ALLIED

Allied Announces Third-Quarter Results

TORONTO, OCTOBER 30, 2024

Allied Properties Real Estate Investment Trust (“Allied”) (TSX: “AP.UN”) today announced results for the three months ended September 30, 2024. “Our occupied and leased area remained steady for the second consecutive quarter, and our urban workspace portfolio continued to outperform the market,” said Cecilia Williams, President & CEO. “With demand rising in Canada’s major cities, we expect our leasing activity to accelerate over the remainder of the year and into 2025.”

OPERATIONS

Allied’s portfolio is comprised of three urban workspace formats. Allied Heritage is a format created through the adaptive re-use of light industrial structures for office use above grade and retail use at grade. The buildings are inherently distinctive, clustered in the urban core and generally low-rise. Allied Modern is a format created specifically for office use. The buildings are generally mid- to high-rise, clustered in the urban core and distinctive by virtue of design, integration with heritage structure and/or integration with the different elements of mixed-use, amenity-rich urban neighbourhoods. Allied Flex is a limited format for buildings that Allied intends to redevelop comprehensively within a five-to 10-year period. Because of the near-term transformation of these buildings, Allied can make workspace in them available on more flexible than normal terms.

Utilization of, and demand for, Allied’s workspace continued to strengthen in the third quarter. In the Montréal rental portfolio, demand for storefront retail space and Allied Heritage was most pronounced. In the Toronto rental portfolio, demand across all three formats was strong, giving rise to a 1.5% increase in leased area. In the Calgary and Vancouver rental portfolios, demand for Allied Heritage was most pronounced.

Allied conducted 266 lease tours in its rental portfolio in the third quarter. Its occupied and leased area at the end of the quarter was 85.6% and 87.2%, respectively. Allied renewed 60% of the leases maturing in the quarter, closer to its normal level of 70% to 75%.

Allied leased a total of 640,331 square feet of GLA in the third quarter, 617,743 square feet in its rental portfolio and 22,588 square feet in its development portfolio. Of the 617,743 square feet Allied leased in its rental portfolio, 174,065 square feet were vacant, 100,342 square feet were maturing in the quarter and 343,336 square feet were maturing after the quarter. 94,262 square feet of the vacant space leased in the quarter involved expansion by existing users, a long-standing trend in Allied's rental portfolio that appears now to be regaining momentum.

Average in-place net rent per occupied square foot continued its steady improvement, ending the third quarter at $25.30. Excluding a short-term renewal at an Allied Flex property in Toronto, Allied maintained rent levels on renewal in the third quarter (up 0.5% ending-to-starting base rent and up 10.3% average-to-average base rent).

RESULTS

Operating income from continuing operations was $83 million, up 4.2% from the comparable quarter last year. Allied's net loss and comprehensive loss was $94 million, in large part due to fair value adjustments on investment properties, Exchangeable LP Units and derivative instruments.

With temporary downward pressure from Allied's recent portfolio optimization transactions at 400 West Georgia in Vancouver and 19 Duncan in Toronto, FFO[(1)] was $75 million (53.5 cents per unit), down 10.5% from $84 million (59.8 cents per unit) in the comparable quarter last year. AFFO[(1)] was $65 million (46.6 cents per unit), down 14.5% from $76 million (54.5 cents per unit) in the comparable quarter last year. This resulted in FFO and AFFO pay-out ratios[(1)] in the third quarter of 84.1% and 96.6%, respectively, and year-to-date of 82.4% and 91.2%, respectively. Same Asset NOI[(1)] from Allied's rental portfolio was down 3.1% while Same Asset NOI from its total portfolio was up 1.1%, reflecting the productivity of its upgrade and development portfolio.

NON-CORE PROPERTY SALES AND PORTFOLIO OPTIMIZATION

Allied has made steady progress this year in selling non-core properties at or above IFRS value. This includes the completed sale of three properties in Montréal for $51 million, the net proceeds of which were used to repay short-term, variable-rate debt. It also includes the pending sale over the remainder of the year of five properties (including the TELUS Sky reorganization) for approximately $142 million, the net proceeds of which will be used for the same purpose.

