on a lease liability held for sale of \$nil (June 30, 2023 - \$1,781).

(3) The distributions declared on Exchangeable LP Units are recognized as interest expense upon Allied's conversion to an open-end trust on June 12, 2023.

For the three months ended June 30, 2024, interest expense on an IFRS basis increased by \$3,135 or 11.7% over the comparable period primarily due to higher construction loan interest of \$5,896 mainly due to construction loans assumed on the 400 West Georgia and 19 Duncan transactions and distributions on Exchangeable LP Units of \$3,543, partially offset by lower interest expense from a lower balance on the unsecured revolving operating facility of \$5,535.

For the three months ended June 30, 2024, capitalized interest decreased over the comparable period by \$1,129, primarily due to a lower weighted average interest rate.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Interest on debt:				
Mortgages payable	\$1,870	\$1,661	\$209	12.6%
Construction loans payable	15,160	7,111	8,049	113.2
Promissory note payable ⁽¹⁾	—	1,984	(1,984)	(100.0)
Unsecured revolving operating facility	4,916	17,061	(12,145)	(71.2)
Senior unsecured debentures	37,327	37,358	(31)	(0.1)
Unsecured term loans	13,994	13,830	164	1.2
Interest on lease liabilities ⁽²⁾	1,547	1,604	(57)	(3.6)
Amortization, net discount (premium) on debt	(173)	1,983	(2,156)	(108.7)
Amortization, net financing costs	1,462	1,380	82	5.9
Distributions on Exchangeable LP Units ⁽³⁾	10,628	1,771	8,857	500.1
	\$86,731	\$85,743	\$988	1.2%
Interest capitalized to qualifying investment properties and residential inventory	(33,368)	(36,382)	3,014	8.3
Interest expense, IFRS basis	\$53,363	\$49,361	\$4,002	8.1%

(1) 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 had a contractual interest rate of 2.0% for 2023, and was fully repaid on December 29, 2023.

(2) Excludes interest on a lease liability held for sale of \$nil (June 30, 2023 - \$3,552).

(3) The distributions declared on Exchangeable LP Units are recognized as interest expense upon Allied's conversion to an open-end trust on June 12, 2023.

For the six months ended June 30, 2024, interest expense on an IFRS basis increased by \$4,002 or 8.1% primarily due to distributions on Exchangeable LP Units of \$8,857 and higher construction loan interest of \$8,049 mainly due to construction loans assumed on the 400 West Georgia and 19 Duncan transactions, partially offset by lower interest expense from a lower balance on the unsecured revolving operating facility of \$12,145.

For the six months ended June 30, 2024, capitalized interest decreased over the comparable period by \$3,014, primarily due to a lower weighted average interest rate.

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, 2023, 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 financial impact of lease commencement.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three and six months ended June 30, 2024, and 2023, are as follows:

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Salaries and benefits	\$6,990	\$4,763	\$2,227	46.8%
Professional and trustees fees	1,292	1,537	(245)	(15.9)
Office and general expenses	1,793	1,799	(6)	(0.3)
	\$10,075	\$8,099	\$1,976	24.4%
Capitalized to qualifying investment properties	(2,755)	(3,385)	630	18.6
Total general and administrative expenses, IFRS basis	\$7,320	\$4,714	\$2,606	55.3%

For the three months ended June 30, 2024, general and administrative expenses increased by \$2,606 or 55.3% from the comparable period. This was primarily due to the fair value adjustment on the total return swap of \$1,683 on unit-based compensation plans and lower capitalization to qualifying investment properties of \$630 for the directly attributable employee costs related to the sale of the UDC portfolio in 2023. The fair value adjustment on the total return swap is added back in the calculation of FFO.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Salaries and benefits	\$12,145	\$10,008	\$2,137	21.4%
Professional and trustees fees	3,642	3,834	(192)	(5.0)
Office and general expenses	3,220	3,216	4	0.1
	\$19,007	\$17,058	\$1,949	11.4%
Capitalized to qualifying investment properties	(5,189)	(6,174)	985	16.0
Total general and administrative expenses, IFRS basis	\$13,818	\$10,884	\$2,934	27.0%

For the six months ended June 30, 2024, general and administrative expenses increased by \$2,934 or 27.0% from the comparable period primarily due to the fair value adjustment on the total return swap of \$1,683 on unit-based compensation plans and lower capitalization to qualifying investment properties of \$985 for the directly attributable employee costs related to the disposition of the UDC portfolio in 2023. The fair value adjustment on the total return swap is added back in the calculation of FFO.

INTEREST INCOME

Interest income for the three and six months ended June 30, 2024, and 2023, are as follows:

	THREE MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Interest on loans receivable	\$7,707	\$9,222	\$(1,515)	(16.4)%
Guarantee fees	700	874	(174)	(19.9)
Interest on cash, cash equivalents and deposit	1,208	129	1,079	836.4
Interest income, IFRS basis	\$9,615	\$10,225	\$(610)	(6.0)%

For the three months ended June 30, 2024, interest income decreased by \$610 or 6.0% from the comparative period primarily due to lower interest income earned on loans receivable of \$1,515 as the 400 West Georgia loan receivable was fully settled on April 1, 2024, through the 400 West Georgia and 19 Duncan transactions, partially offset by a higher balance of the other loans receivables.

	SIX MONTHS ENDED		CHANGE	
	JUNE 30, 2024	JUNE 30, 2023	\$	%
Interest on loans receivable	\$19,614	\$17,965	\$1,649	9.2%
Guarantee fees	1,644	1,703	(59)	(3.5)
Interest on cash, cash equivalents and deposit	3,116	301	2,815	935.2
Interest income, IFRS basis	\$24,374	\$19,969	\$4,405	22.1%

For the six months ended June 30, 2024, interest income increased by \$4,405 or 22.1% from the comparable period primarily due to interest income earned on cash proceeds from the disposition of the UDC portfolio of \$2,815 and higher interest income earned on loans receivable of \$1,649 as there was a higher balance of loans receivable, partially offset by the full settlement of the 400 West Georgia loan receivable on April 1, 2024, through the 400 West Georgia and 19 Duncan transactions.

OTHER FINANCIAL PERFORMANCE MEASURES

FFO AND FFO EXCLUDING CONDOMINIUM RELATED ITEMS, FINANCING PREPAYMENT COSTS, AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

Allied's calculation of FFO, a non-GAAP measure, is in compliance with REALPAC's standardized definition in the White Paper. FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, a non-GAAP measure, starts with the standardized definition of FFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, as defined on page 16.

For the three months ended June 30, 2024, FFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled \$0.526. This is a decrease of \$0.062 or 10.5% over the comparable period in the prior year. The 400 West Georgia and 19 Duncan transactions decreased FFO by \$0.041 for the three months ended June 30, 2024, due to the settlement of a loan receivable resulting in lower interest income of \$5,345 and higher interest expense from the construction loans assumed of \$4,159, partially offset by the contributions to operating income of \$3,802. The remaining decrease was primarily due to lower operating income of \$13,869 from the disposition of the UDC portfolio in August 2023, partially offset by higher interest income earned on higher loan receivable balances of \$4,741 and lower interest expense (which excludes the distributions on Exchangeable LP Units) of \$5,938 due to a lower balance on the unsecured revolving operating facility.

For the six months ended June 30, 2024, FFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled \$1.104. This is a decrease of \$0.064 or 5.5% over the comparable period in the prior year. The 400 West Georgia and 19 Duncan transactions decreased FFO by \$0.041 for the six months ended June 30, 2024, due to the settlement of a loan receivable resulting in lower interest income of \$5,345 and higher interest expense from the construction loans assumed of \$4,159, partially offset by contributions to operating income of \$3,802. The remaining decrease was primarily due to lower operating income of \$27,070 from the disposition of the UDC portfolio in August 2023, partially offset by lower interest expense of \$11,821 (which excludes the distributions on Exchangeable LP Units) due to a lower balance on the unsecured revolving operating facility, higher interest income earned on higher loan receivable balances of \$9,761, and ongoing development contributions, primarily from The Well.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate FFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, a non-GAAP measure, as defined on page 16. For the three and six months ended June 30, 2024, the FFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation was 85.6% and 81.5%, respectively.

AFFO EXCLUDING CONDOMINIUM RELATED ITEMS, FINANCING PREPAYMENT COSTS, AND THE MARK-TO-MARKET ADJUSTMENT ON UNIT-BASED COMPENSATION

Allied's calculation of AFFO, a non-GAAP measure, is in compliance with REALPAC's standardized definition in the White Paper. AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, a non-GAAP measure, starts with the standardized definition of AFFO and removes the effects of condominium revenue, condominium cost of sales, condominium marketing costs, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, as defined on page 16.

For the three months ended June 30, 2024, AFFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled \$0.477. This represents a decrease of \$0.059 or 11.0% over the comparable period in the prior year. The 400 West Georgia and 19 Duncan transactions decreased AFFO by \$0.042 for the three months ended June 30, 2024. The remaining decrease was primarily due to the changes in FFO discussed above, partially offset by lower regular leasing expenditures of \$807.

For the six months ended June 30, 2024, AFFO per unit excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation totalled \$1.014. This represents a decrease of \$0.055 or 5.1% over the comparable period in the prior year. The 400 West Georgia and 19 Duncan transactions decreased AFFO by \$0.042 for the six months ended June 30, 2024. The remaining decrease was primarily due to the changes in FFO discussed above, partially offset by lower maintenance capital expenditures of \$1,289.

To ensure sufficient cash is retained to meet capital improvement and leasing objectives, Allied strives to maintain an appropriate AFFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, a non-GAAP measure, as defined on page 16. For the three and six months ended June 30, 2024, the AFFO pay-out ratio excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation was 94.4% and 88.8%, respectively.

RECONCILIATION OF FFO AND AFFO

The following tables reconcile Allied's net income (loss) and comprehensive income (loss) from continuing operations 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 on a non-GAAP basis, for the three and six months ended June 30, 2024, and 2023, as defined on page 16.

THREE MONTHS ENDED

	JUNE 30, 2024	JUNE 30, 2023	CHANGE
Net income and comprehensive income from continuing operations	\$28,062	\$11,081	\$16,981
Net income and comprehensive income from discontinued operations	—	115,184	(115,184)
Adjustment to fair value of investment properties and investment properties held for sale	44,983	(29,625)	74,608
Adjustment to fair value of Exchangeable LP Units	(27,870)	(10,510)	(17,360)
Adjustment to fair value of derivative instruments	3,490	(15,357)	18,847
Impairment of residential inventory	6,177	—	6,177
Incremental leasing costs	2,592	2,295	297
Amortization of improvement allowances	9,039	8,010	1,029
Amortization of property, plant and equipment ⁽¹⁾	99	101	(2)
Distributions on Exchangeable LP Units	5,314	1,771	3,543
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	6	(1,280)	1,286
Amortization of improvement allowances	197	144	53
Interest expense ⁽²⁾	—	410	(410)
FFO	\$72,089	\$82,224	\$(10,135)
Condominium marketing costs	65	192	(127)
Financing prepayment costs	—	—	—
Mark-to-market adjustment on unit-based compensation	1,329	(200)	1,529
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$73,483	\$82,216	\$(8,733)
Amortization of straight-line rent	(2,162)	(1,779)	(383)
Regular leasing expenditures ⁽³⁾	(2,166)	(2,973)	807
Regular and recoverable maintenance capital expenditures	(678)	(849)	171
Incremental leasing costs (related to regular leasing expenditures)	(1,814)	(1,607)	(207)
Adjustment relating to joint venture:			
Amortization of straight-line rent	(50)	(50)	—
Regular leasing expenditures	(1)	—	(1)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$66,612	\$74,958	\$(8,346)
Weighted average number of units ⁽⁴⁾			
Basic	139,765,128	139,765,128	—
Diluted	139,765,128	139,765,128	—

THREE MONTHS ENDED

	JUNE 30, 2024	JUNE 30, 2023	CHANGE
Per unit - basic			
FFO	\$0.516	\$0.588	\$(0.072)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$0.526	\$0.588	\$(0.062)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$0.477	\$0.536	\$(0.059)
Per unit - diluted			
FFO	\$0.516	\$0.588	\$(0.072)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$0.526	\$0.588	\$(0.062)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$0.477	\$0.536	\$(0.059)
Pay-out Ratio			
FFO	87.2%	76.5%	10.7%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	85.6%	76.5%	9.1%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	94.4%	83.9%	10.5%

(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 43 for a description of regular leasing expenditures.

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

SIX MONTHS ENDED

	JUNE 30, 2024	JUNE 30, 2023	CHANGE
Net income (loss) and comprehensive income (loss) from continuing operations	\$9,299	\$(20,621)	\$29,920
Net income and comprehensive income from discontinued operations	—	133,203	(133,203)
Adjustment to fair value of investment properties and investment properties held for sale	164,175	42,143	122,032
Adjustment to fair value of Exchangeable LP Units	(57,511)	(10,510)	(47,001)
Adjustment to fair value of derivative instruments	(3,658)	(7,333)	3,675
Impairment of residential inventory	6,177	—	6,177
Incremental leasing costs	5,303	4,535	768
Amortization of improvement allowances	18,432	16,195	2,237
Amortization of property, plant and equipment ⁽¹⁾	199	201	(2)
Distributions on Exchangeable LP Units	10,628	1,771	8,857
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	(182)	2,743	(2,925)
Amortization of improvement allowances	376	327	49
Interest expense ⁽²⁾	—	745	(745)
FFO	\$153,238	\$163,399	\$(10,161)
Condominium marketing costs	100	312	(212)
Financing prepayment costs	—	—	—
Mark-to-market adjustment on unit-based compensation	939	(410)	1,349
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$154,277	\$163,301	\$(9,024)
Amortization of straight-line rent	(3,615)	(3,772)	157
Regular leasing expenditures ⁽³⁾	(3,753)	(4,099)	346
Regular and recoverable maintenance capital expenditures	(1,428)	(2,717)	1,289
Incremental leasing costs (related to regular leasing expenditures)	(3,712)	(3,175)	(537)
Adjustment relating to joint venture:			
Amortization of straight-line rent	(95)	(98)	3
Regular leasing expenditures	(8)	—	(8)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$141,666	\$149,440	\$(7,774)
Weighted average number of units ⁽⁴⁾			
Basic	139,765,128	139,765,128	—
Diluted	139,765,128	139,765,128	—
Per unit - basic			
FFO	\$1.096	\$1.169	\$(0.073)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$1.104	\$1.168	\$(0.064)

	SIX MONTHS ENDED		
	JUNE 30, 2024	JUNE 30, 2023	CHANGE
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$1.014	\$1.069	\$(0.055)
Per unit - diluted			
FFO	\$1.096	\$1.169	\$(0.073)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$1.104	\$1.168	\$(0.064)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	\$1.014	\$1.069	\$(0.055)
Pay-out Ratio			
FFO	82.1%	77.0%	5.1%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	81.5%	77.0%	4.5%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	88.8%	84.2%	4.6%

(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 43 for a description of regular leasing expenditures.

(4) 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 unaudited condensed consolidated financial statements on Allied's conversion to an open-end trust on June 12, 2023.

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.

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.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Revenue-enhancing capital and development costs	\$42,353	\$110,909	\$137,870	\$196,248
Regular and recoverable maintenance capital expenditures	678	849	1,428	2,717
Total capital expenditures	\$43,031	\$111,758	\$139,298	\$198,965
Revenue-enhancing and development leasing expenditures	\$31,825	\$14,160	\$54,295	\$33,516
Regular leasing expenditures	2,166	2,973	3,753	4,099
Total improvement allowances and leasing commissions	\$33,991	\$17,133	\$58,048	\$37,615

ADJUSTED EBITDA

The following table reconciles Allied's net income and comprehensive income to Adjusted EBITDA, a non-GAAP measure, for the three and six months ended June 30, 2024, and June 30, 2023, as defined on page 16.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Net income and comprehensive income for the period	\$28,062	\$126,265	\$9,299	\$112,582
Interest expense	29,932	28,578	53,363	52,913
Amortization of other assets	433	360	870	730
Amortization of improvement allowances	9,236	8,154	18,808	16,522
Impairment of residential inventory	6,177	—	6,177	—
Fair value loss (gain) on investment properties and investment properties held for sale ⁽¹⁾	44,989	(30,905)	163,993	44,886
Fair value gain on Exchangeable LP Units	(27,870)	(10,510)	(57,511)	(10,510)
Fair value loss (gain) on derivative instruments	3,490	(15,357)	(3,658)	(7,333)
Mark-to-market adjustment on unit-based compensation	1,329	(200)	939	(410)
Adjusted EBITDA ⁽²⁾	\$95,778	\$106,385	\$192,280	\$209,380

(1) Includes Allied's proportionate share of the equity accounted investment's fair value loss on investment properties of \$6 and fair value gain on investment properties of \$182 for the three and six months ended June 30, 2024, respectively (June 30, 2023 - fair value gain on investment properties of \$1,280 and fair value loss on investment properties of \$2,743, respectively).

(2) The Adjusted EBITDA for the three and six months ended June 30, 2023, includes the Urban Data Centre segment which was classified as a discontinued operation until its disposition in August 2023.

Section III

–Leasing

Allied strives to maintain high levels of occupancy and leased area. At June 30, 2024, Allied’s rental portfolio was 87.1% leased.

STATUS

Leasing status for the rental portfolio as at June 30, 2024, is summarized below:

	GLA	AS A % OF TOTAL GLA
Leased area (occupied & committed) - December 31, 2023	13,047,835	87.3%
Vacancy committed for future leases	(121,756)	
Occupancy - December 31, 2023	12,926,079	86.4%
Previously committed vacant space now occupied	101,435	
New leases and expansions on vacant space	198,696	
New vacancies during the period	(472,297)	
Suite additions, remeasurements and removals	(943)	
Occupancy before transfers from/(to) PUD and investment properties held for sale	12,752,970	85.3%
Occupancy related to acquired properties	322,824	
Occupancy related to transfers from/(to) PUD and investment properties held for sale	(314,662)	
Occupancy - June 30, 2024 ⁽¹⁾	12,761,132	85.8%
Vacancy committed for future leases	185,726	
Leased area (occupied & committed) - June 30, 2024 ⁽¹⁾	12,946,858	87.1%

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

Of the 14,869,252 square feet total GLA in Allied's rental portfolio, 12,761,132 square feet were occupied on June 30, 2024. Another 185,726 square feet were subject to contractual lease commitments with users whose leases commence subsequent to June 30, 2024, bringing the leased area to 12,946,858 square feet, which represents 87.1% of Allied's total rental portfolio GLA.

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

FIXTURING COMMENCEMENT (OCCUPANCY)

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	THEREAFTER	TOTAL
Lease commitments - GLA	118,024	30,298	37,404	—	—	185,726
% of lease commitments	63.6%	16.3%	20.1%	—%	—%	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. Thereafter, base and additional rent are paid by the user and recognized as rental revenue. In cases where interest and realty taxes were being capitalized prior to occupancy (in accordance with IFRS), capitalization ends on occupancy. During occupancy, rental revenue is recognized and interest and realty taxes are expensed.

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

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

**RENT
COMMENCEMENT
(ECONOMIC
OCCUPANCY)**

	Q3 2024	Q4 2024	Q1 2025	Q2 2025	THEREAFTER	TOTAL
Lease commitments - GLA	4,022	8,291	89,802	33,474	50,137	185,726
% of lease commitments	2.2%	4.5%	48.3%	18.0%	27.0%	100.0%

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

	JUNE 30, 2024	MARCH 31, 2024	DECEMBER 31, 2023	SEPTEMBER 30, 2023
Toronto	483,890	532,177	516,084	555,850
Montréal	207,493	138,306	152,207	156,937
Calgary	20,967	76,589	70,714	74,924
Vancouver	28,356	27,153	22,343	35,681
Total square feet	740,706	774,225	761,348	823,392
% of total GLA	5.0%	5.3%	5.1%	5.6%

USER RETENTION

Allied endeavours to renew leases in advance of expiry or retain users by accommodating them within its portfolio based on their business needs. The retention rate is calculated as the renewed, replaced, or relocated area within our portfolio over the total expiring area over the period. Where the amount of relocated space is different from the area expired, the lesser of the two is utilized. Including relocations and early renewals in the prior year related to the maturities in the three and six months ended June 30, 2024, Allied leased 58.6%, and 66.8% respectively of the expiring GLA which is summarized in the following table:

MATURITIES DURING THE PERIOD	THREE MONTHS ENDED JUNE 30, 2024			SIX MONTHS ENDED JUNE 30, 2024		
	LEASABLE SF	LEASED SF BY JUNE 30	% LEASED BY JUNE 30	LEASABLE SF	LEASED SF BY JUNE 30	% LEASED BY JUNE 30
Leased in prior year ⁽¹⁾	75,964	75,964	100.0%	153,905	153,905	100.0%
Leased in current year	314,662	152,633	48.5%	695,410	339,428	48.8%
Relocations within Allied's portfolio	—	357	—%	—	74,173	—%
Retention Rate	390,626	228,954	58.6%	849,315	567,506	66.8%

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

ACTIVITY

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

Leasing activity in connection with the rental portfolio for the six months ended June 30, 2024, is summarized in the following table:

	LEASABLE SF	LEASED SF BY JUNE 30	% LEASED BY JUNE 30	UNLEASED SF AT JUNE 30
Total GLA as at December 31, 2023	14,954,282			
Leased area as at December 31, 2023	13,047,835			
Unleased area as at December 31, 2023	1,906,447			
Area expiring on December 31, 2023, and vacant on January 1, 2024	146,492			
Vacancy related to transfers from/(to) PUD and investment properties held for sale, including re-measurement	(89,851)			
Unleased area on January 1, 2024 ⁽¹⁾	1,963,088	356,176	18.1%	1,606,912
Maturities during the period ended June 30, 2024 ⁽²⁾	695,410	339,428	48.8%	355,982
Maturities in remainder of 2024	649,093	151,504	23.3%	497,589
Maturities in future years		124,539		
Total	3,307,591	971,647		2,460,483

(1) The unleased area on January 1, 2024, including re-measurement, consists of Allied's rental properties owned as at June 30, 2024.

(2) Some maturities occurred at June 30, 2024, and are included in Allied's leased area.