In the first half of 2025, Allied intends to sell additional non-core properties at or above IFRS value for approximately $200 million. Management expects to use the bulk of the net proceeds to repay the $200 million series C senior unsecured debenture due on April 21, 2025.

DEBT FINANCING AND BALANCE-SHEET OPTIMIZATION

Just prior to the end of the third quarter, Allied completed the offering of $250 million aggregate principal amount of series J senior unsecured debentures for a term of four years bearing interest at 5.534% per annum. The proceeds were used to repay short-term, variable-rate debt.

Allied has obtained a commitment for a $63 million first mortgage on 375-381 Queen Street West in Toronto for a term of five years bearing interest at approximately 4.7% per annum and a $100 million first mortgage on 425 Viger Street West in Montréal for a term of five years bearing interest at approximately 4.9% per annum, the net proceeds of which will be used to repay short-term, variable-rate debt over the remainder of the year. Allied and Westbank have obtained a $180 million first-mortgage financing commitment on 400 West Georgia in Vancouver for a term of five years bearing interest at approximately 4.75% per annum, the net proceeds of which will be used to repay the current short-term, variable-rate facility. These three financings will materially reduce Allied's annual interest expense and extend the term-to-maturity of its debt.

(1) This is a non-GAAP measure and includes the results of the continuing operations and the discontinued operations (except for Same Asset NOI, which only includes continuing operations) and excludes condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation. Refer to the Non-GAAP Measures section below.

Allied and Westbank have obtained a commitment for $100 million of first-mortgage financing on the residential component of TELUS Sky with the intention to obtain a higher amount of CMHC-insured financing in due course. Allied and Westbank are working toward finalizing a commitment for approximately $340 million of CMHC-insured, first-mortgage financing on 19 Duncan in Toronto for a term of 10 years bearing interest at approximately 3.5% per annum. With funding scheduled for the first quarter of 2025, the net proceeds will be used to repay the current construction financing and will materially reduce Allied's annual interest expense and extend the term-to-maturity of its debt.

"We're committed to maintaining and ultimately improving our access to the debt capital markets and will continue to manage our balance sheet accordingly," said Michael Emory, Founder & Executive Chair. "We're also committed to growing our FFO and AFFO per unit going forward. These commitments are mutually reinforcing, well within our operating capability and responsive to the rightful expectations of equity and debt investors."

OUTLOOK

Thus far in 2024, Allied experienced 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. Management expects this to underpin a slow but steady return to earnings and value growth in 2025 and beyond.

FINANCIAL MEASURES

The following tables summarize GAAP financial measures for the three and nine months ended September 30, 2024, and 2023:

	FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(in thousands except for % amounts)	**2024**	2023	CHANGE	% CHANGE
Continuing operations				
Rental revenue	**$146,593**	$138,455	$8,138	5.9%
Property operating costs	**$(63,364)**	$(58,558)	$(4,806)	(8.2)%
Operating income	**$83,229**	$79,897	$3,332	4.2%
Interest income	**$10,302**	$14,887	$(4,585)	(30.8)%
Interest expense	**$(31,361)**	$(27,447)	$(3,914)	(14.3)%
General and administrative expenses [1]	**$(2,141)**	$(5,964)	$3,823	64.1%
Condominium marketing expenses	**$(17)**	$(137)	$120	87.6%
Amortization of other assets	**$(390)**	$(388)	$(2)	(0.5)%
Transaction costs	**$(136)**	$—	$(136)	100.0%
Net income (loss) from joint venture	**$450**	$(908)	$1,358	149.6%
Fair value loss on investment properties and investment properties held for sale	**$(47,359)**	$(126,253)	$78,894	62.5%
Fair value (loss) gain on Exchangeable LP Units	**$(57,983)**	$44,757	$(102,740)	(229.6)%
Fair value (loss) gain on derivative instruments	**$(16,689)**	$11,186	$(27,875)	(249.2)%
Impairment of residential inventory	**$(32,082)**	$(15,376)	$(16,706)	(108.6)%
Net loss and comprehensive loss from continuing operations	**$(94,177)**	$(25,746)	$(68,431)	(265.8)%
Net loss and comprehensive loss from discontinued operations	**$—**	$(8,212)	$8,212	100.0%
Net loss and comprehensive loss	**$(94,177)**	$(33,958)	$(60,219)	(177.3)%

(1) *For the three months ended September 30, 2024, general and administrative expenses decreased by $3,823 or 64.1% from the comparable period. This was primarily due to the fair value adjustment on the total return swap of $3,676 on unit-based compensation plans. The fair value adjustment on the total return swap is added back in the calculation of FFO defined in REALPAC's "Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS" issued in January 2022.*

(in thousands except for % amounts)	FOR THE NINE MONTHS ENDED SEPTEMBER 30 2024	2023	CHANGE	% CHANGE
Continuing operations				
Rental revenue	**$436,920**	$413,082	$23,838	5.8%
Property operating costs	**$(192,829)**	$(177,920)	$(14,909)	(8.4)%
Operating income	**$244,091**	$235,162	$8,929	3.8%
Interest income	**$34,676**	$34,856	$(180)	(0.5)%
Interest expense	**$(84,724)**	$(76,808)	$(7,916)	(10.3)%
General and administrative expenses (1)	**$(15,959)**	$(16,848)	$889	5.3%
Condominium marketing expenses	**$(117)**	$(449)	$332	73.9%
Amortization of other assets	**$(1,150)**	$(1,118)	$(32)	(2.9)%
Transaction costs	**$(136)**	$—	$(136)	100.0%
Net income (loss) from joint venture	**$1,737**	$(1,491)	$3,228	216.5%
Fair value loss on investment properties and investment properties held for sale	**$(211,534)**	$(278,081)	$66,547	23.9%
Fair value (loss) gain on Exchangeable LP Units	**$(472)**	$55,267	$(55,739)	(100.9)%
Fair value (loss) gain on derivative instruments	**$(13,031)**	$18,519	$(31,550)	(170.4)%
Impairment of residential inventory	**$(38,259)**	$(15,376)	$(22,883)	(148.8)%
Net loss and comprehensive loss from continuing operations	**$(84,878)**	$(46,367)	$(38,511)	(83.1)%
Net income and comprehensive income from discontinued operations	**$—**	$124,991	$(124,991)	(100.0)%
Net (loss) income and comprehensive (loss) income	**$(84,878)**	$78,624	$(163,502)	(208.0)%

(1) For the nine months ended September 30, 2024, general and administrative expenses decreased by $889 or 5.3% from the comparable period primarily due to fair value adjustments on the total return swap on unit-based compensation plans of $1,993. This was partially offset by lower capitalization to qualifying investment properties of $779 primarily due to 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 defined in REALPAC's "Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS" issued in January 2022.

The following table summarizes other financial measures as at September 30, 2024, and 2023:

(in thousands except for per unit and % amounts)	AS AT SEPTEMBER 30 2024	2023	CHANGE	% CHANGE
Investment properties (1)	**$9,667,178**	$9,717,184	$(50,006)	(0.5)%
Unencumbered investment properties (2)	**$8,386,958**	$8,342,560	$44,398	0.5%
Total Assets (1)	**$10,930,951**	$11,274,187	$(343,236)	(3.0)%
Cost of PUD as a % of GBV (2)	**10.7%**	11.6%	—	(0.9)%
NAV per unit (3)	**$43.76**	$49.83	$(6.07)	(12.2)%
Debt (1)	**$4,321,654**	$3,834,573	$487,081	12.7%
Total indebtedness ratio (2)	**39.7%**	34.2%	—	5.5%
Annualized Adjusted EBITDA (2)	**$394,432**	$416,068	$(21,636)	(5.2)%
Net debt as a multiple of Annualized Adjusted EBITDA (2)	**10.7x**	7.9x	2.8x	—
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing (2)	**2.3x**	2.5x	(0.2x)	—
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing (2)	**2.5x**	2.5x	—	—

(1) This measure is presented on an IFRS basis.
(2) This is a non-GAAP measure and includes the results of the continuing operations and the discontinued operations. Refer to the Non-GAAP Measures section below.
(3) Prior to Allied's conversion to an open-end trust, net asset value per unit ("NAV per unit") was calculated as total equity as at the corresponding period ended, divided by the actual number of Units and class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("Exchangeable LP Units") outstanding at period end. With Allied's conversion to an open-end trust on June 12, 2023, NAV per unit is calculated as total equity plus the value of Exchangeable LP Units as at the corresponding period ended, divided by the actual number of Units and Exchangeable LP Units. The rationale for including the value of Exchangeable LP Units is because they are economically equivalent to Units, receive distributions equal to the distributions paid on the Units and are exchangeable, at the holder's option, for Units.