The leasing activity in the rental portfolio for the three and six months ended June 30, 2024, is summarized in the following table:

	THREE MONTHS ENDED JUNE 30, 2024			SIX MONTHS ENDED JUNE 30, 2024		
	NEW LEASES	RENEWALS	TOTAL	NEW LEASES	RENEWALS	TOTAL
Tours			262			562
Net leased square feet	211,263	233,700	444,963	489,206	482,441	971,647
Number of transactions	50	75	125	122	138	260
Lease term (in years)	6.5	3.3	4.8	5.4	3.1	4.3

The rental rates achieved for leases that were renewed in the rental portfolio for the three and six months ended June 30, 2024, are summarized in the following table:

LEASING SPREAD ON RENEWALS	THREE MONTHS ENDED JUNE 30, 2024				SIX MONTHS ENDED JUNE 30, 2024			
	EXPIRING RATE	RENEWAL RATE	SQUARE SPREAD	SQUARE FEET	EXPIRING RATE	RENEWAL RATE	SQUARE SPREAD	SQUARE FEET
Ending-to-Starting Base Rent Total Portfolio	\$23.49	\$25.77	9.7%	233,700	\$22.96	\$24.65	7.4%	482,441
Average-to-Average Base Rent Total Portfolio	\$22.55	\$26.21	16.2%	233,700	\$22.11	\$24.98	13.0%	482,441

Leasing activity resulted in an increase of 9.7% and 7.4% in ending-to-starting and 16.2% and 13.0% in average-to-average net rent per square foot from maturing leases upon renewal for the three and six months ended June 30, 2024, respectively, illustrating Allied's ability to generate rent growth upon renewal.

LEASE RENEWAL RATE	SIX MONTHS ENDED JUNE 30, 2024		
	ABOVE IN-PLACE RENTS	AT IN-PLACE RENTS	BELOW IN-PLACE RENTS
% of total leased SF	42.3%	50.6%	7.1%
Maturing leases - weighted average rent	\$23.75	\$22.10	\$24.35
Renewing leases - weighted average rent	\$28.49	\$22.10	\$19.97

USER PROFILE

Allied's user-mix on the basis of percentage of rental revenue for the six months ended June 30, 2024, is summarized in the following table:

CATEGORY	% OF RENTAL REVENUE ⁽¹⁾ JUNE 30, 2024
Business services and professional	37.6%
Telecommunications and information technology	18.2
Media and entertainment	13.4
Retail	10.4
Financial services	6.6
Government	5.4
Life sciences	3.5
Parking and other	3.2
Educational and institutional	1.7
	100.0%

(1) The rental revenue is on a proportionate basis, which is a non-GAAP measure, as defined on page 16.

Information on the top-10 users by rental revenue for the six months ended June 30, 2024, is summarized in the following table:

USER	% OF RENTAL REVENUE ⁽¹⁾	WEIGHTED AVERAGE REMAINING LEASE TERM (YEARS)	% OF TOTAL RENTAL GLA	CREDIT RATING DBRS/S&P/ MOODY'S
Google Canada Corporation ⁽²⁾	3.6%	8.1	3.2%	-/AA+/Aa2
Ubisoft Divertissements Inc.	3.0	8.0	3.7	Not Rated
Shopify Inc.	2.8	10.0	1.8	Not Rated
Société Québécoise des Infrastructures	1.8	3.9	1.9	AAL/AA-/Aa2
TMG MacManus Canada Inc.	1.7	6.5	1.5	Not Rated
Morgan Stanley Services Canada Corp	1.6	5.4	1.5	AH/A-/A1
National Capital Commission	1.5	10.2	1.3	AAA/AAA/Aaa
National Bank of Canada	1.4	2.3	1.4	AA/A/Aa3
Unity Technologies Canada Company	1.2	6.5	1.1	Not Rated
Technicolor Canada Inc.	1.0	4.3	0.9	Not Rated
	19.6%	6.9	18.3%	

(1) The rental revenue is on a proportionate basis, which is a non-GAAP measure, as defined on page 16.

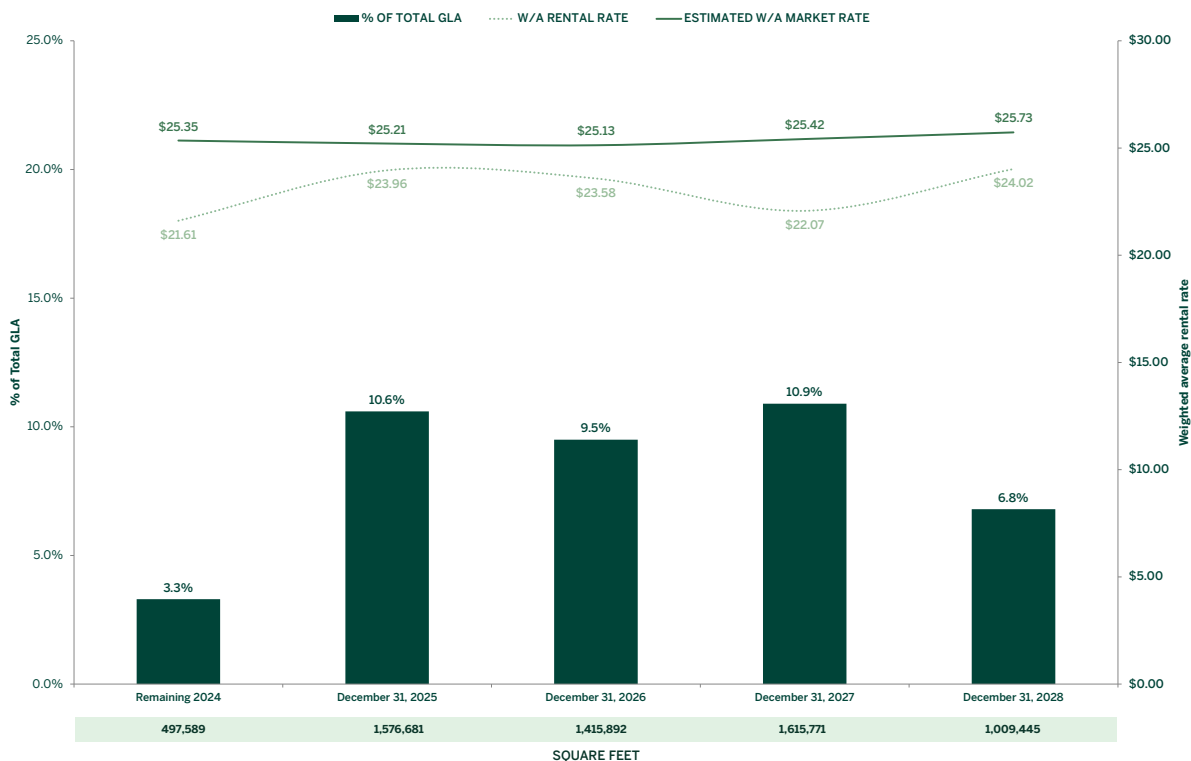
(2) The credit rating for this user is for the parent company.

LEASE MATURITY

As at June 30, 2024, 87.1% of the GLA in Allied’s rental portfolio was leased and its weighted average term to maturity was 5.8 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 2028 and the corresponding estimated weighted average market rental rate as at June 30, 2024. 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
Remaining 2024	497,589	3.3%	\$21.61	\$25.35
December 31, 2025	1,576,681	10.6%	\$23.96	\$25.21
December 31, 2026	1,415,892	9.5%	\$23.58	\$25.13
December 31, 2027	1,615,771	10.9%	\$22.07	\$25.42
December 31, 2028	1,009,445	6.8%	\$24.02	\$25.73



The following tables contain information on lease maturities by city:

MONTREAL & OTTAWA	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
Remaining 2024	224,894	3.5%	\$16.14	\$19.72
December 31, 2025	344,540	5.4%	\$18.21	\$19.59
December 31, 2026	531,004	8.3%	\$17.39	\$18.78
December 31, 2027	772,116	12.1%	\$16.57	\$21.38
December 31, 2028	448,577	7.1%	\$18.84	\$19.39

TORONTO & KITCHENER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
Remaining 2024	166,526	2.7%	\$27.85	\$32.68
December 31, 2025	900,698	14.8%	\$26.30	\$29.33
December 31, 2026	507,911	8.3%	\$26.28	\$28.03
December 31, 2027	639,744	10.5%	\$28.06	\$30.90
December 31, 2028	344,398	5.6%	\$31.80	\$34.96

CALGARY	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
Remaining 2024	51,081	4.4%	\$13.37	\$14.65
December 31, 2025	247,894	21.2%	\$18.12	\$13.05
December 31, 2026	133,355	11.4%	\$15.59	\$14.07
December 31, 2027	100,612	8.6%	\$12.59	\$10.87
December 31, 2028	137,374	11.7%	\$11.60	\$13.04

VANCOUVER	SQUARE FEET	% OF SEGMENT GLA	WEIGHTED AVERAGE IN-PLACE RENTAL RATE	ESTIMATED WEIGHTED AVERAGE MARKET RENTAL RATE
Remaining 2024	55,088	4.5%	\$32.67	\$36.13
December 31, 2025	83,549	6.8%	\$39.84	\$40.12
December 31, 2026	243,622	19.7%	\$35.84	\$38.97
December 31, 2027	103,299	8.4%	\$35.29	\$35.84
December 31, 2028	79,096	6.4%	\$41.14	\$43.57

Section IV

–Historical Performance

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

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Rental revenue ⁽¹⁾⁽²⁾	\$146,750	\$143,577	\$150,898	\$138,455	\$136,137	\$138,490	\$135,924	\$131,823
Property operating costs ⁽¹⁾⁽²⁾	(64,359)	(65,106)	(69,029)	(58,558)	(58,037)	(61,325)	(58,639)	(56,401)
Operating income ⁽¹⁾⁽²⁾	\$82,391	\$78,471	\$81,869	\$79,897	\$78,100	\$77,165	\$77,285	\$75,422
Net income (loss) and comprehensive income (loss) ⁽¹⁾	\$28,062	\$(18,763)	\$(499,340)	\$(33,958)	\$126,265	\$(13,683)	\$41,392	\$46,743
per unit (basic and diluted) ⁽¹⁾	\$0.20	\$(0.13)	\$(3.57)	\$(0.24)	\$0.90	\$(0.10)	\$0.30	\$0.33
Net income (loss) attributable to Unitholders ⁽¹⁾	\$28,062	\$(18,763)	\$(499,340)	\$(33,958)	\$124,032	\$(16,447)	\$39,223	\$44,573
per unit (basic and diluted) ⁽¹⁾	\$0.20	\$(0.13)	\$(3.57)	\$(0.24)	\$0.89	\$(0.12)	\$0.28	\$0.32
Net income (loss) from continuing operations ⁽¹⁾⁽²⁾	\$28,062	\$(18,763)	\$(499,340)	\$(25,746)	\$11,081	\$(31,702)	\$20,178	\$101
per unit (basic and diluted) ⁽¹⁾⁽²⁾	\$0.20	\$(0.13)	\$(3.57)	\$(0.18)	\$0.08	\$(0.23)	\$0.14	\$—
Net income (loss) from continuing operations attributable to Unitholders ⁽¹⁾⁽²⁾	\$28,062	\$(18,763)	\$(499,340)	\$(25,746)	\$8,848	\$(34,466)	\$18,009	\$(2,068)
per unit (basic and diluted) ⁽¹⁾⁽²⁾	\$0.20	\$(0.13)	\$(3.57)	\$(0.18)	\$0.06	\$(0.25)	\$0.13	\$(0.01)
Weighted average units (diluted) ⁽³⁾	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,128	139,765,373
Distributions ⁽¹⁾⁽⁴⁾	\$62,894	\$62,894	\$62,895	\$62,895	\$62,894	\$62,894	\$61,134	\$61,131
FFO ⁽⁵⁾	\$72,089	\$81,149	\$85,460	\$83,719	\$82,224	\$81,175	\$86,755	\$85,332
FFO per unit (diluted) ⁽⁵⁾	\$0.516	\$0.581	\$0.611	\$0.599	\$0.588	\$0.581	\$0.621	\$0.611
FFO pay-out ratio ⁽⁵⁾	87.2%	77.5%	73.6%	75.1%	76.5%	77.5%	70.5%	71.6%
All amounts below are excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation ⁽⁶⁾								
FFO ⁽⁵⁾	\$73,483	\$80,794	\$85,765	\$83,556	\$82,216	\$81,085	\$86,325	\$84,747
FFO per unit (diluted) ⁽⁵⁾	\$0.526	\$0.578	\$0.614	\$0.598	\$0.588	\$0.580	\$0.618	\$0.606
FFO payout-ratio ⁽⁵⁾	85.6%	77.8%	73.3%	75.3%	76.5%	77.6%	70.8%	72.1%
AFFO ⁽⁵⁾	\$66,612	\$75,054	\$78,611	\$76,174	\$74,958	\$74,482	\$76,553	\$73,508
AFFO per unit (diluted) ⁽⁵⁾	\$0.477	\$0.537	\$0.562	\$0.545	\$0.536	\$0.533	\$0.548	\$0.526
AFFO payout-ratio ⁽⁵⁾	94.4%	83.8%	80.0%	82.6%	83.9%	84.4%	79.9%	83.2%
NAV per unit ⁽⁷⁾	\$44.43	\$44.84	\$45.60	\$49.83	\$50.80	\$50.41	\$50.96	\$51.10
Net debt as a multiple of annualized adjusted EBITDA ⁽⁵⁾	10.9x	9.4x	8.2x	7.9x	10.5x	10.5x	9.8x	9.6x
Total indebtedness ratio ⁽⁵⁾	39.1%	35.9%	34.7%	34.2%	36.9%	36.5%	35.6%	34.3%
Total rental GLA	14,869	14,636	14,954	14,759	14,479	14,423	14,317	14,968
Leased rental GLA	12,947	12,728	13,048	12,934	12,690	12,809	12,998	13,582
Leased area %	87.1%	87.0%	87.3%	87.6%	87.6%	88.8%	90.8%	90.7%

- (1) *This measure is presented on an IFRS basis.*
- (2) *Excludes the results of the UDC segment which was classified as a discontinued operation in Q4 2022. The prior period comparative figures have been revised accordingly.*
- (3) *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. The distributions in Q4 2023 exclude the special cash distributions declared of \$61,419 on Units and \$5,668 on Exchangeable LP Units, and the special Unit distribution declared of \$639,780.*
- (5) *This is a non-GAAP measure, as defined on page 16. 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 for an accelerated amortization of deferred premium in connection with the favourable refinancing of a mortgage.*
- (7) *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 Exchangeable LP Units outstanding at period end. On Allied's conversion to an open-end trust on June 12, 2023, NAV per unit was 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.*

Allied's quarterly results for the past eight quarters are impacted by occupancy, the economic productivity of the portfolio, acquisitions, dispositions, the magnitude and timing of development expenditures and project completions, interest rate fluctuations and changes in the fair values of investment properties and investment properties held for sale.

Section V

–Asset Profile

Allied is an owner-operator of distinctive urban workspace in seven major cities across Canada. Its urban portfolios are concentrated in mixed-use, amenity-rich neighbourhoods.

The following table reconciles the unaudited condensed consolidated balance sheets on an IFRS basis to a proportionate basis, a non-GAAP measure, as at June 30, 2024, and December 31, 2023, as defined on page 16.

	JUNE 30, 2024			DECEMBER 31, 2023		
	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS	IFRS BASIS	INVESTMENT IN JOINT VENTURE	PROPORTIONATE BASIS
Assets						
Non-current assets						
Investment properties	\$9,777,747	\$50,070	\$9,827,817	\$9,387,032	\$102,200	\$9,489,232
Residential inventory	233,490	—	233,490	209,783	—	209,783
Investment in joint venture	9,713	(9,713)	—	8,866	(8,866)	—
Loans and notes receivable	377,416	—	377,416	321,371	—	321,371
Other assets	50,958	1,272	52,230	48,528	1,382	49,910
	\$10,449,324	\$41,629	\$10,490,953	\$9,975,580	\$94,716	\$10,070,296
Current assets						
Cash and cash equivalents	21,030	1,488	22,518	211,069	1,054	212,123
Loan receivable from joint venture	93,291	(93,291)	—	93,291	(93,291)	—
Loans and notes receivable	28	—	28	188,382	—	188,382
Accounts receivable, prepaid expenses and deposits	183,375	1,542	184,917	140,963	851	141,814
Investment properties held for sale	234,020	52,330	286,350	—	—	—
	\$531,744	\$(37,931)	\$493,813	\$633,705	\$(91,386)	\$542,319
Total assets	\$10,981,068	\$3,698	\$10,984,766	\$10,609,285	\$3,330	\$10,612,615
Liabilities						
Non-current liabilities						
Debt	\$3,679,650	\$—	\$3,679,650	\$3,510,366	\$—	\$3,510,366
Lease liabilities	51,061	—	51,061	50,639	—	50,639
Other liabilities	49,520	—	49,520	48,784	—	48,784
	\$3,780,231	\$—	\$3,780,231	\$3,609,789	\$—	\$3,609,789
Current liabilities						
Exchangeable LP Units	180,798	—	180,798	238,309	—	238,309
Debt	592,864	—	592,864	149,245	—	149,245
Accounts payable and other liabilities	398,102	3,698	401,800	476,863	3,330	480,193
	\$1,171,764	\$3,698	\$1,175,462	\$864,417	\$3,330	\$867,747
Total liabilities	\$4,951,995	\$3,698	\$4,955,693	\$4,474,206	\$3,330	\$4,477,536
Equity						
Unitholders' equity	\$6,029,073	\$—	\$6,029,073	\$6,135,079	\$—	\$6,135,079
Non-controlling interests	—	—	—	—	—	—
Total equity	\$6,029,073	\$—	\$6,029,073	\$6,135,079	\$—	\$6,135,079
Total liabilities and equity	\$10,981,068	\$3,698	\$10,984,766	\$10,609,285	\$3,330	\$10,612,615

As at June 30, 2024, Allied's portfolio of 216 investment properties consists of 192 rental properties (seven of which are partially under development), 10 development properties, and 14 investment properties held for sale on a proportionate basis, as defined on page 16. Allied's portfolio of investment properties has a fair value of \$10,114,167, 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, as defined on page 16.

	THREE MONTHS ENDED JUNE 30, 2024			SIX MONTHS ENDED JUNE 30, 2024		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT	TOTAL
Balance, beginning of period	\$8,493,645	\$989,560	\$9,483,205	\$8,471,072	\$1,018,160	\$9,489,232
Additions:						
Acquisitions	411,995	193,912	605,907	411,995	193,912	605,907
Improvement allowances ⁽¹⁾	5,798	22,501	28,299	15,504	31,939	47,443
Leasing commissions ⁽¹⁾	2,090	3,602	5,692	5,079	5,526	10,605
Capital expenditures ⁽¹⁾	8,690	34,341	43,031	24,863	114,435	139,298
Transfers from PUD	179,939	(179,939)	—	289,919	(289,919)	—
Transfers to PUD	(42,880)	42,880	—	(62,160)	62,160	—
Transfers to other assets	46	—	46	773	—	773
Amortization of straight-line rent and improvement allowances ⁽¹⁾	(4,816)	(2,208)	(7,024)	(14,503)	(595)	(15,098)
Fair value gain (loss) on investment properties and investment properties held for sale ⁽¹⁾	2,741	(47,730)	(44,989)	(85,294)	(78,699)	(163,993)
Balance, end of period	\$9,057,248	\$1,056,919	\$10,114,167	\$9,057,248	\$1,056,919	\$10,114,167
Investment properties	\$8,770,898	\$1,056,919	\$9,827,817	\$8,770,898	\$1,056,919	\$9,827,817
Investment properties held for sale	286,350	—	286,350	286,350	—	286,350
Investment properties and investment properties held for sale	\$9,057,248	\$1,056,919	\$10,114,167	\$9,057,248	\$1,056,919	\$10,114,167

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and six months ended June 30, 2024: improvement allowances of \$75 and \$107, respectively; leasing commissions of \$16 and \$16, respectively; capital expenditures of \$62 and \$176, respectively; amortization of straight-line rent and improvement allowances of \$(147) and \$(281), respectively; and a fair value (loss) gain on investment properties of \$(6) and \$182, respectively.

As at June 30, 2024, Allied had 14 investment properties held for sale. This includes the pending sale of five properties in Montréal and two in Toronto, which Management expects to complete in the second half of 2024. There were no investment properties held for sale as at December 31, 2023. The increase of \$286,350 for the six months ended June 30, 2024, is due to the classification of 14 properties as investment properties held for sale, including the commercial portion of one equity accounted investment in a joint venture.

For the three months ended June 30, 2024, Allied recognized a fair value loss on investment properties and investment properties held for sale of \$44,989 on a proportionate basis. This was mainly due to increased costs in the development portfolio.

For the six months ended June 30, 2024, Allied recognized a fair value loss on investment properties and investment properties held for sale of \$163,993 on a proportionate basis. This was primarily due to changes to cash flow assumptions in the rental portfolio and an increase in costs in the development portfolio.

For the three months ended June 30, 2024, Allied capitalized \$17,454 of borrowing costs to its capital expenditures on a proportionate basis, \$12,900 of which related to development activity and \$2,046 to upgrade activity. Allied capitalized \$2,508 of borrowing costs to qualifying residential inventory.

For the six months ended June 30, 2024, Allied capitalized \$33,368 of borrowing costs to its capital expenditures on a proportionate basis, \$23,683 of which related to development activity and \$4,826 to upgrade activity in the rental portfolio. Allied capitalized \$4,859 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 NOI, a non-GAAP measure, in the terminal year.

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.

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.

Allied determines the fair value of its investment property portfolio every quarter and at year-end with the support of a third-party appraiser. The fair value of each investment property is determined based on various factors, including rental income from current leases, assumptions about rental income and cash outflows related to future leases reflecting market conditions, and recent market transactions.

Allied’s valuation of its investment properties considers both asset-specific and market-specific factors, as well as observable transactions for similar assets. The determination of fair value requires the use of estimates, which are determined with the support of a third-party appraiser and compared with market data, third-party reports, and research, as well as observable market conditions.

In valuing the investment properties as at June 30, 2024, the value derived using the DCF method was compared 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 4.82%, detailed in the table below:

OVERALL CAPITALIZATION RATE	JUNE 30, 2024			DECEMBER 31, 2023		
	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE \$ ⁽¹⁾	RANGE %	WEIGHTED AVERAGE %	FAIR VALUE \$ ⁽¹⁾
Montréal & Ottawa	4.50% - 7.00%	5.07%	\$2,552,230	4.50% - 7.00%	5.08%	\$2,550,767
Toronto & Kitchener	4.00% - 6.00%	4.64%	4,732,452	4.00% - 6.00%	4.66%	4,663,539
Calgary	6.75% - 7.75%	7.33%	190,456	6.75% - 7.75%	7.19%	246,946
Vancouver	4.00% - 4.50%	4.19%	1,192,820	4.00% - 4.50%	4.18%	906,880
Rental Properties	4.00% - 7.75%	4.80%	\$8,667,958	4.00% - 7.75%	4.81%	\$8,368,132
Residential Properties	4.00% - 4.50%	4.38%	102,940	4.00% - 4.50%	4.38%	102,940
Properties Under Development	4.00% - 7.50%	5.21%	1,056,919	4.25% - 7.50%	5.12%	1,018,160
Investment Properties	4.00% - 7.75%	4.82%	\$9,827,817	4.00% - 7.75%	4.83%	\$9,489,232

(1) Presented on a proportionate basis, which is a non-GAAP measure, as defined on page 16.

RENTAL PROPERTIES

Allied's rental portfolio was built by consolidating the ownership of urban office properties. 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. Allied has evolved into a leading owner-operator of urban workspace in Canada's major cities.

ACQUISITIONS AND DISPOSITIONS

During the six months ended June 30, 2024, Allied completed the following acquisitions.

PROPERTY	ACQUISITION DATE	ACQUISITION COST	OFFICE GLA	RETAIL GLA	RESIDENTIAL GLA	TOTAL GLA	PARKING STALLS
400 West Georgia, Vancouver ⁽¹⁾⁽²⁾	April 1, 2024	\$ 357,525	306,762	5,891	—	312,653	163
19 Duncan, Toronto ⁽¹⁾⁽³⁾	April 1, 2024	248,382	67,153	1,607	129,600	198,360	133
		\$ 605,907	373,915	7,498	129,600	511,013	296

(1) The GLA is at Allied's ownership. The parking spaces are at 100% ownership.

(2) Allied acquired a 90% interest in 400 West Georgia on April 1, 2024.

(3) 19 Duncan was previously known as Adelaide & Duncan. Allied acquired an incremental 45% interest in 19 Duncan on April 1, 2024, increasing its total ownership in 19 Duncan from 50% to 95%.

The total purchase price, including acquisition costs, for 400 West Georgia and 19 Duncan of \$605,907 was satisfied by construction loans assumed totalling \$327,735, the assumption of other liabilities of \$29,262 related to completing the 19 Duncan development, working capital of \$2,510, the settlement of a loan receivable due from the seller of \$197,339, and net cash consideration of \$49,061, including land transfer taxes.

During the six months ended June 30, 2024, Allied did not dispose of any properties.

On June 7, 2024, Allied entered into an agreement to sell two investment properties held for sale, 85 Saint-Paul W and 480 Saint-Laurent, both in Montréal, for a total selling price of \$32,500. The sales are expected to close in August 2024.

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, and Vancouver. These opportunities are becoming more compelling as the urban areas of Canada's major cities intensify. Since Allied has captured the underutilized 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. 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 106 properties (excluding those held for sale) in Toronto now comprise 5.4 million square feet of current rental portfolio GLA and are situated on 38.0 acres of underutilized land immediately east and west of the Downtown Core. With achievable rezoning, the underlying land in our Toronto portfolio could permit up to 12.0 million square feet of GLA, 6.6 million square feet more than currently is in place.

Allied entered the Montréal market in April of 2005. The 29 properties (excluding those held for sale) in Montréal now comprise 6.1 million square feet of current rental portfolio GLA. As they are much larger buildings on average than those comprising the Toronto portfolio, the 39.5 acres of land on which they sit (immediately south, east and northeast of the Downtown Core) are more fully utilized than the land in the Toronto portfolio. Nevertheless, the underlying land in the Montréal portfolio could permit up to 8.7 million square feet of GLA, 2.6 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 are 1.9 million square feet currently in PUD and 9.9 million square feet of potential incremental density, totalling 11.8 million square feet as at June 30, 2024. Of the 9.9 million square feet of potential incremental density, 4.8 million square feet is reflected in the appraised fair values, mainly at properties where zoning approvals are in place. The remaining 5.1 million square feet is not reflected in the appraised fair values.

The below details the potential incremental density by city:

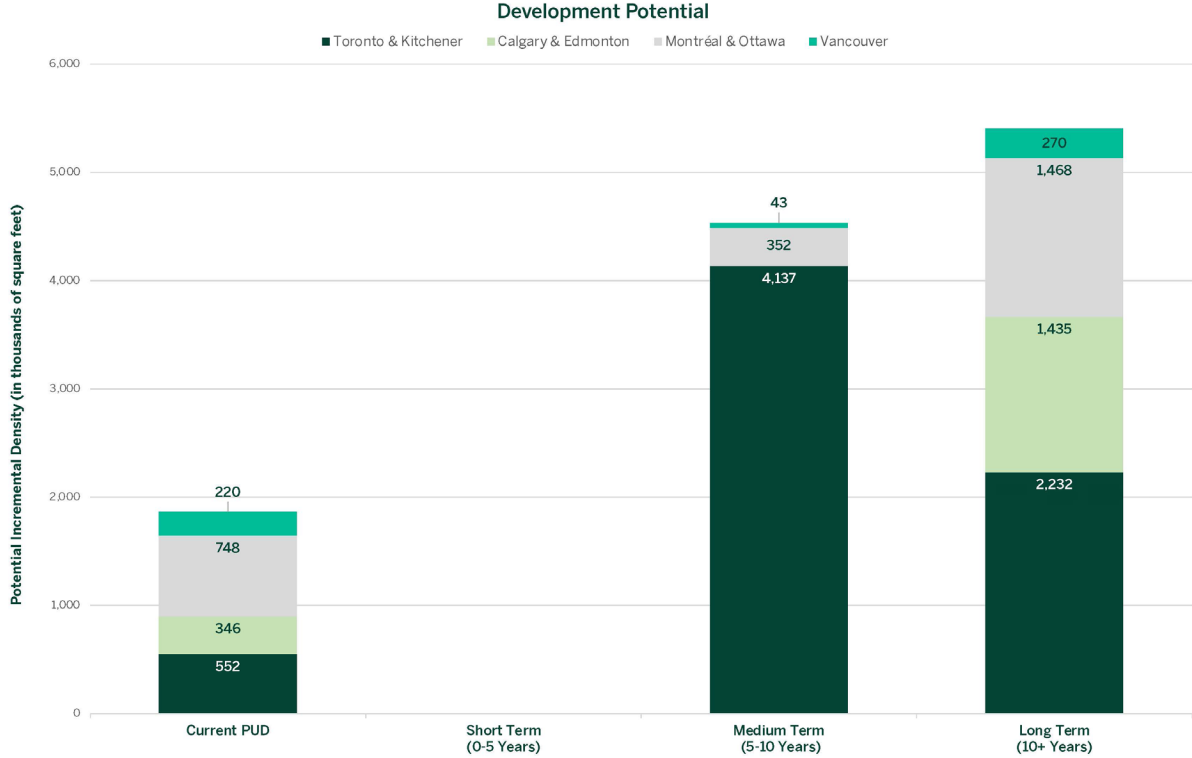
POTENTIAL INCREMENTAL DENSITY (IN SQUARE FEET) - GEOGRAPHIC BREAKDOWN

CITY	CURRENT GLA	CURRENT PUD (ESTIMATED ON COMPLETION)	POTENTIAL INCREMENTAL DENSITY	TOTAL POTENTIAL GLA
Toronto ⁽¹⁾	5,391,528	552,383	6,036,823	11,980,734
Kitchener	709,089	—	332,616	1,041,705
Montréal ⁽²⁾	6,131,234	748,158	1,819,116	8,698,508
Ottawa	231,271	—	—	231,271
Calgary	1,171,966	48,502	1,434,960	2,655,428
Edmonton	—	297,851	—	297,851
Vancouver	1,234,164	219,534	312,572	1,766,270
Total	14,869,252	1,866,428	9,936,087	26,671,767

(1) The GLA estimated on completion for properties under development in Toronto excludes 667,915 square feet of GLA at The Well and 145,160 square feet of 19 Duncan, which has been transferred to the rental portfolio. Allied purchased an incremental 45% undivided interest in 19 Duncan on April 1, 2024, increasing its ownership to 95%, and increasing the portion of 19 Duncan in the rental portfolio from 76,400 square feet to 145,160 square feet.

(2) The GLA estimated on completion for properties under development in Montréal excludes 99,943 square feet of GLA at 700 Saint Hubert which has been transferred to the rental portfolio.

The timing of development for the 9.9 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 will be 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	REZONING APPROVAL STATUS	USE	CURRENT GLA	ESTIMATED GLA ON COMPLETION	ESTIMATED COMPLETION
The Castle ⁽¹⁾	In progress	Office, limited retail	180,281	440,000	Unscheduled
King & Peter ⁽²⁾	Completed	Office, limited retail	86,230	790,000	Unscheduled
King & Spadina ⁽³⁾	In progress	Office, limited retail	77,550	430,000	Unscheduled
King & Brant ⁽⁴⁾	Completed	Office, residential, retail	22,275	240,000	Unscheduled
Union Centre	Completed	Office, limited retail	41,787	1,330,000	Unscheduled
Bathurst Street Assembly ⁽⁵⁾	In progress	Office, residential, retail	36,919	318,000	Unscheduled
Adelaide & Spadina ⁽⁶⁾	Completed	Office, retail	11,015	230,000	Unscheduled
Le Nordelec - Lot A ⁽⁷⁾	In progress	Office	—	230,000	Unscheduled
Le Nordelec - Lot B ⁽⁸⁾	In progress	Office, residential	32,893	744,000	Unscheduled
Le Nordelec - Lot E ⁽⁹⁾	Completed	Office	7,550	135,000	Unscheduled
Total			496,500	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 and 1700 Saint-Patrick.

(8) Le Nordelec - Lot B is comprised 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. Allied intends to align all ground-up developments 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 there continues to be demand for leasing office space. Allied will not commence material development of its urban office portfolio unless it has significant pre-leased commitments to mitigate risk. Pursuant to Allied's Declaration of Trust, the cost of Properties Under Development cannot exceed 15% of GBV. At June 30, 2024, the cost of Allied's Properties Under Development was 11.4% of GBV (December 31, 2023 - 11.6%). 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 10 Properties Under Development and seven rental properties partially under development. Six of the projects are ground-up developments and 11 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%
19 Duncan, Toronto ⁽¹⁾⁽³⁾⁽⁴⁾	Office, retail, residential	418,760	100
KING Toronto, Toronto ⁽¹⁾⁽⁵⁾	Office, retail	100,000	—
108 East 5th Avenue, Vancouver ⁽¹⁾	Office	102,000	69
700 Saint Hubert, Montréal ⁽³⁾⁽⁶⁾	Office, retail	143,849	70
365 Railway, Vancouver	Office	60,000	—
Total		1,587,609	82%

(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.

(3) A portion of the property been transferred to the rental portfolio. The information in the table includes both the rental and development portions.

(4) On April 1, 2024, Allied purchased an incremental 45% undivided interest in 19 Duncan, increasing Allied's ownership from 50% to 95%. The GLA components (in square feet) at Allied's 95% share will be as follows: 145,160 of office, which was completed in Q1 2024 and 273,600 of residential.

(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, and 539 King W. The GLA components (in square feet) at Allied's 50% share will be as follows: 60,000 of retail and 40,000 of office.

(6) The GLA components (in square feet) are as follows: 143,049 of office and 800 of retail.

REDEVELOPMENTS

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

PROPERTY NAME	USE	ESTIMATED GLA (SF)
400 Atlantic, Montréal ⁽¹⁾⁽²⁾	Office, retail	34,821
Boardwalk-Revillon Building, Edmonton ⁽³⁾	Office, retail	297,851
185 Spadina, Toronto	Office	55,213
342 Water, Vancouver ⁽⁴⁾	Office, retail	21,640
375 Water, Vancouver ⁽²⁾⁽⁵⁾	Office, retail	35,894
1001 Boulevard Robert-Bourassa, Montréal ⁽²⁾⁽⁶⁾	Office, retail	265,850
RCA Building, Montréal ⁽²⁾	Office	218,802
422-424 Wellington W, Toronto	Retail	10,000
3575 Saint Laurent, Montréal ⁽⁷⁾	Office, retail	184,779
Kipling Square, Calgary ⁽⁸⁾	Office	48,502
469 King W, Toronto ⁽²⁾⁽⁸⁾	Office	18,485
Total		1,191,837

(1) The GLA components (in square feet) are as follows: 34,529 of office and 292 of retail.

(2) The GLA represents the portion of the property that is under development.

(3) The GLA components (in square feet) are as follows: 233,559 of office and 64,292 of retail.

(4) The GLA components (in square feet) are as follows: 15,385 of office and 6,255 of retail.

(5) The GLA components (in square feet) are as follows: 32,993 of office and 2,901 of retail.

(6) The GLA components (in square feet) are as follows: 243,207 of office and 22,643 of retail.

(7) The GLA components (in square feet) are as follows: 169,166 of office and 15,613 of retail.

(8) Conversion from office to retail planning is underway to optimize the use of this property.

The following table sets out Allied's Properties Under Development as at June 30, 2024, 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	ESTIMATED ANNUAL NOI	ESTIMATED TOTAL COST	ESTIMATED YIELD ON COST	ESTIMATED COST TO COMPLETE
The Well, Toronto ⁽¹⁾⁽²⁾	Q3 2022 to Q4 2024	\$37,500 - 43,250	\$810,000	4.6% - 5.3%	\$2,431
700 Saint Hubert, Montréal	Q3 2023 to Q4 2024	4,650 - 5,500	138,664	3.4% - 4.0%	1,229
19 Duncan - original 50% interest ⁽¹⁾⁽³⁾	Q4 2023 to Q4 2024	10,500 - 11,500	240,007	4.4% - 4.8%	31,414
108 East 5th Avenue, Vancouver ⁽¹⁾	Q3 2025	4,350 - 4,600	108,884	4.0% - 4.2%	24,397
KING Toronto, Toronto ⁽¹⁾⁽⁴⁾	Q2 2026	5,000 - 6,000	137,224	3.6% - 4.7%	32,074
365 Railway, Vancouver	TBD	TBD	TBD	TBD	TBD
Redevelopments	Q3 2024 to Q1 2026	23,490 - 27,665	588,665	4.0% - 4.7%	56,015
Subtotal		\$85,490 - \$98,515+			
19 Duncan, Toronto - incremental 45% interest acquired ⁽¹⁾⁽³⁾⁽⁵⁾		9,450 - 10,350	216,006		
Total		\$94,940 - \$108,865+			

(1) These properties are co-owned, reflected in the table above at Allied's ownership percentage.

(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 of the property was completed in Q1 2024. The residential phase is scheduled for completion in Q4 2024.

(4) 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, and 539 King W. The estimated gross proceeds from the sale of the residential inventory is in the range of \$297,500 - \$307,000. The estimated total cost includes the commercial and residential components and is net of the estimated gross proceeds from the sale of the residential inventory of \$307,000.

(5) On April 1, 2024, Allied purchased an incremental 45% undivided interest in 19 Duncan, increasing its ownership from 50% to 95%. The purchase price of this incremental ownership interest includes the accrued corresponding costs to complete.

The initial cost of Properties Under Development includes the acquisition cost of the property, direct development costs, operating costs, realty taxes and borrowing costs directly attributable to the development. Borrowing costs, operating 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, 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:

	JUNE 30, 2024	DECEMBER 31, 2023
KING Toronto	\$233,490	\$209,783

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

	JUNE 30, 2024	DECEMBER 31, 2023
Balance, beginning of period	\$209,783	\$187,272
Development expenditures	29,884	37,887
Impairment	(6,177)	(15,376)
Balance, end of period	\$233,490	\$209,783

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, totalling 440 units. As at June 30, 2024, 401 units or 91% have been pre-sold, subject to customary closing conditions. Management expects the condominium sales to close in the first half of 2026.

During the six months ended June 30, 2024, Allied recorded an impairment of \$6,177 (June 30, 2023 - \$nil on KING Toronto. Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment during the six months ended June 30, 2024 and year ended December 31, 2023, reflect higher estimated costs to complete.

LOANS RECEIVABLE

The table below summarizes the loans receivable as at June 30, 2024, and December 31, 2023.

	MATURITY DATE	JUNE 30, 2024	DECEMBER 31, 2023
19 Duncan ⁽¹⁾	N/A	\$21,173	\$21,173
400 West Georgia ⁽²⁾	N/A	—	188,355
KING Toronto ⁽³⁾	December 31, 2026	148,689	112,161
Breithaupt Phase III ⁽⁴⁾	N/A	9,913	9,913
150 West Georgia	December 9, 2025	197,618	178,095
Total loans receivable		\$377,393	\$509,697

(1) The loan is repayable when the joint arrangement obtains external permanent financing, which is expected to be in August 2025 when the related construction loan payable matures.

(2) The 400 West Georgia loan was fully settled on April 1, 2024, upon the closing of the 400 West Georgia and 19 Duncan transactions.

(3) The facility matures at the earlier of December 31, 2026, or the closing of the condominium units.

(4) The loan is repayable in installments upon rent commencement.

Allied has a joint arrangement with Westbank. As part of the arrangement, Allied advanced \$21,173 to Westbank for its purchase of a 50% undivided interest in 19 Duncan. On April 1, 2024, Allied purchased an incremental 45% undivided interest in 19 Duncan, increasing Allied's total undivided interest to 95%. The facility is secured by a charge on this property and two other properties (subordinated to the construction lenders) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum.

Allied had an arrangement with Westbank to provide a credit facility of up to \$175,000, plus interest, for the land acquisition and the pre-development costs of 400 West Georgia in Vancouver. The facility was secured by Westbank's covenant and a charge on the property (subordinated to the construction lender). Interest accrued to the credit facility monthly at the greater of (i) 6.75% per annum; and (ii) prime plus 3.00% per annum. The loan receivable for 400 West Georgia was fully settled on April 1, 2024, upon the closing of the 400 West Georgia and 19 Duncan transactions.

Allied has a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced a loan (the "Original Facility"), in the principal amount of \$73,414, plus interest, to Westbank for its purchase of a 50% undivided interest in the property. Interest accrued to the Original Facility at a rate of 7.00% per annum for the period up to and including November 30, 2023. Thereafter, interest accrues to the Original Facility at the greater of (i) 7.00% per annum; and (ii) prime plus 3.00% per annum. During the fourth quarter of 2023, the loan was further amended to add an additional credit facility in an aggregate principal amount not to exceed \$40,000, plus interest (the "Additional Facility"). Interest accrues to the Additional Facility at a rate of prime plus 8.00% per annum.

Allied has a joint arrangement with Perimeter to develop Breithaupt Phase III. As part of the arrangement, Allied advanced a loan to provide for 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.

Allied has 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 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.

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, construction and leasing status on the development projects, timing of rent commencement on leases, and status of scheduled principal and interest payments. The expected credit losses estimated by Management considering the factors described above is \$nil as at June 30, 2024 (December 31, 2023 - \$nil).

Section VI

–Liquidity and Capital Resources

Allied's liquidity and capital resources are used to fund capital investments including development activity and 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 and the structure of lease agreements, among other variables.

Allied has financed its operations through the use of equity, Exchangeable LP Units, mortgage debt secured by rental properties, construction loans, an unsecured revolving 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. As at June 30, 2024, 86.6% of investment properties on a proportionate basis were unencumbered.

Allied has various sources of liquidity, including cash and cash equivalents and the unused portion of its unsecured revolving operating facility.

DEBT

The following illustrates the calculation of debt (net of transaction costs) on an IFRS basis and net debt, a non-GAAP measure, as defined on page 16, as at June 30, 2024, and December 31, 2023. As at June 30, 2024, 79.5% of Allied's debt is at a fixed rate (December 31, 2023 - 92.7%).

	JUNE 30, 2024	DECEMBER 31, 2023
Mortgages payable	\$109,465	\$111,875
Construction loans payable	619,114	307,013
Unsecured revolving operating facility	302,000	—
Senior unsecured debentures	2,592,569	2,591,569
Unsecured term loans	649,366	649,154
Debt, IFRS basis	\$4,272,514	\$3,659,611
Less: cash, cash equivalents and deposit ⁽¹⁾	99,448	288,595
Net debt	\$4,173,066	\$3,371,016

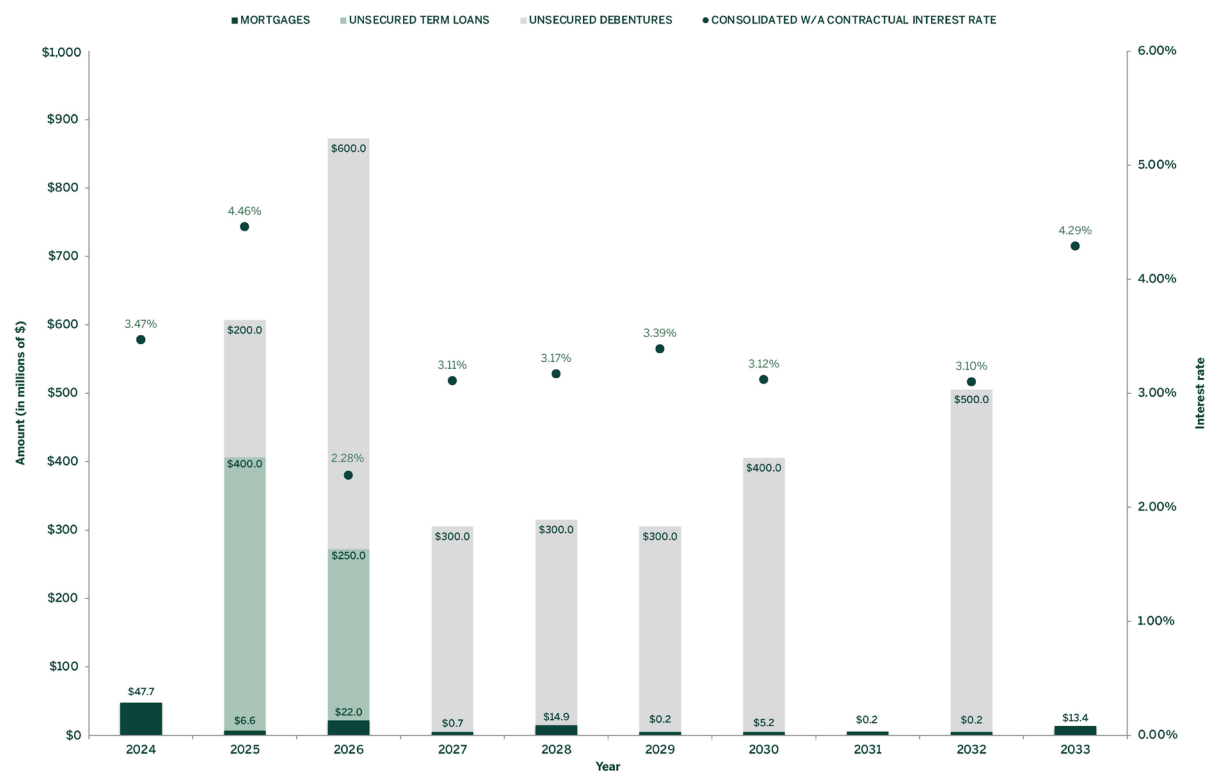
(1) This is on a proportionate basis and includes cash and cash equivalents attributable to TELUS Sky totalling \$1,488 as at June 30, 2024 (December 31, 2023 - \$1,054).