NON-GAAP MEASURES

Management uses financial measures based on International Financial Reporting Standards ("IFRS" or "GAAP") and non-GAAP measures to assess Allied's performance. Non-GAAP measures do not have any standardized meaning prescribed under IFRS, and therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Refer to the Non-GAAP Measures section on page 16 of the MD&A as at September 30, 2024, available on www.sedarplus.ca, for an explanation of the composition of the non-GAAP measures used in this press release and their usefulness for readers in assessing Allied's performance. Such explanation is incorporated by reference herein.

The following tables summarize non-GAAP financial measures for the three and nine months ended September 30, 2024, and 2023:

	FOR THE THREE MONTHS ENDED SEPTEMBER 30			
(in thousands except for per unit and % amounts) [1]	**2024**	2023	CHANGE	% CHANGE
Adjusted EBITDA	**$98,608**	$104,017	$(5,409)	(5.2)%
Same Asset NOI - rental portfolio	**$73,892**	$76,221	$(2,329)	(3.1)%
Same Asset NOI - total portfolio	**$84,495**	$83,574	$921	1.1%
FFO	**$77,645**	$83,719	$(6,074)	(7.3)%
FFO per unit (diluted)	**$0.556**	$0.599	$(0.043)	(7.2)%
FFO pay-out ratio	**81.0%**	75.1%	—	5.9%
AFFO	**$68,005**	$76,337	$(8,332)	(10.9)%
AFFO per unit (diluted)	**$0.487**	$0.546	$(0.059)	(10.8)%
AFFO pay-out ratio	**92.5%**	82.4%	—	10.1%
All amounts below are excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation:				
FFO	**$74,782**	$83,556	$(8,774)	(10.5)%
FFO per unit (diluted)	**$0.535**	$0.598	$(0.063)	(10.5)%
FFO pay-out ratio	**84.1%**	75.3%	—	8.8%
AFFO	**$65,142**	$76,174	$(11,032)	(14.5)%
AFFO per unit (diluted)	**$0.466**	$0.545	$(0.079)	(14.5)%
AFFO pay-out ratio	**96.6%**	82.6%	—	14.0%

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

	FOR THE NINE MONTHS ENDED SEPTEMBER 30			
(in thousands except for per unit and % amounts) [1]	**2024**	2023	CHANGE	% CHANGE
Adjusted EBITDA	**$290,888**	$313,397	$(22,509)	(7.2)%
Same Asset NOI - rental portfolio	**$218,792**	$224,402	$(5,610)	(2.5)%
Same Asset NOI - total portfolio	**$252,110**	$247,618	$4,492	1.8%
FFO	**$230,883**	$247,118	$(16,235)	(6.6)%
FFO per unit (diluted)	**$1.652**	$1.768	$(0.116)	(6.6)%
FFO pay-out ratio	**81.7%**	76.4%	—	5.3%
AFFO	**$208,632**	$225,875	$(17,243)	(7.6)%
AFFO per unit (diluted)	**$1.493**	$1.616	$(0.123)	(7.6)%
AFFO pay-out ratio	**90.4%**	83.5%	—	6.9%

(in thousands except for per unit and % amounts) [1]	FOR THE NINE MONTHS ENDED SEPTEMBER 30 2024	2023	CHANGE	% CHANGE
All amounts below are excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation:				
FFO	**$229,059**	$246,857	$(17,798)	(7.2)%
FFO per unit (diluted)	**$1.639**	$1.766	$(0.127)	(7.2)%
FFO pay-out ratio	**82.4%**	76.4%	—	6.0%
AFFO	**$206,808**	$225,614	$(18,806)	(8.3)%
AFFO per unit (diluted)	**$1.480**	$1.614	$(0.134)	(8.3)%
AFFO pay-out ratio	**91.2%**	83.6%	—	7.6%

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

The following tables reconcile the non-GAAP measures to the most comparable IFRS measures for the three and nine months ended September 30, 2024, and the comparable period in 2023. These terms do not have any standardized meaning prescribed under IFRS and may not be comparable to similarly titled measures presented by other publicly traded entities.

The following table reconciles Allied's net income (loss) and comprehensive income (loss) to Adjusted EBITDA, a non-GAAP measure, for the three and nine months ended September 30, 2024, and 2023.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	**SEPTEMBER 30, 2024**	SEPTEMBER 30, 2023
Net (loss) income and comprehensive (loss) income for the period	**$(94,177)**	$(33,958)	**$(84,878)**	$78,624
Interest expense	**31,361**	28,328	**84,724**	81,241
Amortization of other assets	**441**	388	**1,311**	1,118
Amortization of improvement allowances	**9,645**	7,896	**28,453**	24,418
Impairment of residential inventory	**32,082**	15,376	**38,259**	15,376
Transaction costs	**136**	13,246	**136**	13,246
Fair value loss on investment properties and investment properties held for sale [1]	**47,328**	128,984	**211,321**	173,870
Fair value loss (gain) on Exchangeable LP Units	**57,983**	(44,757)	**472**	(55,267)
Fair value loss (gain) on derivative instruments	**16,689**	(11,186)	**13,031**	(18,519)
Mark-to-market adjustment on unit-based compensation	**(2,880)**	(300)	**(1,941)**	(710)
Adjusted EBITDA [2]	**$98,608**	$104,017	**$290,888**	$313,397

(1) *Includes Allied's proportionate share of the equity accounted investment's fair value gain on investment properties of $31 and $213 for the three and nine months ended September 30, 2024, respectively (September 30, 2023 - fair value loss on investment properties of $1,895 and $4,638, respectively).*
(2) *The Adjusted EBITDA for the three and nine months ended September 30, 2023 includes the Urban Data Centre segment which was classified as a discontinued operation from Q4 2022 until its disposition in August 2023.*

The following table reconciles operating income to net operating income, a non-GAAP measure, for the three and nine months ended September 30, 2024, and 2023.

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	**SEPTEMBER 30, 2024**	SEPTEMBER 30, 2023
Operating income, IFRS basis	**$83,229**	$79,897	**$244,091**	$235,162
Add: investment in joint venture	**466**	980	**1,659**	3,129
Operating income, proportionate basis	**$83,695**	$80,877	**$245,750**	$238,291
Amortization of improvement allowances (1)(2)	**9,645**	7,831	**28,453**	24,092
Amortization of straight-line rent (1)(2)	**(2,188)**	(2,308)	**(5,898)**	(5,713)
NOI from continuing operations	**$91,152**	$86,400	**$268,305**	$256,670
NOI from discontinued operations	**$—**	$6,586	**$—**	$33,452
Total NOI	**$91,152**	$92,986	**$268,305**	$290,122

(1) *Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three and nine months ended September 30, 2024: amortization improvement allowances of $213 and $589, respectively (September 30, 2023 - $164 and $491, respectively) and amortization of straight-line rent of $(57) and $(152), respectively (September 30, 2023 - $(49) and $(147), respectively).*

(2) *Excludes the Urban Data Centre segment which was classified as a discontinued operation starting in Q4 2022, and was sold in Q3 2023. For the three and nine months ended September 30, 2023, the Urban Data Centre segment's amortization of improvement allowances was $65 and $326, respectively, and the amortization of straight-line rent was $(230) and $(695), respectively.*

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

	THREE MONTHS ENDED		CHANGE	
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	$	%
Rental Portfolio - Same Asset NOI	**$73,892**	$76,221	$(2,329)	(3.1)%
Assets Held for Sale - Same Asset NOI	**2,739**	3,757	(1,018)	(27.1)
Rental Portfolio and Assets Held for Sale - Same Asset NOI	**$76,631**	$79,978	$(3,347)	(4.2)%
Development Portfolio - Same Asset NOI	**7,864**	3,596	4,268	118.7
Total Portfolio - Same Asset NOI	**$84,495**	$83,574	$921	1.1%
Acquisitions	**3,999**	—	3,999	
Dispositions	**756**	7,539	(6,783)	
Development fees and corporate items	**1,902**	1,873	29	
Total NOI	**$91,152**	$92,986	$(1,834)	(2.0)%