The publication of CDOR ceased effective June 28, 2024, and has been replaced by the Canadian Overnight Repo Rate Average (“CORRA”). During the six months ended June 30, 2024, Allied amended the benchmark rates in its debt and swap agreements from CDOR to CORRA, as applicable, including a credit spread adjustment for the basis difference between CDOR and CORRA so there is no material economic impact to Allied.

The table below summarizes the scheduled principal maturity and weighted average contractual interest rates for Allied’s mortgages payable, unsecured debentures and unsecured term loans.

	MORTGAGES PAYABLE	INTEREST RATE OF MATURING MORTGAGES	SENIOR UNSECURED DEBENTURES	INTEREST RATE	UNSECURED TERM LOANS	INTEREST RATE	TOTAL	CONSOLIDATED INTEREST RATE OF MATURING DEBT
Remaining 2024	\$47,727	3.47%	\$—	—%	\$—	—%	\$47,727	3.47%
2025	6,578	—	200,000	3.64	400,000	4.87	606,578	4.46
2026	21,996	3.59	600,000	1.73	250,000	3.50	871,996	2.28
2027	655	—	300,000	3.11	—	—	300,655	3.11
2028	14,926	4.04	300,000	3.13	—	—	314,926	3.17
2029	183	—	300,000	3.39	—	—	300,183	3.39
2030	5,191	—	400,000	3.12	—	—	405,191	3.12
2031	199	—	—	—	—	—	199	—
2032	208	—	500,000	3.10	—	—	500,208	3.10
2033	13,396	4.29	—	—	—	—	13,396	4.29
	\$111,059	3.38%	\$2,600,000	2.86%	\$650,000	4.34%	\$3,361,059	3.17%

The chart below summarizes the maturities of principal for Allied’s debt (excluding construction loans and the unsecured revolving operating facility), which has a weighted average term of 3.6 years, as at June 30, 2024:



The table below summarizes the weighted average effective interest rate as at June 30, 2024:

	MORTGAGES PAYABLE	SENIOR UNSECURED DEBENTURES	UNSECURED TERM LOANS	UNSECURED FACILITY	TOTAL
Weighted average effective interest rate as at June 30, 2024	3.08%	2.86%	4.34%	6.70%	3.45%

MORTGAGES PAYABLE

As at June 30, 2024, mortgages payable, net of financing costs, total \$109,465 and have a weighted average contractual interest rate of 3.38% (December 31, 2023 - 3.38%). The weighted average term of the mortgage debt is 2.8 years (December 31, 2023 - 3.3 years). The mortgages are secured by a first registered charge over specific investment properties and first general assignments of leases, insurance and registered chattel mortgages.

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

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	JUNE 30, 2024	DECEMBER 31, 2023
Remaining 2024	\$1,059	\$46,668	\$47,727	
2025	6,578	—	6,578	
2026	1,553	20,443	21,996	
2027	655	—	655	
2028	469	14,457	14,926	
2029	183	—	183	
2030	5,191	—	5,191	
2031	199	—	199	
2032	208	—	208	
2033	107	13,289	13,396	
Mortgages, principal	\$16,202	\$94,857	\$111,059	\$112,677
Net premium on assumed mortgages			59	233
Net financing costs			(1,653)	(1,035)
			\$109,465	\$111,875

CONSTRUCTION LOANS PAYABLE

As at June 30, 2024, and December 31, 2023, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	JUNE 30, 2024	DECEMBER 31, 2023
19 Duncan ⁽¹⁾	95%	August 11, 2025	\$230,337	\$110,046
Breithaupt Phase III	50%	March 31, 2025	59,372	58,005
KING Toronto	50%	December 17, 2024	99,900	99,900
108 East 5th Avenue	50%	December 6, 2025	49,421	39,062
400 West Georgia	90%	April 1, 2025	180,084	—
			\$619,114	\$307,013

(1) Allied acquired an incremental 45% interest in 19 Duncan on April 1, 2024, increasing Allied's total ownership in 19 Duncan from 50% to 95%.

The 19 Duncan joint arrangement has a \$295,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share was \$147,500 until March 31, 2024. Allied's share increased to \$280,250 with the 400 West Georgia and 19 Duncan transactions, when Allied assumed an additional \$103,487 of the construction lending facility. The loan bears interest at bank prime plus 35 basis points or CORRA 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 earned a related guarantee fee on up to \$147,500 of the facility until March 31, 2024, and is earning a related guarantee fee on up to \$14,750 of the facility thereafter. The 19 Duncan joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to \$209,572 at 2.86%, which matured on March 31, 2023.

Allied and Perimeter have a \$138,000 construction loan for the Breithaupt Phase III joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is \$69,000. The loan bears interest at bank prime plus 25 basis points or CORRA plus 145 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 up to \$69,000 of the facility.

Allied and Westbank have a \$465,000 green construction lending facility for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is \$232,500. Up to \$120,000 of the deposits paid by the purchasers of the KING Toronto condominium units can be released to the KING Toronto joint arrangement to fund the construction of the condominium units ("Purchaser Deposits"). As at December 31, 2023, \$92,402 of the Purchaser Deposits were released. When the release of the Purchaser Deposits exceeds \$80,000, the facility limit is reduced. As such, on November 6, 2023, the facility limit was decreased from \$465,000 to \$452,598, in which Allied's 50% share is \$226,299. The loan bears interest at bank prime plus 45 basis points or CORRA 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 up to \$226,299 of the facility.

The 108 East 5th Avenue joint arrangement has a \$150,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is \$75,000. The loan bears interest at prime plus 35 basis points or CORRA plus 135 basis points with a standby fee of 27 basis points and a letter of credit fee 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 exceeded one of the sustainability performance targets for 2023, resulting in a 0.025% reduction in the interest rate and a 0.005% reduction in the standby fee. Allied has provided a joint and several guarantee of the entire facility and is earning a related guarantee fee on up to \$75,000 of the facility. On January 13, 2023, the 108 East 5th Avenue joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to \$110,175 at 4.90%.

The 400 West Georgia joint arrangement had a \$250,000 construction lending facility from a syndicate of Canadian banks, of which Allied's share was \$225,000. With the 400 West Georgia and 19 Duncan transactions, Allied assumed \$224,248 of the construction lending facility. Immediately following the transactions, Allied repaid \$44,164 of its share of the construction lending facility. Concurrently, the construction lending facility limit decreased from \$250,000 to \$205,000. The loan bears interest at bank prime plus 40 basis points or CORRA plus 160 basis points. Allied is providing a joint and several guarantee of the entire facility.

UNSECURED REVOLVING OPERATING FACILITY

As at June 30, 2024, and December 31, 2023, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

JUNE 30, 2024						
MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT ⁽¹⁾	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
January 26, 2027	Prime + 0.70% or CORRA + 1.70% ⁽²⁾	0.34%	\$800,000	\$(302,000)	\$(13,156)	\$484,844

(1) This Unsecured Facility contains a \$100,000 accordion feature, allowing Allied to increase the amount available under the facility to \$900,000.

(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, the spread above Prime or CORRA and the standby fee would change. On June 11, 2024, the spread, standby fee, and letter of credit fee increased for the Unsecured Facility.

DECEMBER 31, 2023

MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT ⁽¹⁾	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
January 30, 2025	Prime + 0.45% or Bankers' acceptance + 1.45% ⁽²⁾	0.29%	\$800,000	\$—	\$(14,906)	\$785,094

(1) This Unsecured Facility contained a \$100,000 accordion feature, allowing Allied to increase the amount available under the facility to \$900,000.

(2) The interest rates on drawings for this facility were subject to certain conditions being met. In the event that these conditions were not met, the spread above Prime or Bankers' acceptance would change.

On March 31, 2023, Allied amended the Unsecured Facility to increase the limit by \$100,000 to \$700,000 and on June 26, 2023, Allied amended the Unsecured Facility to increase the limit by \$100,000 to \$800,000. On January 26, 2024, Allied updated the Unsecured Facility of \$800,000 to include a syndicate of lenders, and extend the maturity date to January 26, 2027.

SENIOR UNSECURED DEBENTURES

As at June 30, 2024, and December 31, 2023, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	JUNE 30, 2024	DECEMBER 31, 2023
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				(7,431)	(8,431)
				\$2,592,569	\$2,591,569

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

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

UNSECURED TERM LOANS

As at June 30, 2024, and December 31, 2023, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	JUNE 30, 2024	DECEMBER 31, 2023
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				(634)	(846)
				\$649,366	\$649,154

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 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. Allied can extend this loan further through one-year extension options until January 14, 2031. Allied has a swap agreement until January 14, 2031, which has a current rate of 3.496%.

Allied also has a swap agreement on its \$400,000 unsecured term loan to fix the rate at 4.865% until October 22, 2025.

CREDIT RATINGS

Allied's credit ratings as at June 30, 2024, are summarized below:

DEBT	RATING AGENCY	LONG-TERM CREDIT RATING	TREND/OUTLOOK
Issuer Rating & Unsecured Debentures	DBRS Limited	BBB	Stable

DBRS Limited ("DBRS") provides 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."

On August 16, 2023, DBRS confirmed Allied's issuer rating and senior unsecured debentures ratings at BBB with a stable trend, following Allied's announcement on the closing of the sale of its 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 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, construction loans payable 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. Effective June 2023, the agreements governing the Unsecured Facility, Unsecured Term Loans, construction loans payable and Unsecured Debentures were amended to exclude the value of the Exchangeable LP Units recognized as a liability and the distribution on the Exchangeable LP Units recognized as an interest expense from the calculation of certain covenants. Effective December 2023, waivers were obtained related to the agreements governing the Unsecured Facility, construction loans payable and Unsecured Term Loans to exclude the special cash distribution and the special Unit distribution from the calculation of the distribution payout ratio. 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, as required in these agreements, on a proportionate basis as defined on page 16.

COVENANT ⁽¹⁾	THRESHOLD	JUNE 30, 2024	DECEMBER 31, 2023
Indebtedness ratio	Below 60%	39.1%	34.7%
Secured indebtedness ratio	Below 45%	6.7%	4.0%
Debt service coverage ratio	Consolidated adjusted EBITDA to be more than 1.5 times debt service payments	2.6x	2.5x
Equity maintenance	At least \$1,250,000 plus 75% of future equity issuances (\$2,819,658)	\$6,029,073	\$6,135,079
Unencumbered property assets value ratio	Unencumbered property assets to be more than 1.4 times total unsecured debt	2.5x	2.7x
Distribution payout ratio	Maintain distributions below 100% of FFO for eight consecutive quarters	75.9%	73.7%

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

The following outlines the covenants which are part of the update to the Unsecured Facility on January 26, 2024. The covenants are calculated, as required by this agreement, on a proportionate basis as defined on page 16.

COVENANT ⁽¹⁾	THRESHOLD	JUNE 30, 2024	DECEMBER 31, 2023
Equity maintenance	At least \$2,800,000 plus 75% of future equity issuances (\$2,800,000)	\$6,029,073	N/A
Restricted payment payout ratio	Maintain restricted payments below 100% of FFO for four consecutive quarters	77.7%	N/A

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

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, as defined on page 16.

COVENANT ⁽¹⁾	THRESHOLD	JUNE 30, 2024	DECEMBER 31, 2023
<i>Pro forma</i> interest coverage ratio	Maintain a 12-month rolling consolidated <i>pro forma</i> EBITDA of at least 1.65 times <i>pro forma</i> interest expense	2.3x	3.0x
<i>Pro forma</i> asset coverage test	Maintain net consolidated indebtedness below 65% of net aggregate assets on a <i>pro forma</i> basis	39.3%	34.8%
Equity maintenance	Maintain Unitholders' equity above \$300,000	\$6,029,073	\$6,135,079
<i>Pro forma</i> unencumbered net aggregate adjusted asset ratio	Maintain <i>pro forma</i> unencumbered net aggregate adjusted assets above 1.4 times consolidated unsecured indebtedness	2.7x	3.0x

(1) Includes results from continuing operations and assets classified as held for sale. The equity maintenance ratio also includes results from discontinued operations.

As at June 30, 2024, Allied was in compliance with the terms and covenants of the agreements governing the Unsecured Facility, the Unsecured Term Loans, the Unsecured Debentures and construction loans payable.

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

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.

The following represents the number of Units issued and outstanding, and the related carrying value of equity, for the six months ended June 30, 2024, and December 31, 2023.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2023	127,955,983	\$3,909,378
Restricted Unit Plan (net of forfeitures)	—	(2,250)
Distribution in Units ⁽¹⁾	31,703,663	639,780
Consolidation of Units ⁽¹⁾	(31,703,663)	—
Balance at December 31, 2023	127,955,983	\$4,546,908
Restricted Unit Plan (net of forfeitures)	—	(1,712)
Balance at June 30, 2024	127,955,983	\$4,545,196

(1) This represents the special Unit distribution. See Note 16 of the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024.

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

As at July 30, 2024, 127,955,983 Units and 1,712,971 options to purchase Units were issued and outstanding.

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Units	127,955,983	127,955,983	127,955,983	127,955,983
Exchangeable LP Units	11,809,145	11,809,145	11,809,145	11,809,145
Total units - basic and fully diluted	139,765,128	139,765,128	139,765,128	139,765,128

NORMAL COURSE ISSUER BID

On February 22, 2024, 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 12,629,698 of its outstanding Units, representing approximately 10% of its public float as at February 12, 2024. The NCIB commenced February 26, 2024, and will expire on February 25, 2025, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied’s Restricted Unit Plan or to employees pursuant to Allied’s employee programs.

During the six months ended June 30, 2024, Allied purchased 99,443 Units for \$1,712 at a weighted average price of \$17.22 of which 98,183 Units were purchased for delivery to participants under Allied’s Restricted Unit Plan and 1,260 Units were purchased for certain employee rewards outside of Allied’s Restricted Unit Plan.

COMPENSATION PLANS

Allied adopted a unit option plan (the “Unit Option Plan”) providing for the issuance, from time to time, at the discretion of the Board, 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 do not exceed ten years. Options granted prior to February 22, 2017, vest evenly over three years; options granted subsequently vest evenly over four years from the date of grant. All options are settled in Units. Effective December 2021, no further options will be granted under the Unit Option Plan.

At June 30, 2024, Allied had granted options to purchase up to 1,712,971 Units outstanding, of which 1,640,098 had vested. At December 31, 2023, Allied had granted options to purchase 1,712,971 Units outstanding, of which 1,437,023 had vested.

For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$16 and \$74, respectively (June 30, 2023 - \$78 and \$229, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income related to the Unit Option Plan.

In March 2010, Allied adopted a restricted unit plan (the “Restricted Unit Plan”), whereby restricted Units (“Restricted Units”) are granted to certain key employees and trustees, at the discretion of the Board. 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 their discretion, to accelerate the release date and vesting of Restricted Units in certain circumstances where an employee’s employment is terminated. At June 30, 2024, Allied had 310,435 Restricted Units outstanding (December 31, 2023 - 294,254).

For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$302 and \$1,493, respectively (June 30, 2023 - \$409 and \$1,794, respectively) in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income related to the Restricted Unit Plan.

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

The following is a summary of the activity of Allied's PTU/RTU Plan:

	SIX MONTHS ENDED	YEAR ENDED
	JUNE 30, 2024	DECEMBER 31, 2023
Plan Units, beginning of period	371,277	179,193
Granted	252,773	170,461
Settled	(67,727)	(7,274)
Distributions equivalents	32,657	28,897
Plan Units, end of period	588,980	371,277

For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$291 and \$1,479, respectively (June 30, 2023 - \$239 and \$610, respectively), including the mark-to-market adjustment, in general and administrative expense in the unaudited condensed consolidated statements of income and comprehensive income. During the six months ended June 30, 2024, 67,727 Plan Units vested (June 30, 2023 - 743 Plan Units vested) and settled in cash resulting in a decrease of \$1,396 (June 30, 2023 - \$18) to the unit-based compensation liabilities.

On March 28, 2024, Allied entered into a cash-settled total return swap with a financial institution for 750,000 Units to manage its cash flow exposure under the unit-based compensation plans. From the effective date of April 15, 2024, Allied pays monthly interest based on the notional value of the Units subject to the TRS, and receives the equivalent of monthly distributions on the Units, which are both recognized in general and administrative expenses in the unaudited condensed consolidated statements of income and comprehensive Income. Settlement of the TRS occurs in whole or in part. Upon settlement, Allied receives any appreciation, or remits any depreciation, in the notional value of the Units calculated in accordance with the TRS. For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$1,611 and \$1,611, respectively (June 30, 2023 - \$nil and \$nil, respectively), including the mark-to-market expense of \$1,683 and \$1,683, respectively (June 30, 2023 - \$nil and \$nil, respectively).

EXCHANGEABLE LP UNITS

EXCHANGEABLE LP UNITS (AUTHORIZED - UNLIMITED)

The Exchangeable LP Units issued by Allied Properties Exchangeable Limited Partnership (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. On each of June 30, 2023, September 30, 2023, and December 31, 2023, the lock-up expired on 2,952,286 Exchangeable LP Units. On March 31, 2024, the lock-up expired on 2,952,287 Exchangeable LP Units. Therefore, there are no Exchangeable LP Units with lock-up and standstill restrictions after March 31, 2024.

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 Exchangeable LP Units issued and outstanding, and the related carrying value, for the six months ended June 30, 2024, and the year ended December 31, 2023.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2023	11,809,145	\$541,672
Distributions	—	(8,857)
Retained Earnings	—	4,997
Reclassification of Exchangeable LP Units	—	(270,807)
Fair value gain on Exchangeable LP Units	—	(28,696)
Balance at December 31, 2023	11,809,145	\$238,309
Fair value gain on Exchangeable LP Units	—	(57,511)
Balance at June 30, 2024	11,809,145	\$180,798

Prior to Allied’s conversion to an open-end trust, the Exchangeable LP Units were presented within non-controlling interests in the unaudited condensed consolidated balance sheets. In addition, net income and other comprehensive income was attributable to unitholders and to non-controlling interests, with the latter equivalent to the amount allocated to the Partnership for income tax purposes. On Allied’s conversion to an open-end trust on June 12, 2023, the Exchangeable LP Units were reclassified to financial liabilities in the unaudited condensed consolidated balance sheets as they can be exchanged for Units which are puttable instruments. Allied recognized in equity the difference between the carrying value of the equity instrument and the fair value of the financial liabilities at the date of reclassification. Subsequent to the conversion, at the end of each period, the Exchangeable LP Units are measured at fair value through profit or loss. The fair value of the Exchangeable LP Units is determined by using the quoted trading price of Units, as the Exchangeable LP Units are exchangeable into Units at the option of the holder.

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. The distributions declared by the Partnership on the Exchangeable LP Units from January 1, 2024, to June 30, 2024, was \$10,628, for which Choice Properties elected to receive a loan in lieu of all of the distributions. A note receivable of \$16,297 was outstanding from Choice Properties as of June 30, 2024, of which \$10,628 was for cash advances made during the six months ended June 30, 2024, and \$5,669 was for the special cash distribution declared in December 2023 and paid in January 2024. 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 2, 2024, \$21,207 of the note receivable due from Choice Properties was settled on a net basis against the distributions payable to Choice Properties.

SOURCES OF DISTRIBUTIONS

For the three and six months ended June 30, 2024, Allied declared \$62,894 and \$125,788 in distributions respectively (June 30, 2023 - \$62,894 and \$125,788, respectively), including distributions to holders of the Exchangeable LP Units of \$5,314 and \$10,628, respectively (June 30, 2023 - \$5,314 and \$10,628, respectively).

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Distributions declared	\$62,894	\$62,894	\$125,788	\$125,788
Net income and comprehensive income	\$28,062	\$126,265	\$9,299	\$112,582
Cash flows provided by operating activities	\$2,606	\$81,202	\$24,295	\$129,609
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation ⁽¹⁾	\$66,612	\$74,958	\$141,666	\$149,440
AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation payout ratio ⁽¹⁾	94.4%	83.9%	88.8%	84.2%
(Deficit) excess of net income over distributions declared	\$(34,832)	\$63,371	\$(116,489)	\$(13,206)
(Deficit) excess of cash flows provided by operating activities over distributions declared	\$(60,288)	\$18,308	\$(101,493)	\$3,821
Excess of cash provided by AFFO excluding condominium related items, financing prepayment costs and the mark-to-market adjustment on unit-based compensation over distributions declared	\$3,718	\$12,064	\$15,878	\$23,652

(1) This is a non-GAAP measure, as defined on page 16.

In determining the amount of distributions to be made, Allied's Board 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 regularly review Allied's rate of distributions to ensure an appropriate level of cash and non-cash distributions. Management anticipates that distributions declared will, in the foreseeable future, continue to vary from net income as net income includes fair value adjustments and other non-cash items. While cash flows from operating activities are generally sufficient to cover distribution requirements, timing of expenses and seasonal fluctuations in non-cash working capital may result in a shortfall. These seasonal or short-term fluctuations will be funded, if necessary, by the Unsecured Facility. As such, the cash distributions are not an economic return of capital, but a distribution of sustainable cash flow from operations. Based on current facts and assumptions, Management does not anticipate cash distributions will be reduced or suspended in the foreseeable future.

The rate of distribution as at June 30, 2024, amounts to \$1.80 per Unit per annum (December 31, 2023 - \$1.80 per Unit per annum excluding the special Unit distribution). See Note 16 of the unaudited condensed consolidated financial statements for the six months ended June 30, 2024.

COMMITMENTS

Allied has entered into commitments relating to development and upgrade activity. At June 30, 2024, Allied had future commitments, excluding the amount held within equity accounted investments and of \$170,603 (December 31, 2023 - \$168,071).

As at June 30, 2024, commitments of \$288 (December 31, 2023 - \$406) 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 and six months ended June 30, 2024.

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 and six months ended June 30, 2024, and the notes contained therein.

Section VIII

–Disclosure Controls and Internal Controls

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

No changes were made in the design of internal controls over financial reporting during the period ended June 30, 2024, 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 Allied's 2023 Annual Report, which can be found on Allied's website at www.alliedreit.com or SEDAR+ at www.sedarplus.ca, 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 51.

In evaluating lease roll-over risk, it is informative to determine Allied's sensitivity to a decline in occupancy. As at June 30, 2024, Allied had total GLA in the rental portfolio of 14,869,252 square feet, of which 87.1% is leased. The weighted average annual rental revenue is approximately \$45.45 per square foot, therefore for every full-year decline of 100 basis points in occupancy, Allied's annual rental revenue would decline by approximately \$5,884. The decline in rental revenue 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; ACCESS TO CAPITAL

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 73.

Interest rates on debt for mortgages payable, Unsecured Debentures and Unsecured Term Loans are between 1.73% and 4.87% with a weighted average contractual interest rate of 3.17%. The weighted average term of our debt (excluding construction loans and the Unsecured Facility) is 3.6 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.

The real estate industry is highly capital intensive. Allied will require access to capital to maintain its properties, to complete development and intensification projects, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Allied's access to capital and cost of capital will be subject to a number of factors, including general market conditions; the market's perception of Allied's growth potential; Allied's current and expected future earnings; Allied's cash flow and cash distributions; and the market price of Allied's Units. If Allied is unable to obtain sources of capital, it may not be able to acquire or develop assets, or pursue the development or intensification of properties when strategic opportunities arise.

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 its top-10 users is 19.6% of rental revenue.

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 the amounts owed to Allied. Allied's loans and advances will typically be subordinate to prior ranking mortgage or charges, where there is also a construction loan facility. As at June 30, 2024, Allied had \$377,393 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 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, construction and leasing status on the development projects, timing of rent commencement on leases, and status of scheduled principal and interest payments.

UNIT PRICE RISK

Unit price risk arises from the unit-based compensation liabilities, Exchangeable LP Units, and total return swap derivative liabilities which are recorded at fair value at each quarter-end date. Allied's unit-based compensation liabilities and Exchangeable LP Units negatively impact net income and comprehensive income when the Unit price rises and positively impact net income and comprehensive income when the Unit price declines. Allied's total return swap derivative liabilities positively impact net income and comprehensive income when the Unit price rises and negatively impact net income and comprehensive income when the Unit price declines.

MORTGAGE PAYMENTS

Approximately 77.6% 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 Unsecured Facility, 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.

Section X

-Property Table

JUNE 30, 2024 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	55,526	—	55,526		22,339	33,187	59.8%
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		3,493	13,979	80.0%
The Castle - 53 Fraser	78,797	—	78,797		48,740	30,057	38.1%
The Castle - 8 Pardee	—	2,681	2,681		—	2,681	100.0%
King West	353,813	15,220	369,033	2.5%	77,774	291,259	78.9%
12 Brant	—	11,936	11,936		—	11,936	100.0%
141 Bathurst	10,101	—	10,101		—	10,101	100.0%
241 Spadina	24,827	6,046	30,873		—	30,873	100.0%
379 Adelaide W	36,923	3,045	39,968		14,884	25,084	62.8%
383 Adelaide W	4,515	—	4,515		—	4,515	100.0%
387 Adelaide W	6,500	—	6,500		6,500	—	—%
420 Wellington W	31,339	3,030	34,369		—	34,369	100.0%
425 Adelaide W	70,863	3,809	74,672		917	73,755	98.8%
425-439 King W	66,486	23,214	89,700		6,599	83,101	92.6%
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		4,729	43,098	90.1%
460 King W	10,144	4,285	14,429		5,523	8,906	61.7%
461 King W	38,716	35,833	74,549		—	74,549	100.0%
468 King W	63,121	—	63,121		44,292	18,829	29.8%
469 King W ⁽⁶⁾	42,659	12,273	54,932		14,431	40,501	73.7%
478 King W	—	8,701	8,701		—	8,701	100.0%
485 King W	12,339	—	12,339		—	12,339	100.0%
500 King W	44,130	21,598	65,728		15,326	50,402	76.7%
522 King W	28,850	21,863	50,713		14,401	36,312	71.6%
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	296,048	1,850	297,898		48,548	249,350	83.7%
579 Richmond W	26,818	—	26,818		—	26,818	100.0%

JUNE 30, 2024 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED	TOTAL LEASED	LEASED %
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	77,913	8,240	86,153		25,647	60,506	70.2%
King Portland Centre - 602-606 King W ⁽¹⁾	19,208	6,364	25,572		—	25,572	100.0%
King Portland Centre - 620 King W ⁽¹⁾	127,658	9,170	136,828		—	136,828	100.0%
King Portland Centre - 642 King W ⁽¹⁾	7,370	5,365	12,735		7,007	5,728	45.0%
The Well - 8 Spadina ⁽¹⁾⁽⁶⁾	403,907	5,935	409,842		—	409,842	100.0%
The Well - 452 Front W ⁽¹⁾	64,245	—	64,245		—	64,245	100.0%
The Well - 460 Front W ⁽¹⁾⁽⁶⁾	31,003	—	31,003		—	31,003	100.0%
The Well - 482 Front W ⁽¹⁾	44,954	—	44,954		—	44,954	100.0%
The Well - 486 Front W ⁽¹⁾⁽⁶⁾	—	104,314	104,314		488	103,826	99.5%
The Well - Wellington Market	—	13,557	13,557		3,604	9,953	73.4%
King West Central	1,711,709	383,269	2,094,978	14.1%	216,052	1,878,926	89.7%
117 & 119 John	—	7,562	7,562		—	7,562	100.0%
19 Duncan ⁽⁵⁾⁽⁶⁾	141,768	3,392	145,160		2,522	142,638	98.3%
121 John	2,591	855	3,446		—	3,446	100.0%
125 John	2,171	798	2,969		—	2,969	100.0%
179 John	70,897	—	70,897		1,838	69,059	97.4%
180 John	45,631	—	45,631		—	45,631	100.0%
217 Richmond W	31,200	21,670	52,870		5,596	47,274	89.4%
257 Adelaide W	42,763	—	42,763		23,161	19,602	45.8%
312 Adelaide W	66,777	1,227	68,004		2,294	65,710	96.6%
358-360 Adelaide W	50,786	—	50,786		28,911	21,875	43.1%
388 King W	20,275	19,040	39,315		18,227	21,088	53.6%
82 Peter	40,069	6,846	46,915		32,423	14,492	30.9%
99 Spadina	51,140	—	51,140		16,091	35,049	68.5%
QRC West - 134 Peter	298,782	8,213	306,995		8,848	298,147	97.1%
QRC West - 375-381 Queen W	79,331	16,797	96,128		—	96,128	100.0%
QRC West - 364 Richmond W	38,837	—	38,837		—	38,837	100.0%
Union Centre	41,787	—	41,787		4,952	36,835	88.1%
Entertainment District	1,024,805	86,400	1,111,205	7.5%	144,863	966,342	87.0%
110 Yonge ⁽²⁾	78,312	2,376	80,688		11,489	69,199	85.8%
175 Bloor E ⁽³⁾	296,103	9,165	305,268		92,040	213,228	69.8%
193 Yonge	34,349	16,898	51,247		—	51,247	100.0%
525 University	199,115	9,392	208,507		17,988	190,519	91.4%
Downtown	607,879	37,831	645,710	4.3%	121,517	524,193	81.2%

JUNE 30, 2024 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED	TOTAL LEASED	LEASED %
184 Front E	84,116	4,829	88,945		26,734	62,211	69.9%
35-39 Front E	34,818	13,822	48,640		—	48,640	100.0%
36-40 Wellington E	15,494	5,938	21,432		—	21,432	100.0%
41-45 Front E	20,353	14,239	34,592		—	34,592	100.0%
45-55 Colborne	30,621	13,288	43,909		5,264	38,645	88.0%
47 Front E	7,651	4,337	11,988		—	11,988	100.0%
49 Front E	9,482	10,435	19,917		—	19,917	100.0%
50 Wellington E	22,112	12,454	34,566		3,424	31,142	90.1%
54 Esplanade	—	9,038	9,038		—	9,038	100.0%
56 Esplanade	59,270	22,137	81,407		24,614	56,793	69.8%
60 Adelaide E	106,082	4,608	110,690		4,374	106,316	96.0%
65 Front E	14,452	5,999	20,451		7,905	12,546	61.3%
70 Esplanade	19,590	6,109	25,699		—	25,699	100.0%
St. Lawrence Market	424,041	127,233	551,274	3.7%	72,315	478,959	86.9%
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		1,014	1,176	53.7%
204-214 King E	115,086	13,837	128,923		36,045	92,878	72.0%
230 Richmond E	73,542	—	73,542		—	73,542	100.0%
252-264 Adelaide E	44,537	2,582	47,119		12,659	34,460	73.1%
70 Richmond E	34,469	—	34,469		11,313	23,156	67.2%
Dominion Square - 468 Queen N	30,383	3,523	33,906		12,660	21,246	62.7%
Dominion Square - 468 Queen S	34,313	9,091	43,404		6,110	37,294	85.9%
Dominion Square - 478-496 Queen	6,552	33,526	40,078		4,794	35,284	88.0%
QRC East - 111 Queen E	190,949	20,732	211,681		3,133	208,548	98.5%
Queen Richmond	536,037	83,291	619,328	4.2%	87,728	531,600	85.8%
Toronto	4,658,284	733,244	5,391,528	36.3%	720,249	4,671,279	86.6%
195 Joseph	26,462	—	26,462		—	26,462	100.0%
20 Breithaupt ⁽⁴⁾	147,029	—	147,029		—	147,029	100.0%
25 Breithaupt ⁽⁴⁾	46,845	—	46,845		—	46,845	100.0%
51 Breithaupt ⁽⁴⁾	66,355	—	66,355		2,598	63,757	96.1%
72 Victoria	90,024	—	90,024		2,330	87,694	97.4%
The Tannery - 151 Charles W	306,564	25,810	332,374		152,757	179,617	54.0%
Kitchener	683,279	25,810	709,089	4.7%	157,685	551,404	77.8%
Toronto & Kitchener	5,341,563	759,054	6,100,617	41.0%	877,934	5,222,683	85.6%

JUNE 30, 2024 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED	TOTAL LEASED	LEASED %
The Chambers - 40 Elgin	195,994	5,466	201,460		2,102	199,358	99.0%
The Chambers - 46 Elgin	28,055	1,756	29,811		—	29,811	100.0%
Ottawa	224,049	7,222	231,271	1.6%	2,102	229,169	99.1%
1001 Boulevard Robert-Bourassa ⁽⁶⁾	716,800	9,742	726,542		—	726,542	100.0%
1010 Sherbrooke W	326,994	1,600	328,594		36,440	292,154	88.9%
3510 Saint-Laurent	85,645	15,022	100,667		8,807	91,860	91.3%
3530-3540 Saint-Laurent	52,321	4,008	56,329		4,780	51,549	91.5%
400 Atlantic ⁽⁶⁾	50,760	5,795	56,555		—	56,555	100.0%
425 Viger	307,201	9,146	316,347		—	316,347	100.0%
451-481 Saint-Catherine W	21,044	9,983	31,027		8,823	22,204	71.6%
5445 de Gaspé	483,699	896	484,595		48,561	436,034	90.0%
5455 de Gaspé	466,778	22,562	489,340		19,608	469,732	96.0%
5505 Saint-Laurent	243,788	2,221	246,009		2,221	243,788	99.1%
6300 Parc	184,510	3,933	188,443		17,656	170,787	90.6%
La Cité - 645 Wellington	128,690	7,421	136,111		10,805	125,306	92.1%
700 Saint Antoine	107,320	17,685	125,005		4,580	120,425	96.3%
700 Saint-Hubert ⁽⁶⁾	99,943	—	99,943		—	99,943	100.0%
La Cité - 740 Saint-Maurice	68,703	—	68,703		—	68,703	100.0%
747 Square-Victoria	532,563	38,054	570,617		52,417	518,200	90.8%
La Cité - 111 Boulevard Robert-Bourassa	359,039	12,571	371,610		184,212	187,398	50.4%
La Cité - 50 Queen	26,995	—	26,995		10,136	16,859	62.5%
La Cité - 700 Wellington	135,232	—	135,232		20,912	114,320	84.5%
La Cité - 75 Queen	253,311	2,513	255,824		75,008	180,816	70.7%
La Cité - 80 Queen	69,247	—	69,247		—	69,247	100.0%
La Cité - 87 Prince	99,089	1,040	100,129		3,254	96,875	96.8%
El Pro Lofts - 644 Courcelle	145,027	8,935	153,962		51,110	102,852	66.8%
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	788,805	38,817	827,622		94,305	733,317	88.6%
RCA Building - 1001 Lenoir ⁽⁶⁾	123,824	1,519	125,343		—	125,343	100.0%
Montréal	5,917,771	213,463	6,131,234	41.2%	653,635	5,477,599	89.3%
Montréal & Ottawa	6,141,820	220,685	6,362,505	42.8%	655,737	5,706,768	89.7%

JUNE 30, 2024 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED	TOTAL LEASED	LEASED %
613 11th SW	—	4,288	4,288		—	4,288	100.0%
617 11th SW	3,230	6,306	9,536		3,088	6,448	67.6%
Alberta Block - 805 1st SW	9,094	22,038	31,132		3,163	27,969	89.8%
Alberta Hotel - 808 1st SW	27,808	20,424	48,232		2,326	45,906	95.2%
Atrium on Eleventh - 625 11th SE	34,519	1,373	35,892		9,205	26,687	74.4%
Biscuit Block - 438 11th SE	51,298	—	51,298		—	51,298	100.0%
Burns Building - 237 8th SE	67,360	7,423	74,783		23,697	51,086	68.3%
Cooper Block - 809 10th SW	35,256	—	35,256		21,058	14,198	40.3%
Customs House - 134 11th SE	77,097	—	77,097		—	77,097	100.0%
Demcor Condo - 221 10th SE	14,253	—	14,253		—	14,253	100.0%
Demcor Tower - 239 10th SE	25,280	—	25,280		8,548	16,732	66.2%
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		4,668	12,870	73.4%
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%
Leeson Lineham Building - 209 8th SW	27,821	5,420	33,241		5,411	27,830	83.7%
LocalMotive - 1240 20th SE	57,536	—	57,536		3,183	54,353	94.5%
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	23,623	27,499	51,122		11,922	39,200	76.7%
Sherwin Block - 738 11th SW	18,319	8,176	26,495		—	26,495	100.0%
Telephone Building - 119 6th SW	63,064	—	63,064		46,205	16,859	26.7%
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		78,401	5,382	6.4%
Vintage Towers - 322-326 11th SW	188,696	23,717	212,413		5,062	207,351	97.6%
Woodstone Building - 1207-1215 13th SE	32,428	—	32,428		—	32,428	100.0%
Young Block - 129 8th SW	4,841	2,164	7,005		2,414	4,591	65.5%
Calgary	957,177	214,789	1,171,966	7.9%	229,497	942,469	80.4%

JUNE 30, 2024 PROPERTIES	OFFICE GLA	RETAIL GLA	TOTAL GLA	% TOTAL GLA	TOTAL VACANT & UNLEASED	TOTAL LEASED	LEASED %
1040 Hamilton	36,278	9,162	45,440		1,215	44,225	97.3%
1050 Homer	38,302	4,797	43,099		6,141	36,958	85.8%
1185 West Georgia	161,676	4,869	166,545		44,474	122,071	73.3%
1286 Homer	25,613	—	25,613		10,531	15,082	58.9%
1508 West Broadway	81,809	64,271	146,080		2,376	143,704	98.4%
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 ⁽⁶⁾	117,147	24,114	141,261		—	141,261	100.0%
840 Cambie	89,377	—	89,377		—	89,377	100.0%
948-950 Homer	23,245	21,758	45,003		11,673	33,330	74.1%
Dominion Building - 207 West Hastings	61,407	12,646	74,053		6,075	67,978	91.8%
Sun Tower - 128 West Pender	76,392	1,693	78,085		19,346	58,739	75.2%
400 West Georgia ⁽⁵⁾	306,762	5,891	312,653		57,395	255,258	81.6%
Vancouver	1,078,111	156,053	1,234,164	8.3%	159,226	1,074,938	87.1%
Total Rental Portfolio	13,518,671	1,350,581	14,869,252	100.0%	1,922,394	12,946,858	87.1%

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 Joint Arrangement

(6) A portion of the property is under development. Only the portion of GLA that is in the rental portfolio is included in the property table.

RENTAL RESIDENTIAL UNITS

PROPERTY	OCCUPANCY AT JUNE 30, 2024	OCCUPANCY AT DECEMBER 31, 2023
TELUS Sky	85.5%	79.8%
College & Manning	94.4%	94.7%

PROPERTIES UNDER DEVELOPMENT

	ESTIMATED GLA ON COMPLETION (SF)
The Well, Toronto ⁽¹⁾⁽²⁾	763,000
400 Atlantic, Montréal ⁽²⁾	34,821
Boardwalk-Revillon Building, Edmonton	297,851
185 Spadina, Toronto	55,213
342 Water, Vancouver	21,640
375 Water, Vancouver ⁽²⁾	35,894
19 Duncan, Toronto ⁽¹⁾⁽²⁾⁽³⁾	418,760
1001 Boulevard Robert-Bourassa, Montréal ⁽²⁾	265,850
RCA Building, Montréal ⁽²⁾	218,802
422-424 Wellington W, Toronto	10,000
KING Toronto, Toronto ⁽¹⁾⁽⁴⁾	100,000
108 East 5th Avenue, Vancouver ⁽¹⁾	102,000
700 Saint Hubert, Montréal ⁽²⁾	143,849
3575 Saint-Laurent, Montréal	184,779
365 Railway, Vancouver	60,000
Kipling Square, Calgary	48,502
469 King St W, Toronto ⁽²⁾	18,485
Total Development Portfolio	2,779,446

(1) These properties are co-owned, reflected in the table above at Allied's ownership interest.

(2) The GLA represents the portion under development. The exceptions are The Well, 700 Saint Hubert and 19 Duncan, which are ground-up developments, so the GLA includes the portion under development and in the rental portfolio.

(3) On April 1, 2024, Allied purchased an incremental 45% undivided interest in 19 Duncan, increasing Allied's ownership from 50% to 95%.

(4) KING Toronto is comprised of the following properties: 489 King W, 495 King W, 499 King W, 511-529 King W, 533 King W, and 539 King W.

ANCILLARY PARKING FACILITIES

NUMBER OF SPACES

ANCILLARY PARKING FACILITIES	NUMBER OF SPACES
305 Joseph, Kitchener ⁽¹⁾	354
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	1,194

(1) Perimeter/Allied Joint Arrangement. Reflected in the table above at Allied's 50% ownership interest.