	NINE MONTHS ENDED		CHANGE	
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	$	%
Rental Portfolio - Same Asset NOI	**$218,792**	$224,402	$(5,610)	(2.5)%
Assets Held for Sale - Same Asset NOI	**9,035**	11,530	(2,495)	(21.6)
Rental Portfolio and Assets Held for Sale - Same Asset NOI	**$227,827**	$235,932	$(8,105)	(3.4)%
Development Portfolio - Same Asset NOI	**24,283**	11,686	12,597	107.8
Total Portfolio - Same Asset NOI	**$252,110**	$247,618	$4,492	1.8%
Acquisitions	**7,664**	—	7,664	
Dispositions	**2,430**	36,750	(34,320)	
Lease terminations	**28**	193	(165)	
Development fees and corporate items	**6,073**	5,561	512	
Total NOI	**$268,305**	$290,122	$(21,817)	(7.5)%

The following tables reconcile Allied's net loss and comprehensive 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 non-GAAP measures, for the three and nine months ended September 30, 2024, and 2023.

	THREE MONTHS ENDED		
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	CHANGE
Net loss and comprehensive loss from continuing operations	**$(94,177)**	$(25,746)	$(68,431)
Net loss and comprehensive loss from discontinued operations	**—**	(8,212)	8,212
Adjustment to fair value of investment properties and investment properties held for sale	**47,359**	127,089	(79,730)
Adjustment to fair value of Exchangeable LP Units	**57,983**	(44,757)	102,740
Adjustment to fair value of derivative instruments	**16,689**	(11,186)	27,875
Impairment of residential inventory	**32,082**	15,376	16,706
Transaction costs	**136**	13,246	(13,110)
Incremental leasing costs	**2,544**	2,347	197
Amortization of improvement allowances	**9,432**	7,732	1,700
Amortization of property, plant and equipment (1)	**101**	101	—
Distributions on Exchangeable LP Units	**5,314**	5,314	—
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**(31)**	1,895	(1,926)
Amortization of improvement allowances	**213**	164	49
Interest expense(2)	**—**	356	(356)
FFO	**$77,645**	$83,719	$(6,074)
Condominium marketing costs	**17**	137	(120)
Financing prepayment costs	**—**	—	—
Mark-to-market adjustment on unit-based compensation	**(2,880)**	(300)	(2,580)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$74,782**	$83,556	$(8,774)
FFO	**$77,645**	$83,719	$(6,074)
Amortization of straight-line rent	**(2,131)**	(2,489)	358
Regular leasing expenditures	**(3,650)**	(1,523)	(2,127)
Regular and recoverable maintenance capital expenditures	**(2,022)**	(1,678)	(344)
Incremental leasing costs (related to regular leasing expenditures)	**(1,781)**	(1,643)	(138)
Adjustment relating to joint venture:			
Amortization of straight-line rent	**(57)**	(49)	(8)
Regular leasing expenditures	**1**	—	1
AFFO	**$68,005**	$76,337	$(8,332)
Condominium marketing costs	**17**	137	(120)
Financing prepayment costs	**—**	—	—
Mark-to-market adjustment on unit-based compensation	**(2,880)**	(300)	(2,580)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$65,142**	$76,174	$(11,032)
Weighted average number of units (3)			
Basic	**139,765,128**	139,765,128	—
Diluted	**139,765,128**	139,765,128	—

	THREE MONTHS ENDED		
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	CHANGE
Per unit - basic and diluted			
FFO	**$0.556**	$0.599	$(0.043)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.535**	$0.598	$(0.063)
AFFO	**$0.487**	$0.546	$(0.059)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.466**	$0.545	$(0.079)
Pay-out Ratio			
FFO	**81.0%**	75.1%	5.9%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**84.1%**	75.3%	8.8%
AFFO	**92.5%**	82.4%	10.1%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**96.6%**	82.6%	14.0%

(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 in "Funds From Operations (FFO) & Adjusted Funds From Operations (AFFO) for IFRS" issued in January 2022.