Unaudited Condensed
Consolidated Financial Statements
For the Three and Six Months
Ended June 30, 2024 and 2023

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2024 AND DECEMBER 31, 2023

(in thousands of Canadian dollars)	NOTES	JUNE 30, 2024	DECEMBER 31, 2023
Assets			
Non-current assets			
Investment properties	5	\$9,777,747	\$9,387,032
Residential inventory	7	233,490	209,783
Investment in joint venture	8	9,713	8,866
Loans and notes receivable	9	377,416	321,371
Other assets	10	50,958	48,528
		\$10,449,324	\$9,975,580
Current assets			
Cash and cash equivalents	21	21,030	211,069
Loan receivable from joint venture	8	93,291	93,291
Loans and notes receivable	9	28	188,382
Accounts receivable, prepaid expenses and deposits	11	183,375	140,963
Investment properties held for sale	5	234,020	—
		\$531,744	\$633,705
Total assets		\$10,981,068	\$10,609,285
Liabilities			
Non-current liabilities			
Debt	12	\$3,679,650	\$3,510,366
Lease liabilities	13	51,061	50,639
Other liabilities	14	49,520	48,784
		\$3,780,231	\$3,609,789
Current liabilities			
Exchangeable LP Units	17	180,798	238,309
Debt	12	592,864	149,245
Accounts payable and other liabilities	14	398,102	476,863
		\$1,171,764	\$864,417
Total liabilities		\$4,951,995	\$4,474,206
Equity			
Unitholders' equity	16	\$6,029,073	\$6,135,079
Non-controlling interests	16	—	—
Total equity		\$6,029,073	\$6,135,079
Total liabilities and equity		\$10,981,068	\$10,609,285

Commitments and Contingencies (note 27)

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



Michael R. Emory
Trustee



Stephen L. Sender
Trustee

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED		SIX MONTHS ENDED	
		JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Rental revenue	19, 23	\$146,750	\$136,137	\$290,327	\$274,627
Property operating costs	23	(64,359)	(58,037)	(129,465)	(119,362)
Operating income		\$82,391	\$78,100	\$160,862	\$155,265
Interest income		9,615	10,225	24,374	19,969
Interest expense	12 (f)	(29,932)	(26,797)	(53,363)	(49,361)
General and administrative expenses	20, 26 (c)	(7,320)	(4,714)	(13,818)	(10,884)
Condominium marketing expenses		(65)	(192)	(100)	(312)
Amortization of other assets	10	(382)	(360)	(760)	(730)
Net income (loss) from joint venture	8	535	2,423	1,287	(583)
Fair value loss on investment properties and investment properties held for sale	5, 6	(44,983)	(73,471)	(164,175)	(151,828)
Fair value gain on Exchangeable LP Units	17, 26 (c)	27,870	10,510	57,511	10,510
Fair value (loss) gain on derivative instruments	26 (e)	(3,490)	15,357	3,658	7,333
Impairment of residential inventory	7	(6,177)	—	(6,177)	—
Net income (loss) and comprehensive (loss) income from continuing operations		\$28,062	\$11,081	\$9,299	\$(20,621)
Net income and comprehensive income from discontinued operations	6	\$—	\$115,184	\$—	\$133,203
Net income and comprehensive income		\$28,062	\$126,265	\$9,299	\$112,582
Net income and comprehensive income attributable to:					
Unitholders' equity		\$28,062	\$124,032	\$9,299	\$107,585
Non-controlling interests		—	2,233	—	4,997
		\$28,062	\$126,265	\$9,299	\$112,582

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 AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(in thousands of Canadian dollars)	NOTES	ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS				TOTAL EQUITY
		UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNIT-HOLDERS' EQUITY	EXCHANGE-ABLE LP UNITS	RETAINED EARNINGS	EXCHANGE-ABLE LP UNITS' 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 income and comprehensive income		—	107,585	—	107,585	—	4,997	4,997	112,582	
Distributions	16	—	(115,160)	—	(115,160)	—	(8,857)	(8,857)	(124,017)	
Contributed surplus – Unit Option Plan	18 (a)	—	—	229	229	—	—	—	229	
Restricted Unit Plan (net of forfeitures)	16, 18 (b)	(2,250)	—	1,794	(456)	—	—	—	(456)	
Reclassification of Exchangeable LP Units		—	270,807	—	270,807	(550,660)	12,848	(537,812)	(267,005)	
Balance at June 30, 2023		\$3,907,128	\$2,900,176	\$36,867	\$6,844,171	\$—	\$—	\$—	\$6,844,171	

	NOTES	ATTRIBUTABLE TO UNITHOLDERS				ATTRIBUTABLE TO NON-CONTROLLING INTERESTS				TOTAL EQUITY
		UNITS	RETAINED EARNINGS	CONTRIBUTED SURPLUS	UNIT-HOLDERS' EQUITY	EXCHANGE-ABLE LP UNITS	RETAINED EARNINGS (DEFICIT)	EXCHANGE-ABLE LP UNITS' EQUITY		
Balance at January 1, 2024	16	\$4,546,908	\$1,550,518	\$37,653	\$6,135,079	\$—	\$—	\$—	\$6,135,079	
Net income and comprehensive income		—	9,299	—	9,299	—	—	—	9,299	
Distributions	16	—	(115,160)	—	(115,160)	—	—	—	(115,160)	
Contributed surplus – Unit Option Plan	18 (a)	—	—	74	74	—	—	—	74	
Restricted Unit Plan (net of forfeitures)	16, 18 (b)	(1,712)	—	1,493	(219)	—	—	—	(219)	
Balance at June 30, 2024		\$4,545,196	\$1,444,657	\$39,220	\$6,029,073	\$—	\$—	\$—	\$6,029,073	

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

ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED		SIX MONTHS ENDED	
		JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Operating activities					
Net income for the period		\$28,062	\$126,265	\$9,299	\$112,582
Fair value loss (gain) on investment properties and investment properties held for sale	5	44,983	(29,625)	164,175	42,143
Fair value gain on Exchangeable LP Units	17, 26 (c)	(27,870)	(10,510)	(57,511)	(10,510)
Fair value loss (gain) on derivative instruments	26 (e)	3,490	(15,357)	(3,658)	(7,333)
Impairment of residential inventory	7	6,177	—	6,177	—
Interest expense (excluding the impact of capitalization)	12 (f)	29,932	28,578	53,363	52,913
Interest paid (excluding the impact of capitalization)	5, 7, 13, 17, 21	(17,668)	(18,771)	(51,605)	(47,662)
Interest income		(9,615)	(10,225)	(24,374)	(19,969)
Interest received		3,971	7,670	14,864	14,944
Net (income) loss from joint venture	8	(535)	(2,423)	(1,287)	583
Amortization of other assets	10	382	360	760	730
Amortization of improvement allowances	5	9,039	8,010	18,432	16,195
Amortization of straight-line rent	5	(2,162)	(1,779)	(3,615)	(3,772)
Amortization of discount on debt	12 (f)	(86)	998	(173)	1,983
Amortization of lease liabilities	5, 13	223	236	442	583
Amortization of net financing costs	12 (f)	731	703	1,462	1,380
Unit-based compensation expense	18, 26 (c)	2,292	726	4,729	2,615
Settlement of unit-based compensation liabilities	18 (c)	(387)	—	(1,396)	—
Additions to residential inventory	7	(16,570)	(7,540)	(29,884)	(19,246)
Change in other non-cash operating items	9, 11, 14, 21	(51,783)	3,886	(75,905)	(8,550)
Cash provided by operating activities		\$2,606	\$81,202	\$24,295	\$129,609
Financing activities					
Repayment of mortgages payable	12 (a)	(812)	(748)	(1,618)	(13,782)
Principal payments of lease liabilities	13	(10)	(8)	(19)	(17)
Distributions paid on Units	16	(57,580)	(57,580)	(176,579)	(114,623)
Restricted Unit Plan (net of forfeitures)	16, 18 (b)	(20)	(103)	(1,712)	(2,250)
Proceeds from Unsecured Revolving Operating Facility	12 (c)	250,905	125,000	302,000	255,000
Repayments of Unsecured Revolving Operating Facility	12 (c)	—	(10,000)	—	(20,000)
Proceeds from construction loans	12 (b)	19,040	18,111	28,530	39,625
Repayment of construction loan	12 (b)	(44,164)	—	(44,164)	—

(in thousands of Canadian dollars)	NOTES	THREE MONTHS ENDED		SIX MONTHS ENDED	
		JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Financing costs	12 (a), 12 (d), 12 (e)	(6)	(464)	(868)	(872)
Cash provided by financing activities		\$167,353	\$74,208	\$105,570	\$143,081
Investing activities					
Acquisition of investment properties	4, 21	(49,061)	—	(49,061)	—
Additions to investment properties (including capitalized interest)	5, 12 (f)	(42,969)	(112,026)	(139,122)	(198,768)
Net (contributions to) distributions from equity accounted investments	8	(619)	104	440	832
Loans receivable issued to third-parties	9 (a), 21	(30,004)	(15,137)	(57,648)	(29,053)
Proceeds from notes receivable	9 (b)	7	6	14	12
Advances on note receivable from holder of Exchangeable LP Units	12 (f), 17	(5,314)	(5,314)	(16,297)	(10,579)
Additions to equipment and other assets	10	(60)	(703)	(305)	(916)
Leasing commissions	5	(5,676)	(4,179)	(10,589)	(7,461)
Improvement allowances	5	(28,224)	(13,711)	(47,336)	(29,988)
Cash used in investing activities		\$(161,920)	\$(150,960)	\$(319,904)	\$(275,921)
Increase (decrease) in cash and cash equivalents		8,039	4,450	(190,039)	(3,231)
Cash and cash equivalents, beginning of period		12,991	13,309	211,069	20,990
Cash and cash equivalents, end of period		\$21,030	\$17,759	\$21,030	\$17,759

Note 21 contains supplemental cash flow information.

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

**ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023**

(in thousands of Canadian dollars, except per unit and unit amounts)

1. NATURE OF OPERATIONS

Allied Properties Real Estate Investment Trust (“Allied”) is a Canadian unincorporated open-end real estate investment trust created pursuant to the Declaration of Trust dated October 25, 2002, as most recently amended June 12, 2023. 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.

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 and six months ended June 30, 2024 and 2023 were approved and authorized for issue by the Board of Trustees (the “Board”) on July 30, 2024.

(a) *Statement of compliance*

The unaudited condensed consolidated financial statements of Allied for the three and six months ended June 30, 2024 and 2023 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, 2023, audited annual consolidated financial statements as material accounting policies have been applied consistently in the preparation of these unaudited condensed consolidated financial statements, and the changes to the material accounting policies are described in note 2(b).

(b) *Total return swaps*

Allied has entered into a cash-settled Total Return Swap (“TRS”) to manage its cash flow exposure under the unit-based compensation plans. The TRS is carried at fair value and is reported as an asset when it has a positive fair value and as a liability when it has a negative fair value. Gains or losses arising from the change in fair values of the TRS, and interest expense and distributions earned on the TRS, are recognized in general and administrative expenses in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income.

(c) *Accounting standards effective in the year*

In January 2020, the IASB issued an amendment to IAS 1, “Presentation of Financial Statements” to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments became effective for January 1, 2024. Allied adopted IAS 1 amendments and the amendments did not have any material impact on its financial disclosures.

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, 2023, 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 six months ended June 30, 2024, Allied completed the following property acquisitions:

PROPERTY	ACQUISITION DATE	PROPERTY TYPE	INVESTMENT PROPERTY	INTEREST ACQUIRED
400 West Georgia, Vancouver	April 1, 2024	Office, retail	\$357,525	90%
19 Duncan, Toronto ⁽¹⁾	April 1, 2024	Office, residential, retail	248,382	45%
			\$605,907	

(1) 19 Duncan was previously known as Adelaide & Duncan. Allied acquired an incremental 45% interest in 19 Duncan on April 1, 2024, increasing Allied's total ownership in 19 Duncan from 50% to 95%.

The total purchase price, including acquisition costs, for 400 West Georgia and 19 Duncan of \$605,907 was satisfied by construction loans assumed totalling \$327,735 (note 12), the assumption of other liabilities of \$29,262 related to completing the 19 Duncan development, working capital of \$2,510, the settlement of a loan receivable due from the seller of \$197,339 (note 9), and net cash consideration of \$49,061, including land transfer taxes.

During the year ended December 31, 2023, Allied did not acquire any properties.

Dispositions

During the six months ended June 30, 2024, Allied did not dispose of any properties.

On June 7, 2024, Allied entered into an agreement to sell two investment properties held for sale, 85 Saint-Paul W and 480 Saint-Laurent, both in Montréal, for a total selling price of \$32,500. The sales are expected to close in August 2024.

On August 16, 2023, Allied closed on the disposition of the Urban Data Centre ("UDC") portfolio to KDDI Canada Inc., a wholly owned subsidiary of KDDI Corporation ("KDDI") for total gross cash proceeds of \$1,350,000, which represented the fair value of these investment properties at the time of disposition net of the lease liability at 250 Front Street W. Therefore, there was no gain or loss recorded on closing. The UDC portfolio included 151 Front Street W, 905 King Street W and 250 Front Street W and the lease liability at 250 Front Street W. Allied incurred net working capital adjustments of \$79,380 and selling costs of \$13,246, resulting in total net cash consideration of \$1,257,374.

On December 15, 2023, Allied closed on the disposition of 8 Place du Commerce in Montréal, at a selling price of \$20,000, which represented the fair value of the investment property at the time of disposition, accordingly there was no gain or loss recorded on closing. In addition, Allied incurred net working capital adjustments of \$152 and selling costs of \$167, resulting in total net cash consideration of \$19,681.

5. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES HELD FOR SALE

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

	SIX MONTHS ENDED JUNE 30, 2024			YEAR ENDED DECEMBER 31, 2023		
	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL	RENTAL PROPERTIES	PROPERTIES UNDER DEVELOPMENT ("PUD")	TOTAL
Balance, beginning of period	\$8,368,872	\$1,018,160	\$9,387,032	\$9,494,395	\$1,529,440	\$11,023,835
Additions:						
Acquisitions	411,995	193,912	605,907	—	—	—
Improvement allowances	15,397	31,939	47,336	61,424	9,421	70,845
Leasing commissions	5,063	5,526	10,589	16,253	327	16,580
Capital expenditures	24,687	114,435	139,122	210,902	228,055	438,957
Dispositions	—	—	—	(1,477,000)	—	(1,477,000)
Transfers from PUD	289,919	(289,919)	—	688,540	(688,540)	—
Transfers to PUD	(62,160)	62,160	—	(89,320)	89,320	—
Transfers from (to) other assets	773	—	773	(505)	—	(505)
Amortization of straight-line rent and improvement allowances	(14,222)	(595)	(14,817)	(25,016)	3,139	(21,877)
Fair value loss on investment properties and investment properties held for sale ⁽¹⁾	(85,476)	(78,699)	(164,175)	(510,801)	(153,002)	(663,803)
Balance, end of period	\$8,954,848	\$1,056,919	\$10,011,767	\$8,368,872	\$1,018,160	\$9,387,032
Investment properties	\$8,720,828	\$1,056,919	\$9,777,747	\$8,368,872	\$1,018,160	\$9,387,032
Investment properties held for sale	234,020	—	234,020	—	—	—
	\$8,954,848	\$1,056,919	\$10,011,767	\$8,368,872	\$1,018,160	\$9,387,032

(1) Includes a fair value gain on investment properties held for sale for discontinued operations for the six months ended June 30, 2024, of \$nil (for the year ended December 31, 2023 - \$108,849) which is presented separately in net income from discontinued operations (note 6).

As at June 30, 2024, Allied had 14 properties classified as investment properties held for sale totalling \$234,020. As at December 31, 2023, Allied did not classify any investment properties as held for sale.

For the three and six months ended June 30, 2024, Allied capitalized \$14,946 and \$28,509 (June 30, 2023 - \$16,245 and \$31,876) of borrowing costs to qualifying investment properties.

Included in the investment properties amounts noted in the table above are right-of-use assets with a fair value of \$136,160 (December 31, 2023 - \$138,760) representing the fair value of Allied's interest in four investment properties with corresponding lease liabilities. The leases' maturities range from 20.3 years to 78.0 years (December 31, 2023 - 20.8 years to 78.5 years). In addition, Allied has a prepaid land leasehold interest on a property with a fair value of \$171,000 (December 31, 2023 - \$173,240) and a maturity of 72.1 years (December 31, 2023 - 72.6 years).

Valuation methodology

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

- (i) 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.
- (ii) 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.
- (iii) 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.

Allied determines the fair value of its investment property portfolio every quarter and at year-end with the support of a third-party appraiser. The fair value of each investment property is determined based on various factors, including rental income from current leases, assumptions about rental income and cash outflows related to future leases reflecting market conditions, and recent market transactions.

Allied's valuation of its investment properties considers both asset-specific and market-specific factors, as well as observable transactions for similar assets. The determination of fair value requires the use of estimates, which are determined with the support of a third-party appraiser and compared with market data, third-party reports, and research, as well as observable market conditions.

Significant inputs

There are significant unobservable inputs used in determining the fair value of each investment property and investment property held for sale. Accordingly, the fair value measurements of all investment properties and investment properties held for sale are categorized within the fair value hierarchy, and the inputs used in the valuations of these investment properties are classified under Level 3 of the fair value hierarchy, reflecting Management's best estimate of what market participants would use in pricing the asset at the measurement date. Discount rates and terminal capitalization rates, which are significant unobservable inputs, are inherently uncertain and may be impacted by various factors, including movements in interest rates in the geographies, markets where the assets are located, and may vary with different classes of buildings. Changes in estimates of discount rates and terminal capitalization rates across different geographies, markets, and building classes often occur independently of each other and do not necessarily move in the same direction or with the same magnitude. Fair values are most sensitive to changes in discount rates and terminal capitalization rates. Generally, an increase in either discount rates or terminal capitalization rates will result in a decrease in the fair value. Below are the rates used in the modeling process for valuations of investment properties.

	WEIGHTED AVERAGE	
	JUNE 30, 2024	DECEMBER 31, 2023
Discount rate	5.97%	5.98%
Terminal capitalization rate	5.18%	5.18%
Overall capitalization rate	4.82%	4.82%
Discount horizon (years)	10	10

The analysis below shows the estimated impact on fair values of possible changes in discount rates or terminal capitalization rates, assuming no changes in NOI and other assumptions:

CHANGE IN DISCOUNT RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value Investment Properties	\$397,959	\$196,098	\$(190,519)	\$(375,637)

CHANGE IN TERMINAL CAPITALIZATION RATE OF	-0.50%	-0.25%	+0.25%	+0.50%
Increase (decrease) in fair value Investment Properties	\$553,334	\$262,288	\$(237,626)	\$(453,939)

6. DISCONTINUED OPERATIONS

Allied completed the sale of the properties in the Urban Data Centre segment on August 16, 2023 (note 4). The Urban Data Centre segment was classified as discontinued operations in the fourth quarter of 2022 and the disposal group comprised of three investment properties and a related lease liability. The three investment properties were 151 Front Street W, 905 King Street W and 250 Front Street W and the lease liability was at 250 Front Street W.

The following table summarizes the results from discontinued operations:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Rental revenue	\$—	\$22,034	\$—	\$43,134
Property operating costs	—	(8,165)	—	(16,064)
Operating income	\$—	\$13,869	\$—	\$27,070
Interest expense	—	(1,781)	—	(3,552)
Fair value gain on investment properties held for sale	—	103,096	—	109,685
Net income from discontinued operations	\$—	\$115,184	\$—	\$133,203

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Cash provided by (used in):				
Operating activities	\$—	\$12,739	\$—	\$21,819
Financing activities	—	—	—	—
Investing activities	—	(1,313)	—	(3,100)
	\$—	\$11,426	\$—	\$18,719

7. RESIDENTIAL INVENTORY

Residential inventory is as follows:

	JUNE 30, 2024	DECEMBER 31, 2023
KING Toronto	\$233,490	\$209,783

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

	JUNE 30, 2024	DECEMBER 31, 2023
Balance, beginning of period	\$209,783	\$187,272
Development expenditures	29,884	37,887
Impairment	(6,177)	(15,376)
Balance, end of period	\$233,490	\$209,783

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, totalling 440 units.

For the three and six months ended June 30, 2024, Allied capitalized \$2,508 and \$4,859, respectively (June 30, 2023 - \$2,338 and \$4,506, respectively) of borrowing costs to qualifying residential inventory.

During the six months ended June 30, 2024, Allied recorded an impairment of \$6,177 (June 30, 2023 - \$nil) on KING Toronto. Residential inventory carrying value is calculated as the estimated gross proceeds less estimated costs to complete. The impairment during the six months ended June 30, 2024, and year ended December 31, 2023, reflects higher estimated costs to complete.

8. INVESTMENT IN JOINT VENTURE AND LOAN RECEIVABLE

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

	JUNE 30, 2024	DECEMBER 31, 2023
Investment in joint venture	\$9,713	\$8,866
Loan receivable from joint venture	93,291	93,291
	\$103,004	\$102,157
Current	\$93,291	\$93,291
Non-current	9,713	8,866
	\$103,004	\$102,157

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 to TELUS Sky, with the loan having a maximum limit of \$114,000. The loan bears interest at bank prime plus 75 basis points or CORRA plus 175 basis points. On July 14, 2023, TELUS Sky amended the construction loan agreement to extend the maturity date from July 15, 2023, to July 12, 2024, and repaid \$19,996 of the construction loan. As a result, the construction loan’s maximum limit was reduced to \$94,000 and the loan receivable outstanding after the repayment is \$93,291. Allied is providing a joint and several guarantee up to the amount of \$94,000 to support the TELUS Sky facility. On June 26, 2024, TELUS Sky extended the maturity date from July 12, 2024, to October 1, 2024, and amended the benchmark rate from CDOR to CORRA (note 12).

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.

In the first quarter of 2024, Allied reclassified the commercial component of TELUS Sky’s investment property from non-current assets to current assets. The fair value of the commercial component of the investment property is \$156,990 at 100% ownership (\$52,330 at Allied’s ownership) and Management intends to sell this portion of the investment property within the current year.

	JUNE 30, 2024	DECEMBER 31, 2023
Current assets (including cash and cash equivalents)	\$166,080	\$5,715
Non-current assets	154,026	310,746
Current liabilities	(290,967)	(289,863)
Net assets of TELUS Sky at 100%	\$29,139	\$26,598
Net assets of TELUS Sky at Allied's share	\$9,713	\$8,866

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Revenue	\$5,514	\$6,564	\$11,679	\$12,738
Expenses	(3,765)	(3,144)	(8,100)	(6,291)
Interest income	27	9	66	33
Amortization of other assets	(153)	—	(330)	—
Fair value (loss) gain	(18)	3,840	546	(8,229)
Net income (loss) and comprehensive income (loss) of TELUS Sky at 100%	\$1,605	\$7,269	\$3,861	\$(1,749)
Net income (loss) and comprehensive income (loss) of TELUS Sky at Allied's share	\$535	\$2,423	\$1,287	\$(583)

	JUNE 30, 2024	DECEMBER 31, 2023
Investment in joint venture, beginning of period	\$8,866	\$7,089
Net income (loss)	1,287	(15,622)
Contributions ⁽¹⁾	2,606	24,482
Distributions	(3,046)	(7,083)
Investment in joint venture, end of period	\$9,713	\$8,866

(1) For the six months ended June 30, 2024, Allied made a non-cash contribution to TELUS Sky of \$nil (year ended December 31, 2023 - \$19,996, resulting in a reduction to its loan receivable from joint venture by the same amount).

9. LOANS AND NOTES RECEIVABLE

Loans and notes receivable are as follows:

	JUNE 30, 2024	DECEMBER 31, 2023
Loans receivable (a)	\$377,393	\$509,697
Notes and other receivables (b)	51	56
	\$377,444	\$509,753
Current	\$28	\$188,382
Non-current	377,416	321,371
	\$377,444	\$509,753

(a) The balance of loans receivable is comprised of:

	MATURITY DATE	JUNE 30, 2024	DECEMBER 31, 2023
19 Duncan ⁽¹⁾	N/A	\$21,173	\$21,173
400 West Georgia ⁽²⁾	N/A	—	188,355
KING Toronto ⁽³⁾	December 31, 2026	148,689	112,161
Breithaupt Phase III ⁽⁴⁾	N/A	9,913	9,913
150 West Georgia	December 9, 2025	197,618	178,095
Total loans receivable		\$377,393	\$509,697

(1) The loan is repayable when the joint arrangement obtains external permanent financing.

(2) The 400 West Georgia loan was fully settled on April 1, 2024, when Allied acquired a 90% ownership interest in 400 West Georgia and an incremental 45% ownership interest in 19 Duncan.

(3) The facility matures at the earlier of December 31, 2026, or the closing of the condominium units.

(4) The loan is repayable in installments upon rent commencement.

Allied has a joint arrangement with Westbank. As part of the arrangement, Allied advanced \$21,173 to Westbank for its purchase of a 50% undivided interest in 19 Duncan. On April 1, 2024, Allied purchased an incremental 45% undivided interest in 19 Duncan, increasing Allied's total undivided interest to 95%. The facility is secured by a charge on this property and two other properties (subordinated to the construction lenders) and assignment of rents and leases. Interest accrues and is payable monthly at a rate of 7.75% per annum.

Allied had an arrangement with Westbank to provide a credit facility of up to \$175,000, plus interest, for the land acquisition and the pre-development costs of 400 West Georgia in Vancouver. The facility was secured by Westbank's covenant and a charge on the property (subordinated to the construction lender). Interest accrued to the credit facility monthly at the greater of (i) 6.75% per annum; and (ii) prime plus 3.00% per annum. The loan receivable for 400 West Georgia was fully settled on April 1, 2024, when Allied acquired an ownership interest in 400 West Georgia and an incremental 45% ownership interest in 19 Duncan (note 4).

Allied has a joint arrangement with Westbank to develop KING Toronto. As part of the arrangement, Allied advanced a loan (the “Original Facility”), in the principal amount of \$73,414, plus interest, to Westbank for its purchase of a 50% undivided interest in the property. Interest accrued to the Original Facility at a rate of 7.00% per annum for the period up to and including November 30, 2023. Thereafter, interest accrues to the Original Facility at the greater of (i) 7.00% per annum; and (ii) prime plus 3.00% per annum. During the fourth quarter of 2023, the loan was further amended to add an additional credit facility in an aggregate principal amount not to exceed \$40,000, plus interest (the “Additional Facility”). Interest accrues to the Additional Facility at a rate of prime plus 8.00% per annum.

Allied has a joint arrangement with Perimeter to develop Breithaupt Phase III. As part of the arrangement, Allied advanced a loan to provide for 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.

Allied has 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 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.

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, construction and leasing status on the development projects, timing of rent commencement on leases, and status of scheduled principal and interest payments. The expected credit losses estimated by Management considering the factors described above is \$nil as at June 30, 2024 (December 31, 2023 - \$nil).

(b) As at June 30, 2024, and December 31, 2023, the balance of notes and other receivables is made up of individually insignificant notes receivable.

10. OTHER ASSETS

Other assets consist of the following:

	JUNE 30, 2024	DECEMBER 31, 2023
Equipment and other assets ⁽¹⁾	\$3,809	\$4,065
Property, plant and equipment ⁽²⁾	19,625	20,597
Interest rate swap derivative assets	27,524	23,866
	\$50,958	\$48,528

(1) During the three and six months ended June 30, 2024, Allied recorded amortization of equipment and other assets of \$283 and \$561, respectively (June 30, 2023 - \$259 and \$529, respectively).

(2) Property, plant and equipment relates to owner-occupied property. During the three and six months ended June 30, 2024, Allied recorded amortization of owner-occupied property of \$99 and \$199, respectively (June 30, 2023 - \$101 and \$201, respectively).

11. ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND DEPOSITS

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

	JUNE 30, 2024	DECEMBER 31, 2023
User trade receivables - net of allowance (a)	\$18,292	\$17,067
Other user receivables (b)	11,675	8,197
Miscellaneous receivables (c)	23,492	24,218
Prepaid expenses and deposits (d)	129,916	91,481
	\$183,375	\$140,963

(a) *User trade receivables*

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

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

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

	SIX MONTHS ENDED JUNE 30, 2024	YEAR ENDED DECEMBER 31, 2023
Allowance for expected credit loss, beginning of period	\$11,722	\$11,336
Additional provision recorded during the period	1,196	3,063
Reversal of previous provisions	(202)	(1,632)
Receivables written off during the period	(1,308)	(1,045)
Allowance for expected credit loss, end of period	\$11,408	\$11,722

(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 June 30, 2024, 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 realty taxes, and a deposit on disposition.

12. DEBT

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

	JUNE 30, 2024	DECEMBER 31, 2023
Mortgages payable (a)	\$109,465	\$111,875
Construction loans payable (b)	619,114	307,013
Unsecured revolving operating facility (c)	302,000	—
Senior unsecured debentures (d)	2,592,569	2,591,569
Unsecured term loans (e)	649,366	649,154
	\$4,272,514	\$3,659,611
Current	\$592,864	\$149,245
Non-current	3,679,650	3,510,366
	\$4,272,514	\$3,659,611

The publication of CDOR ceased effective June 28, 2024 and has been replaced by the Canadian Overnight Repo Rate Average (“CORRA”). During the six months ended June 30, 2024, Allied amended the benchmark rates in its debt and swap agreements from CDOR to CORRA, as applicable, including a credit spread adjustment for the basis difference between CDOR and CORRA so there is no material economic impact to Allied.

(a) *Mortgages payable*

Mortgages payable have a weighted average contractual interest rate of 3.38% as at June 30, 2024 (December 31, 2023 - 3.38%). The mortgages are secured by a first registered charge over specific investment properties and first general assignments of leases, insurance and registered chattel mortgages.

	PRINCIPAL REPAYMENTS	BALANCE DUE AT MATURITY	JUNE 30, 2024	DECEMBER 31, 2023
Remaining 2024	\$1,059	\$46,668	\$47,727	
2025	6,578	—	6,578	
2026	1,553	20,443	21,996	
2027	655	—	655	
2028	469	14,457	14,926	
2029	183	—	183	
2030	5,191	—	5,191	
2031	199	—	199	
2032	208	—	208	
2033	107	13,289	13,396	
Mortgages, principal	\$16,202	\$94,857	\$111,059	\$112,677
Net premium on assumed mortgages			59	233
Net financing costs			(1,653)	(1,035)
			\$109,465	\$111,875

(b) *Construction loans payable*

As at June 30, 2024, and December 31, 2023, Allied's obligations under the construction loans are as follows:

JOINT ARRANGEMENT	OWNERSHIP	DATE OF MATURITY	JUNE 30, 2024	DECEMBER 31, 2023
19 Duncan ⁽¹⁾	95%	August 11, 2025	\$230,337	\$110,046
Breithaupt Phase III	50%	March 31, 2025	59,372	58,005
KING Toronto	50%	December 17, 2024	99,900	99,900
108 East 5th Avenue	50%	December 6, 2025	49,421	39,062
400 West Georgia	90%	April 1, 2025	180,084	—
			\$619,114	\$307,013

(1) Allied acquired an incremental 45% interest in 19 Duncan on April 1, 2024, increasing Allied's total ownership in 19 Duncan from 50% to 95%.

The 19 Duncan joint arrangement has a \$295,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share was \$147,500 until March 31, 2024. Allied's share increased to \$280,250 with the 400 West Georgia and 19 Duncan transactions (note 4), when Allied assumed an additional \$103,487 of the construction lending facility. The loan bears interest at bank prime plus 35 basis points or CORRA 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 earned a related guarantee fee on up to \$147,500 of the facility until March 31, 2024, and is earning a related guarantee fee on up to \$14,750 of the facility thereafter. The 19 Duncan joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to \$209,572 at 2.86%, which matured on March 31, 2023.

Allied and Perimeter have a \$138,000 construction loan for the Breithaupt Phase III joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is \$69,000. The loan bears interest at bank prime plus 25 basis points or CORRA plus 145 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 up to \$69,000 of the facility.

Allied and Westbank have a \$465,000 green construction lending facility for the KING Toronto joint arrangement from a syndicate of Canadian banks, in which Allied's 50% share is \$232,500. Up to \$120,000 of the deposits paid by the purchasers of the KING Toronto condominium units can be released to the KING Toronto joint arrangement to fund the construction of the condominium units ("Purchaser Deposits"). As at December 31, 2023, \$92,402 of the Purchaser Deposits were released. When the release of the Purchaser Deposits exceeds \$80,000, the facility limit is reduced. As such, on November 6, 2023, the facility limit was decreased from \$465,000 to \$452,598, in which Allied's 50% share is \$226,299. The loan bears interest at bank prime plus 45 basis points or CORRA 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 up to \$226,299 of the facility.

The 108 East 5th Avenue joint arrangement has a \$150,000 construction lending facility from a syndicate of Canadian banks, in which Allied's 50% share is \$75,000. The loan bears interest at prime plus 35 basis points or CORRA plus 135 basis points with a standby fee of 27 basis points and a letter of credit fee 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 exceeded one of the sustainability performance targets for 2023, resulting in a 0.025% reduction in the interest rate and a 0.005% reduction in the standby fee. Allied has provided a

joint and several guarantee of the entire facility and is earning a related guarantee fee on up to \$75,000 of the facility. On January 13, 2023, the 108 East 5th Avenue joint arrangement entered into a swap agreement to fix approximately 75% of the construction loan up to \$110,175 at 4.90%.

The 400 West Georgia joint arrangement had a \$250,000 construction lending facility from a syndicate of Canadian banks, of which Allied's share was \$225,000. With the 400 West Georgia and 19 Duncan transactions (note 4), Allied assumed \$224,248 of the construction lending facility. Immediately following the transactions (note 4), Allied repaid \$44,164 of its share of the construction lending facility. Concurrently, the construction lending facility limit decreased from \$250,000 to \$205,000. The loan bears interest at bank prime plus 40 basis points or CORRA plus 160 basis points. Allied is providing a joint and several guarantee of the entire facility.

(c) *Unsecured revolving operating facility*

As at June 30, 2024, and December 31, 2023, Allied's obligation under the unsecured revolving operating facility (the "Unsecured Facility") is as follows:

JUNE 30, 2024

MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT ⁽¹⁾	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
January 26, 2027	Prime + 0.70% or CORRA + 1.70% ⁽²⁾	0.34%	\$800,000	\$(302,000)	\$(13,156)	\$484,844

(1) This Unsecured Facility contains a \$100,000 accordion feature, allowing Allied to increase the amount available under the facility to \$900,000.

(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, the spread above Prime or CORRA and the standby fee would change. On June 11, 2024, the spread, standby fee, and letter of credit fee increased for the Unsecured Facility.

DECEMBER 31, 2023

MATURITY DATE	CONTRACTUAL INTEREST RATES ON DRAWINGS	STANDBY FEE	FACILITY LIMIT ⁽¹⁾	DRAWINGS	LETTERS OF CREDIT	AMOUNT AVAILABLE
January 30, 2025	Prime + 0.45% or Bankers' acceptance + 1.45% ⁽²⁾	0.29%	\$800,000	\$—	\$(14,906)	\$785,094

(1) This Unsecured Facility contains a \$100,000 accordion feature, allowing Allied to increase the amount available under the facility to \$900,000.

(2) The interest rates on drawings for this facility, the standby fee, and the letter of credit fee were subject to certain conditions being met. In the event that these conditions were not met, the spread above Prime or Bankers' acceptance, the standby fee, and the letter of credit fee would change.

On March 31, 2023, Allied amended the Unsecured Facility to increase the limit by \$100,000 to \$700,000 and on June 26, 2023, Allied amended the Unsecured Facility to increase the limit by \$100,000 to \$800,000. On January 26, 2024, Allied updated the Unsecured Facility of \$800,000 to include a syndicate of lenders, and extend the maturity date to January 26, 2027.

(d) *Senior unsecured debentures*

As at June 30, 2024, and December 31, 2023, Allied's obligations under the senior unsecured debentures are as follows:

SERIES	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	INTEREST PAYMENT DATE	JUNE 30, 2024	DECEMBER 31, 2023
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				(7,431)	(8,431)
				\$2,592,569	\$2,591,569

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 (f)).

(e) *Unsecured term loans*

As at June 30, 2024, and December 31, 2023, Allied's obligations under the unsecured term loans are as follows:

	CONTRACTUAL INTEREST RATE	DATE OF MATURITY	FREQUENCY OF INTEREST PAYMENT	JUNE 30, 2024	DECEMBER 31, 2023
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				(634)	(846)
				\$649,366	\$649,154

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 (f)).

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. Allied can extend this loan further through one-year extension options until January 14, 2031. Allied has a swap agreement until January 14, 2031, which has a current rate of 3.496%.

Allied also has a swap agreement on its \$400,000 unsecured term loan to fix the rate at 4.865% until October 22, 2025.

(f) *Interest expense*

Interest expense consists of the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Interest on debt:				
Mortgages payable	\$929	\$815	\$1,870	\$1,661
Construction loans payable	10,006	4,110	15,160	7,111
Promissory note payable ⁽¹⁾	—	998	—	1,984
Unsecured Facility	4,054	9,589	4,916	17,061
Unsecured Debentures	18,663	18,681	37,327	37,358
Unsecured Term Loans	7,000	6,912	13,994	13,830
Interest on lease liabilities ⁽²⁾	775	803	1,547	1,604
Amortization, net (premium) discount on debt	(86)	998	(173)	1,983
Amortization, net financing costs	731	703	1,462	1,380
Distributions on Exchangeable LP Units ⁽³⁾	5,314	1,771	10,628	1,771
	\$47,386	\$45,380	\$86,731	\$85,743
Interest capitalized to qualifying investment properties and residential inventory	(17,454)	(18,583)	(33,368)	(36,382)
Interest expense	\$29,932	\$26,797	\$53,363	\$49,361

(1) 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 had a contractual interest rate of 2.00% for the 2023 year, and was fully repaid on December 29, 2023.

(2) For the three and six months ended June 30, 2024, excludes interest on a lease liability held for sale of \$nil and \$nil, respectively (June 30, 2023 - \$1,781 and \$3,552, respectively) that is presented separately in the net income from discontinued operations (note 6).

(3) The distributions declared on Exchangeable LP Units are recognized as interest expense due to Allied's conversion to an open-end trust on June 12, 2023.

Borrowing costs have been capitalized for the six months ended June 30, 2024, to qualifying investment properties and residential inventory at a weighted average effective rate of 3.30% per annum (June 30, 2023 - 3.61%), which excludes directly attributable borrowing costs.

(g) *Schedule of principal repayments*

The table below summarizes the scheduled principal maturity for Allied's mortgages payable, construction loans payable, Unsecured Facility, Unsecured Debentures and Unsecured Term Loans as at June 30, 2024:

	REMAINING 2024	2025	2026	2027	2028	THEREAFTER	TOTAL
Mortgages payable, principal repayments	\$1,059	\$6,578	\$1,553	\$655	\$469	\$5,888	\$16,202
Mortgages payable, balance due at maturity	46,668	—	20,443	—	14,457	13,289	94,857
Construction loans payable	99,900	519,214	—	—	—	—	619,114
Unsecured Facility	—	—	—	302,000	—	—	302,000
Unsecured Debentures	—	200,000	600,000	300,000	300,000	1,200,000	2,600,000
Unsecured Term Loans	—	400,000	250,000	—	—	—	650,000
Total	\$147,627	\$1,125,792	\$871,996	\$602,655	\$314,926	\$1,219,177	\$4,282,173

A description of Allied's risk management objectives and policies for financial instruments is provided in note 26.

13. LEASE LIABILITIES

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

	REMAINING 2024	2025 - 2028	THEREAFTER	JUNE 30, 2024	DECEMBER 31, 2023
Future minimum lease payments	\$2,225	\$13,694	\$136,731	\$152,650	\$153,800
Interest (paid) accrued on lease obligations	(651)	(1,283)	—	(1,934)	(1,510)
Less: amounts representing interest payments	(1,574)	(12,411)	(85,670)	(99,655)	(101,651)
Present value of lease payments	\$—	\$—	\$51,061	\$51,061	\$50,639
Current				\$—	\$—
Non-current				\$51,061	\$50,639
				\$51,061	\$50,639

Some of Allied's lease agreements contain contingent rent clauses. Contingent rental payments are recognized in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income as required when contingent criteria are met. The lease agreements contain renewal options, purchase options, escalation clauses, additional debt and further leasing clauses. For the three and six months ended June 30, 2024, minimum lease payments of \$602 and \$1,134, respectively (June 30, 2023 - \$2,334 and \$4,551, respectively) were paid by Allied.

14. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities consists of the following:

	JUNE 30, 2024	DECEMBER 31, 2023
Trade payables and other liabilities	\$263,040	\$283,346
Prepaid user rents	88,079	81,560
Accrued interest payable on Unsecured Debentures	23,238	23,238
Distributions payable on Units (note 16)	19,193	80,612
Distributions payable on Exchangeable LP Units (note 17)	1,771	7,440
Residential deposits ⁽¹⁾	48,598	47,513
Total return swap derivative liabilities (note 18(d))	1,683	—
Unit-based compensation liabilities (note 18(c))	2,020	1,938
	\$447,622	\$525,647
Current	\$398,102	\$476,863
Non-current ⁽²⁾	49,520	48,784
	\$447,622	\$525,647

(1) Residential deposits related to the residential condominium units at KING Toronto.

(2) Non-current liabilities as at June 30, 2024, are composed of residential deposits totalling \$48,598 and unit-based compensation liabilities totalling \$922 (December 31, 2023 - \$47,513 and \$1,271, 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:

	CLASSIFICATION/ MEASUREMENT	JUNE 30, 2024		DECEMBER 31, 2023	
		CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial Assets:					
Loan receivable from joint venture (note 8)	Amortized cost	\$93,291	\$93,291	\$93,291	\$93,291
Loans and notes receivable (note 9)	Amortized cost	377,444	369,567	509,753	502,004
Interest rate swap derivative assets (note 10)	FVTPL	27,524	27,524	23,866	23,866
Accounts receivable, prepaid expenses and deposits (note 11)	Amortized cost	183,375	183,375	140,963	140,963
Cash and cash equivalents (note 21)	Amortized cost	21,030	21,030	211,069	211,069
Financial Liabilities:					
Debt (note 12)					
Mortgages	Amortized cost	\$109,465	\$106,971	\$111,875	\$107,755
Construction loans payable	Amortized cost	619,114	619,114	307,013	307,013
Unsecured Facility	Amortized cost	302,000	302,000	—	—
Unsecured Debentures	Amortized cost	2,592,569	2,274,511	2,591,569	2,266,700
Unsecured Term Loans	Amortized cost	649,366	640,275	649,154	641,686
Accounts payable and other liabilities (note 14)	Amortized cost	443,919	443,919	523,709	523,709
Total return swap derivative liabilities (note 14)	FVTPL	1,683	1,683	—	—
Unit-based compensation liabilities (notes 14 and 18(c))	FVTPL	2,020	2,020	1,938	1,938
Exchangeable LP Units (note 17)	FVTPL	180,798	180,798	238,309	238,309

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 Sheets after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

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

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

	JUNE 30, 2024			DECEMBER 31, 2023		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial Assets:						
Loan receivable from joint venture (note 8)	\$—	\$93,291	\$—	\$—	\$93,291	\$—
Loans and notes receivable (note 9)	—	369,567	—	—	502,004	—
Interest rate swap derivative assets (note 10)	—	27,524	—	—	23,866	—
Accounts receivable, prepaid expenses and deposits (note 11)	—	183,375	—	—	140,963	—
Cash and cash equivalents (note 21)	21,030	—	—	211,069	—	—
Financial Liabilities:						
Debt (note 12)						
Mortgages	\$—	\$106,971	\$—	\$—	\$107,755	\$—
Construction loans payable	—	619,114	—	—	307,013	—
Unsecured Facility	—	302,000	—	—	—	—
Unsecured Debentures	—	2,274,511	—	—	2,266,700	—
Unsecured Term Loans	—	640,275	—	—	641,686	—
Accounts payable and other liabilities (note 14)	—	443,919	—	—	523,709	—
Total return swap derivative liabilities (note 14)	—	1,683	—	—	—	—
Unit-based compensation liabilities (notes 14 and 18(c))	—	2,020	—	—	1,938	—
Exchangeable LP Units (note 17)	—	180,798	—	—	238,309	—

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 the interest rate swap derivative contracts is determined using forward interest rates observable in the market (Level 2).

Total return swap derivative liabilities

The fair value of the total return swap derivative liabilities is determined using Allied's unit price and 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 (Level 2). For the performance trust units, the performance market conditions are also taken into consideration.

Exchangeable LP Units

The fair value of Exchangeable LP Units is based on the closing market trading price of Units as at each period end (Level 2).

Debt and 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

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.

The following represents the number of Units issued and outstanding, and the related carrying value of equity, for the six months ended June 30, 2024, and the year ended December 31, 2023.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2023	127,955,983	\$3,909,378
Restricted Unit Plan (net of forfeitures) (note 18(b))	—	(2,250)
Distribution in Units	31,703,663	639,780
Consolidation of Units	(31,703,663)	—
Balance at December 31, 2023	127,955,983	\$4,546,908
Restricted Unit Plan (net of forfeitures) (note 18(b))	—	(1,712)
Balance at June 30, 2024	127,955,983	\$4,545,196

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

Distributions

On December 15, 2023, Allied declared a special distribution of \$5.48 per Unit, comprised of \$0.48 per Unit payable in cash and \$5.00 per Unit payable by the issuance of Units of Allied to Unitholders of record as at December 29, 2023 (the “Special Distribution”). The Special Distribution was made primarily to distribute to Unitholders a portion of the capital gain realized by Allied during the year ended December 31, 2023, from the sale of the UDC Portfolio.

On December 29, 2023, 31,703,663 Units were distributed at a price of \$20.18 per Unit, for an aggregate value of \$639,780. Immediately following the Special Distribution of Units, the outstanding Units of Allied were consolidated such that each Unitholder held, after the consolidation, the same number of Units as held immediately prior to the Special Distribution. For the year ended December 31, 2023, the issuance of Units pursuant to the Special Distribution was recorded to Units in the Consolidated Statements of Equity in accordance with IAS 32, “Financial Instruments: Presentation”, with a corresponding reduction to retained earnings as a result of the Special Distribution declared. The remaining portion of the Special Distribution of \$61,419 was paid in cash on January 15, 2024.