(3) 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.

	NINE MONTHS ENDED		
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	CHANGE
Net loss and comprehensive loss from continuing operations	**$(84,878)**	$(46,367)	$(38,511)
Net income and comprehensive income from discontinued operations	**—**	124,991	(124,991)
Adjustment to fair value of investment properties and investment properties held for sale	**211,534**	169,232	42,302
Adjustment to fair value of Exchangeable LP Units	**472**	(55,267)	55,739
Adjustment to fair value of derivative instruments	**13,031**	(18,519)	31,550
Impairment of residential inventory	**38,259**	15,376	22,883
Transaction costs	**136**	13,246	(13,110)
Incremental leasing costs	**7,847**	6,882	965
Amortization of improvement allowances	**27,864**	23,927	3,937
Amortization of property, plant and equipment [(1)]	**300**	302	(2)
Distributions on Exchangeable LP Units	**15,942**	7,085	8,857
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	**(213)**	4,638	(4,851)
Amortization of improvement allowances	**589**	491	98
Interest expense [(2)]	**—**	1,101	(1,101)
FFO	**$230,883**	$247,118	$(16,235)
Condominium marketing costs	**117**	449	(332)
Financing prepayment costs	**—**	—	—
Mark-to-market adjustment on unit-based compensation	**(1,941)**	(710)	(1,231)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$229,059**	$246,857	$(17,798)

	NINE MONTHS ENDED		
	SEPTEMBER 30, 2024	SEPTEMBER 30, 2023	CHANGE
FFO	**$230,883**	$247,118	$(16,235)
Amortization of straight-line rent	**(5,746)**	(6,261)	515
Regular leasing expenditures	**(7,403)**	(5,622)	(1,781)
Regular and recoverable maintenance capital expenditures	**(3,450)**	(4,395)	945
Incremental leasing costs (related to regular leasing expenditures)	**(5,493)**	(4,818)	(675)
Adjustment relating to joint venture:			
Amortization of straight-line rent	**(152)**	(147)	(5)
Regular leasing expenditures	**(7)**	—	(7)
AFFO	**$208,632**	$225,875	$(17,243)
Condominium marketing costs	**117**	449	(332)
Financing prepayment costs	**—**	—	—
Mark-to-market adjustment on unit-based compensation	**(1,941)**	(710)	(1,231)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$206,808**	$225,614	$(18,806)
Weighted average number of units [3]			
Basic	**139,765,128**	139,765,128	—
Diluted	**139,765,128**	139,765,128	—
Per unit - basic and diluted			
FFO	**$1.652**	$1.768	$(0.116)
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$1.639**	$1.766	$(0.127)
AFFO	**$1.493**	$1.616	$(0.123)
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$1.480**	$1.614	$(0.134)
Pay-out Ratio			
FFO	**81.7%**	76.4%	5.3%
FFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**82.4%**	76.4%	6.0%
AFFO	**90.4%**	83.5%	6.9%
AFFO excluding condominium related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**91.2%**	83.6%	7.6%

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(3) 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.

CAUTIONARY STATEMENTS

This press release may contain forward-looking statements with respect to Allied, its operations, strategy, financial performance and condition, and the assumptions underlying any of the foregoing. These statements generally can be identified by the use of forward-looking words such as “forecast”, “outlook”, “may”, “will”, “expect”, “estimate”, “anticipate”, “intends”, “believe”, “assume”, “plans” or “continue” or the negative thereof or similar variations. The forward-looking statements in this press release are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described under “Risks and Uncertainties” in Allied’s Annual MD&A, which is available at www.sedarplus.ca. Those risks and uncertainties include risks associated with financing and interest rates, access to capital, general economic conditions and lease roll-over. Allied’s actual results and performance discussed herein could differ materially from those expressed or implied by such statements. These cautionary statements qualify all forward-looking statements attributable to Allied and persons acting on its behalf. All forward-looking statements speak only as of the date of this press release and, except as required by applicable law, Allied has no obligation to update such statements.

ABOUT ALLIED

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

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