On July 15, 2024, Allied declared a distribution for the month of July 2024 of \$0.15 per Unit, representing \$1.80 per Unit on an annualized basis to Unitholders of record as at July 31, 2024.

Normal course issuer bid

On February 22, 2024, Allied received approval from the TSX for the renewal of its normal course issuer bid (“NCIB”), which entitles Allied to purchase up to 12,629,698 of its outstanding Units, representing approximately 10% of its public float as at February 12, 2024. The NCIB commenced February 26, 2024, and will expire on February 25, 2025, or such earlier date as Allied completes its purchases pursuant to the NCIB. All purchases under the NCIB will be made on the open market through the facilities of the TSX or alternate trading systems in Canada at market prices prevailing at the time of purchase. Any Units that are repurchased will either be cancelled or delivered to participants under Allied’s Restricted Unit Plan or to employees pursuant to Allied’s employee programs.

During the six months ended June 30, 2024, Allied purchased 99,443 Units for \$1,712 at a weighted average price of \$17.22 of which 98,183 Units were purchased for delivery to participants under Allied’s Restricted Unit Plan and 1,260 Units were purchased for certain employee rewards outside of Allied’s Restricted Unit Plan.

17. EXCHANGEABLE LP UNITS

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 contain lock-up and standstill restrictions. On each of June 30, 2023, September 30, 2023, and December 31, 2023, the lock-up expired on 2,952,286 Exchangeable LP Units. On March 31, 2024, the lock-up expired on 2,952,287 Exchangeable LP Units. Therefore, there are no Exchangeable LP Units with lock-up and standstill restrictions after March 31, 2024.

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 Exchangeable LP Units issued and outstanding, and the related carrying value, for the six months ended June 30, 2024, and the year ended December 31, 2023.

	NUMBER ISSUED AND OUTSTANDING	AMOUNT
Balance at January 1, 2023	11,809,145	\$541,672
Distributions	—	(8,857)
Retained Earnings	—	4,997
Reclassification of Exchangeable LP Units	—	(270,807)
Fair value gain on Exchangeable LP Units	—	(28,696)
Balance at December 31, 2023	11,809,145	\$238,309
Fair value gain on Exchangeable LP Units	—	(57,511)
Balance at June 30, 2024	11,809,145	\$180,798

On each date that a distribution is declared by Allied on the Units, a distribution in an equal amount per unit is declared by the Partnership on the Exchangeable LP Units. A holder of Exchangeable LP Units may elect to defer receipt of all or a portion of distributions declared by the Partnership until the first business day following the end of the fiscal year. If the holder elects to defer, the Partnership will loan the holder an amount equal to the deferred distribution without interest, and the loan will be due and payable on the first business day following the end of the fiscal year during which the loan was advanced. The distributions declared by the Partnership on the Exchangeable LP Units from January 1, 2024, to June 30, 2024, was \$10,628, for which Choice Properties elected to receive a loan in lieu of all of the distributions. A note receivable of \$16,297 was outstanding from Choice Properties as of June 30, 2024, of which \$10,628 was for cash advances made during the six months ended June 30, 2024, and \$5,669 was for the special cash distribution declared in December 2023 and paid in January 2024. 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 2, 2024, \$21,207 of the note receivable due from Choice Properties was settled on a net basis against the distributions payable to Choice Properties.

On July 15, 2024, the Partnership declared a distribution for the month of July 2024 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 July 31, 2024, for which Choice Properties elected to receive a loan in lieu of the distribution.

18. COMPENSATION PLANS

(a) Unit Option Plan

Allied adopted a unit option plan (the “Unit Option Plan”) providing for the issuance, from time to time, at the discretion of the Board, 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 do not exceed ten years. 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)	(23,204)	166,445	166,445
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	350,636
February 3, 2021	February 3, 2031	442,233	\$36.55	(1,533)	(1,460)	439,240	366,367
		2,136,901		(393,342)	(30,588)	1,712,971	1,640,098

	SIX MONTHS ENDED		YEAR ENDED	
	JUNE 30, 2024		DECEMBER 31, 2023	
	THE RANGE OF EXERCISE PRICES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	THE RANGE OF EXERCISE PRICES	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)
For the Units outstanding at the end of the period	\$31.56 - \$54.59	4.64	\$31.56 - \$54.59	5.14

	SIX MONTHS ENDED		YEAR ENDED	
	JUNE 30, 2024		DECEMBER 31, 2023	
	NUMBER OF UNITS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF UNITS	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	1,712,971	\$42.01	1,717,043	\$41.98
Forfeited	—	\$—	(4,072)	\$31.56
Balance, end of period	1,712,971	\$42.01	1,712,971	\$42.01
Units exercisable at the end of the period	1,640,098	\$42.25	1,437,023	\$42.08

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 and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$16 and \$74, respectively (June 30, 2023 - \$78 and \$229, respectively) in general and administrative expense in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income.

(b) *Restricted Unit Plan*

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

	SIX MONTHS ENDED	YEAR ENDED
	JUNE 30, 2024	DECEMBER 31, 2023
Restricted Units, beginning of period	294,254	322,411
Granted	98,183	76,450
Released	(82,002)	(104,607)
Restricted Units, end of period	310,435	294,254

For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$302 and \$1,493, respectively (June 30, 2023 - \$409 and \$1,794, respectively) in general and administrative expense in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income.

(c) *Performance and Restricted Trust Unit Plan*

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

	SIX MONTHS ENDED	YEAR ENDED
	JUNE 30, 2024	DECEMBER 31, 2023
Plan Units, beginning of period	371,277	179,193
Granted	252,773	170,461
Settled	(67,727)	(7,274)
Distribution equivalents	32,657	28,897
Plan Units, end of period	588,980	371,277

For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$291 and \$1,479, respectively (June 30, 2023 - \$239 and \$610, respectively), including the mark-to-market adjustment, in general and administrative expense in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income. During the six months ended June 30, 2024, 67,727 Plan Units (June 30, 2023 - 743 Plan Units) vested and settled in cash resulting in a decrease of \$1,396 (June 30, 2023 - \$18) to the unit-based compensation liabilities.

(d) *Total Return Swap*

On March 28, 2024, Allied entered into a cash-settled total return swap with a financial institution for 750,000 Units to manage its cash flow exposure under the unit-based compensation plans. From the effective date of April 15, 2024, Allied pays monthly interest based on the notional value of the Units subject to the TRS, and receives the equivalent of monthly distributions on the Units, which are both recognized in general and administrative expenses in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income. Settlement of the TRS occurs in whole or in part. Upon settlement, Allied receives any appreciation, or remits any depreciation, in the notional value of the Units calculated in accordance with the TRS. For the three and six months ended June 30, 2024, Allied recorded a unit-based compensation expense of \$1,611 and \$1,611, respectively (June 30, 2023 - \$nil and \$nil, respectively), including the mark-to-market expense of \$1,683 and \$1,683, respectively (June 30, 2023 - \$nil and \$nil, respectively).

19. RENTAL REVENUE

Rental revenue includes the following:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Rental revenue ⁽¹⁾	\$72,158	\$66,535	\$138,739	\$133,292
Tax and insurance recoveries	27,854	23,730	56,530	51,696
Miscellaneous revenue ⁽²⁾	8,428	6,050	16,380	11,546
Operating cost recoveries	38,310	39,822	78,678	78,093
Total rental revenue	\$146,750	\$136,137	\$290,327	\$274,627

(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 2024	2025	2026	2027	2028	THEREAFTER	TOTAL
Future minimum rental income	\$160,083	\$309,305	\$280,124	\$247,285	\$217,760	\$930,713	\$2,145,270

20. GENERAL AND ADMINISTRATIVE EXPENSES

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Salaries and benefits	\$6,990	\$4,763	\$12,145	\$10,008
Professional and trustee fees	1,292	1,537	3,642	3,834
Office and general expenses	1,793	1,799	3,220	3,216
	\$10,075	\$8,099	\$19,007	\$17,058
Capitalized to qualifying investment properties	(2,755)	(3,385)	(5,189)	(6,174)
Total general and administrative expenses	\$7,320	\$4,714	\$13,818	\$10,884

21. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents include the following components:

	JUNE 30, 2024	DECEMBER 31, 2023
Cash	\$21,030	\$51,366
Short-term deposits	—	159,703
Total cash and cash equivalents	\$21,030	\$211,069

The following summarizes supplemental cash flow information in operating activities:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Supplemental				
Interest paid on debt (including capitalized interest and financing prepayment costs (note 12))	\$35,122	\$37,354	\$84,973	\$84,044

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

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Net change in accounts receivable, prepaid expenses and deposits	\$(22,156)	\$(16,917)	\$(42,412)	\$(42,899)
Net change in loans and notes receivable ⁽¹⁾	163,175	(16,834)	132,309	(32,408)
Net change in accounts payable and other liabilities	9,206	28,227	(78,025)	37,349
Other working capital changes	(202,008)	9,410	(87,777)	29,408
Change in non-cash operating items	\$(51,783)	\$3,886	\$(75,905)	\$(8,550)

(1) On April 1, 2024, \$197,339 of the loans receivable was settled to partially satisfy the 400 West Georgia and 19 Duncan acquisitions (note 4).

The following summarizes non-cash transactions:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Supplemental				
Construction loans assumed (notes 4, 12)	\$327,735	\$—	\$327,735	\$—

22. 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	OWNERSHIP	
			JUNE 30, 2024	DECEMBER 31, 2023
642 King W	Toronto, ON	Rental Property	50%	50%
19 Duncan ⁽¹⁾	Toronto, ON	Rental Property and Property Under Development	95%	50%
Breithaupt Block	Kitchener, ON	Rental Property	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 and Residential Inventory	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%
400 West Georgia	Vancouver, BC	Rental Property	90%	—%
175 Bloor Street E	Toronto, ON	Rental Property	50%	50%
110 Yonge Street	Toronto, ON	Rental Property	50%	50%

(1) Allied acquired an incremental 45% interest in 19 Duncan on April 1, 2024, increasing Allied's total ownership in 19 Duncan from 50% to 95%.

	JUNE 30, 2024	DECEMBER 31, 2023
Total assets	\$2,761,571	\$2,071,022
Total liabilities	\$1,049,625	\$709,396

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Revenue	\$29,000	\$14,996	\$53,055	\$29,757
Expenses	(14,520)	(5,289)	(26,156)	(11,102)
Income before fair value adjustment on investment properties and impairment of residential inventory	\$14,480	\$9,707	\$26,899	\$18,655
Impairment of residential inventory	(6,177)	—	(6,177)	—
Fair value gain (loss) on investment properties	5,679	(19,473)	(25,516)	(1,050)
Net income (loss)	\$13,982	\$(9,766)	\$(4,794)	\$17,605

23. 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 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 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, interest income, general and administrative expenses, condominium marketing expenses, amortization of other assets, transaction costs, net loss from joint venture, fair value gain (loss) on investment properties and investment properties held for sale, fair value gain (loss) on Exchangeable LP units, fair value gain (loss) derivative instruments and impairment of residential inventory are not allocated to operating segments.

The Urban Data Centre segment was classified as discontinued operations (note 6) and is therefore excluded from the following tables, which present a reconciliation of operating income to net loss from continuing operations for the three and six months ended June 30, 2024, and 2023.

SEGMENTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME FROM CONTINUING OPERATIONS

THREE MONTHS ENDED JUNE 30, 2024	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON ⁽¹⁾	VANCOUVER	JOINT VENTURE (TELUS SKY) ⁽²⁾	TOTAL
Rental revenue	\$54,837	\$67,428	\$9,037	\$17,286	\$(1,838)	\$146,750
Property operating costs	(28,078)	(25,603)	(5,060)	(6,873)	1,255	(64,359)
Operating income	\$26,759	\$41,825	\$3,977	\$10,413	\$(583)	\$82,391
Interest income						9,615
Interest expense						(29,932)
General and administrative expenses						(7,320)
Condominium marketing expenses						(65)
Amortization of other assets						(382)
Net income from joint venture						535
Fair value loss on investment properties and investment properties held for sale						(44,983)
Fair value gain on Exchangeable LP Units						27,870
Fair value loss on derivative instruments						(3,490)
Impairment of residential inventory						(6,177)
Net income from continuing operations						\$28,062

(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.

SIX MONTHS ENDED JUNE 30, 2024	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON ⁽¹⁾	VANCOUVER	JOINT VENTURE (TELUS SKY) ⁽²⁾	TOTAL
Rental revenue	\$108,992	\$137,049	\$18,821	\$29,358	\$(3,893)	\$290,327
Property operating costs	(56,144)	(54,025)	(10,655)	(11,341)	2,700	(129,465)
Operating income	\$52,848	\$83,024	\$8,166	\$18,017	\$(1,193)	\$160,862
Interest income						24,374
Interest expense						(53,363)
General and administrative expenses						(13,818)
Condominium marketing expenses						(100)
Amortization of other assets						(760)
Net income from joint venture						1,287
Fair value loss on investment properties and investment properties held for sale						(164,175)
Fair value gain on Exchangeable LP Units						57,511
Fair value gain on derivative instruments						3,658
Impairment of residential inventory						(6,177)
Net income from continuing operations						\$9,299

(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 JUNE 30, 2023	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON ⁽¹⁾	VANCOUVER	JOINT VENTURE (TELUS SKY) ⁽²⁾	TOTAL
Rental revenue	\$53,798	\$61,205	\$10,250	\$13,073	\$(2,189)	\$136,137
Property operating costs	(27,115)	(21,804)	(5,311)	(4,854)	1,047	(58,037)
Operating income	\$26,683	\$39,401	\$4,939	\$8,219	\$(1,142)	\$78,100
Interest income						10,225
Interest expense						(26,797)
General and administrative expenses						(4,714)
Condominium marketing expenses						(192)
Amortization of other assets						(360)
Net income from joint venture						2,423
Fair value loss on investment properties and investment properties held for sale						(73,471)
Fair value gain on Exchangeable LP Units						10,510
Fair value gain on derivative instruments						15,357
Net income from continuing operations						\$11,081

(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.

SIX MONTHS ENDED JUNE 30, 2023	MONTRÉAL & OTTAWA	TORONTO & KITCHENER	CALGARY & EDMONTON ⁽¹⁾	VANCOUVER	JOINT VENTURE (TELUS SKY) ⁽²⁾	TOTAL
Rental revenue	\$107,698	\$123,973	\$21,007	\$26,196	\$(4,247)	\$274,627
Property operating costs	(54,985)	(45,980)	(11,003)	(9,490)	2,096	(119,362)
Operating income	\$52,713	\$77,993	\$10,004	\$16,706	\$(2,151)	\$155,265
Interest income						19,969
Interest expense						(49,361)
General and administrative expenses						(10,884)
Condominium marketing expenses						(312)
Amortization of other assets						(730)
Net loss from joint venture						(583)
Fair value loss on investment properties and investment properties held for sale						(151,828)
Fair value gain on Exchangeable LP Units						10,510
Fair value gain on derivative instruments						7,333
Net loss from continuing operations						\$(20,621)

(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.

24. 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.

25. 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 personnel and their close family members.

Allied engaged a private company controlled by a former trustee to provide consulting services. For the three and six months ended June 30, 2024, Allied incurred \$288 and \$552, respectively (June 30, 2023 - \$179 and \$179, respectively).

As at June 30, 2024, the loan to the TELUS Sky joint venture has a balance outstanding of \$93,291 (December 31, 2023 - \$93,291) (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 related parties. Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Key management personnel are comprised of the Board and certain members of the executive team who have the authority and responsibility for planning, directing, and controlling the activities of Allied, directly or indirectly. The compensation for key management personnel are summarized in the table below:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2024	JUNE 30, 2023
Salary, bonus and other short-term employee benefits	\$1,091	\$803	\$2,192	\$1,902
Unit-based compensation	567	604	2,016	2,193
Total	\$1,658	\$1,407	\$4,208	\$4,095

26. RISK MANAGEMENT

(a) *Capital management*

Allied defines capital as the aggregate of equity, Exchangeable LP Units, mortgages payable, construction loans 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). As at June 30, 2024, the debt to gross book value ratio was 39.1% (December 31, 2023 - 34.7%).

Allied has certain key financial covenants in its Unsecured Debentures, Unsecured Facility and Unsecured Term Loans. The key financial covenants include debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are evaluated by Allied on an ongoing basis to ensure compliance with the agreements. Allied was in compliance with each of the key financial covenants under these agreements as at June 30, 2024.

(b) *Market risk*

Market risk is the risk that the fair value or future cash flow of financial instruments will fluctuate because of changes in market prices. Allied is exposed to interest rate risk on its borrowings. All of Allied's mortgages payable as at June 30, 2024, are at fixed interest rates and are not exposed to changes in interest rates during the term of the debt. However, there is interest rate risk associated with Allied's fixed interest rate term debt due to the expected requirement to refinance such debts upon maturity. As fixed rate debt matures and as Allied utilizes additional floating rate debt under the Unsecured Facility, Allied will be further exposed to changes in interest rates. As at June 30, 2024, the Unsecured Facility, which is at a floating interest rate and is exposed to changes in interest rates, had a balance outstanding of \$302,000 (December 31, 2023 - \$nil). Also, Allied has construction loans payable, of which \$575,763 (December 31, 2023 - \$267,951) is subject to floating interest rates and is exposed to changes in interest rates. 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. This includes mortgages payable and unsecured debentures due within one year which have a fixed rate as at the reporting date, but are subject to interest rate risk upon refinancing. All other variables are held constant.

CHANGE IN INTEREST RATE OF		-1.0%	+1.0%
AS AT JUNE 30, 2024	CARRYING AMOUNT	INCOME IMPACT	INCOME IMPACT
Unsecured Facility	\$302,000	\$3,020	\$(3,020)
Construction loans payable ⁽¹⁾	\$575,763	\$5,758	\$(5,758)
Mortgages payable due within one year	\$53,508	\$535	\$(535)
Unsecured Debentures	\$200,000	\$2,000	\$(2,000)

(1) Includes variable rate construction loans of \$339,356 due within one year.

(c) *Unit price risk*

Unit price risk arises from the unit-based compensation liabilities, Exchangeable LP Units, and total return swap derivative liabilities which are recorded at fair value at each quarter-end date. Allied's unit-based compensation liabilities and Exchangeable LP Units negatively impact net income and comprehensive income when the Unit price rises and positively impact net income and comprehensive income when the Unit price declines. Allied's total return swap derivative liabilities positively impact net income and comprehensive income when the Unit price rises and negatively impact net income and comprehensive income when the Unit price declines.

The following table illustrates the sensitivity of net income and comprehensive income and equity to a reasonably possible change in Unit price of +/- \$1.00. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the Unit price for each period, and the financial instruments held at each reporting date that are sensitive to changes in the Unit price. All other variables are held constant.

CHANGE IN UNIT PRICE OF		-\$1.00	+\$1.00
AS AT JUNE 30, 2024	CARRYING AMOUNT	INCOME IMPACT	INCOME IMPACT
Unit-based compensation liabilities	\$2,020	\$589	\$(589)
Exchangeable LP Units	\$180,798	\$11,809	\$(11,809)
Total return swap derivative liabilities	\$1,683	\$(750)	\$750

(d) *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 loans, mortgages or charges. As at June 30, 2024, Allied had \$377,393 outstanding in loans receivable (December 31, 2023 - \$509,697) and \$93,291 outstanding in joint venture loan receivable (December 31, 2023 - \$93,291). In the event of a large commercial real estate market correction, the fair market value of an underlying property may be unable to support the loan value. Allied mitigates this risk by obtaining corporate guarantees and/or registered mortgage charges and assignment of leases, performing credit checks on potential borrowers, monitoring the financial and operating performance of borrowers, monitoring the status of development projects and ensuring interest payments are made on time. The expected credit losses estimated by Management, giving consideration to the factors above, as at June 30, 2024, are \$nil (December 31, 2023 - \$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 June 30, 2024, are \$11,408 (December 31, 2023 - \$11,722) (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:

	JUNE 30, 2024	DECEMBER 31, 2023
Less than 30 days	\$2,410	\$1,702
30 to 60 days	917	1,318
More than 60 days	14,965	14,047
Total	\$18,292	\$17,067

(e) *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 4.29% for June 30, 2024 (December 31, 2023 - 2.77% and 4.29%).

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 loans and \$43,350 of its construction loans (December 31, 2023 - \$650,000 and \$39,062, 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 Income and Comprehensive Income. For the three and six months ended June 30, 2024, Allied recognized as part of the change in fair value adjustment on derivative instruments a fair value loss of \$3,490 and fair value gain of \$3,658, respectively (June 30, 2023 - fair value gain of \$15,357 and \$7,333, respectively).

Allied entered into a total return swap agreement to limit its exposure to fluctuations in the Unit price on 750,000 Units of its unit-based compensation plans. Gains or losses arising from the change in fair values of the total return swap are recognized in the Unaudited Condensed Consolidated Statements of Income and Comprehensive Income. For the three and six months ended June 30, 2024, Allied recognized as part of the general and administrative expenses a fair value loss of \$1,683 and \$1,683, respectively (June 30, 2023 - \$nil and \$nil, respectively).

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.

(f) *Maturity analysis*

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

	REMAINING 2024	2025	2026	2027	2028	THEREAFTER	TOTAL
Mortgages payable	\$49,042	\$8,625	\$23,982	\$1,870	\$15,875	\$21,811	\$121,205
Construction loans payable	119,799	534,564	—	—	—	—	654,363
Unsecured Facility	10,277	20,386	20,386	303,309	—	—	354,358
Unsecured Debentures	37,243	270,849	662,035	352,188	342,822	1,283,047	2,948,184
Unsecured Term Loans	14,177	424,521	250,359	—	—	—	689,057
Total	\$230,538	\$1,258,945	\$956,762	\$657,367	\$358,697	\$1,304,858	\$4,767,167

27. COMMITMENTS AND CONTINGENCIES

Allied has entered into commitments relating to development and upgrade activity. The commitments as at June 30, 2024, excluding the amount held within equity accounted investments, were \$170,603 (December 31, 2023 - \$168,071).

Commitments as at June 30, 2024, of \$288 (December 31, 2023 - \$406) 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 \$22,210 as at June 30, 2024 (December 31, 2023 - \$23,226).

Corporate Profile

About Us

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.

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