ALLIED

Allied Announces First-Quarter Results

TORONTO, APRIL 30, 2025

Allied Properties Real Estate Investment Trust (“Allied”) (TSX: “AP.UN”) today announced results for the three months ended March 31, 2025. “Operations in the first quarter were strong in all respects. Our occupied and leased area remained stable, and our workspace portfolio continued to outperform in terms of occupancy in all urban submarkets other than Vancouver,” said Cecilia Williams, President & CEO. “While we continue to expect portfolio-wide occupancy gain and rent growth in 2025, the ongoing disruption of global trade is slowing decision-making with respect to long-term lease commitments in limited instances, even though overall demand is holding.”

OPERATIONS

Allied’s portfolio is comprised of three urban workspace formats, Allied Heritage, Allied Modern and Allied Flex. Utilization of, and demand for, Allied’s workspace continued to strengthen in the first quarter. In the Montréal and Vancouver portfolios, demand for Allied Modern and Allied Heritage was strong. In the Calgary, Toronto and Kitchener rental portfolios, demand for Allied Heritage was strong.

Allied conducted 280 lease tours in its rental portfolio in the first quarter. Its occupied and leased area at the end of the quarter was 85.9% and 86.9%, respectively. Allied renewed 75% of the leases maturing in the quarter, returning to the high end of its normal range of 70% to 75%.

Allied leased a total of 507,410 square feet of GLA in the first quarter, 407,071 square feet in its rental portfolio and 100,339 square feet in its development portfolio. Of the 407,071 square feet Allied leased in its rental portfolio, 129,912 square feet were vacant, 140,656 square feet were maturing in the quarter and 136,503 square feet were maturing after the quarter. 50,261 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 to be regaining momentum.

Average in-place net rent per occupied square foot ended the first quarter at $25.30, up 5.0% from the end of the comparable quarter. Allied maintained rent levels on renewal in the first quarter (down 0.3% ending-to-starting base rent and up 6.3% average-to-average base rent).

Allied and Westbank have finalized a particularly important lease transaction in the commercial component of KING Toronto, which is comprised of 80,000 square feet of office space on the second level and 120,000 square feet of retail space at and below grade. The transaction involves a long-term lease to an international retailer of 28,291 square feet of retail space below grade and 4,587 square feet at grade. This will enrich user experience at KING Toronto and across King West Village as a whole. As importantly, it will accelerate the leasing of the commercial component of KING Toronto at an optimal point in time.

PORTFOLIO OPTIMIZATION AND NON-CORE PROPERTY SALES

"We remain fully committed to our vision, mission and core strategy," said Michael Emory, Founder & Executive Chair. "We grew our business last year with the acquisition of three triple-A urban properties -- 400 West Georgia in Vancouver, 19 Duncan in Toronto and Calgary House in Calgary. The temporary contraction in cashflow per unit resulting from these acquisitions is an investment that will drive earnings and value growth on completion of lease-up."

Allied has made progress this year in leasing the residential component of 19 Duncan. With occupancy permits for all but eight of the 464 rental residential units, Allied has leased 149 units and is now entering the active Spring market with a fully internalized and experienced residential management team. With the progress thus far in 2025, Allied now expects substantial lease-up of the residential component by early next year.

Allied has also made progress this year in leasing the remaining 63,772 square feet of office space at 400 West Georgia. Allied is in discussions with one prospective user and one existing user having aggregate requirements of approximately 55,000 square feet. Allied now expects lease-up of the vacant space by the end of the year with rent commencing next year.

Allied and Westbank are now finalizing the lease-up of residential space at Calgary House. At the end of the first quarter, 310 of the 326 rental residential units were leased.

Last year, Allied effectively funded a portion of the equity component of 400 West Georgia and 19 Duncan by selling seven non-core properties -- four in Montréal, one in Toronto, one in Ottawa and one in Calgary -- for $229 million. This year, Allied intends to sell additional non-core properties for at least $300 million. In doing so, it expects to fund the equity component of 400 West Georgia and 19 Duncan to a leverage-appropriate level and in the process to strengthen its debt metrics overall.

Allied now has three low-yielding, non-core properties under sale contract, one in Montréal, one in Edmonton and one in Vancouver for aggregate proceeds of approximately $50 million. Closing is expected to occur over the course of the second quarter. Allied expects to sell additional non-core properties in Montréal, Toronto, Calgary and Vancouver over the remainder of the year, primarily to users and entrepreneurial purchasers, and remains highly confident with respect to its sales target for this year.

BALANCE-SHEET MANAGEMENT

Allied remains fully committed to maintaining and improving its access to the debt capital markets and will continue to manage its balance sheet accordingly. At the end of the first quarter, Allied

(i) had $85.6 million drawn on its $800 million unsecured revolving operating facility, affording considerable liquidity going forward,

(ii) reduced short-term, variable rate debt to $6 million, representing 0.13% of its total debt,

(iii) had a total debt ratio* of 42.9% and

(iv) had net debt as a multiple of annualized adjusted EBITDA* of 11.6x, an expected temporary increase.

In the first quarter, Allied raised $850 million in replacement debt financing, $450 million through a green bond offering and $400 million through a dual-tranche offering of floating-rate debentures ($150 million), fixed on closing through an interest-rate swap, and fixed-rate debentures ($250 million). The proceeds were used to refinance all debt maturing in 2025 other than construction financing on 108 East 5th Avenue in Vancouver (approximately $60 million at Allied's share) that matures on December 6. These replacement debt financings had negligible impact on Allied's annual interest expense (up $1 million) and extended the term-to-maturity of Allied's debt to 3.3 years.

OUTLOOK

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 its portfolio generally. Management expects this to underpin growth in Same Asset NOI* in 2025 of approximately 2%. With the higher overall interest cost flowing from the 2024 acquisitions, Management expects FFO* and AFFO* per unit to contract in 2025 by approximately 4%.

Allied's specific operating goals for year-end 2025 are as follows:

(i) to have reached occupied and leased area of at least 90%;

(ii) to have sold lower-yielding, non-core properties at or above IFRS value in Montréal, Toronto, Calgary, Edmonton and Vancouver for at least $300 million with allocation of proceeds to debt repayment;

(iii) to have fully monetized its loan receivable secured by 150 West Georgia Street in Vancouver with allocation of proceeds to debt repayment; and

(iv) to have net debt as a multiple of annualized adjusted EBITDA below 10x, despite the expected temporary increase in the first quarter.

Management has observed that the ongoing disruption of global trade is slowing decision-making with respect to long-term lease commitments in limited instances. While currently on target with respect to its operating goals for 2025, Management cautions that the ongoing disruption of global trade may impede Allied's ability to achieve its operating goals within the estimated timeframe.

* *This is a non-GAAP measure. FFO per unit and AFFO per unit exclude condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation. Refer to the Non-GAAP Measures section below.*

FINANCIAL MEASURES

The following tables summarize GAAP financial measures for the three months ended March 31, 2025, and 2024:

	FOR THE THREE MONTHS ENDED MARCH 31			
(in thousands except for % amounts)	2025	2024	CHANGE	% CHANGE
Rental revenue	**$150,636**	$143,577	$7,059	4.9%
Property operating costs	**$(69,401)**	$(65,106)	$(4,295)	(6.6)%
Operating income	**$81,235**	$78,471	$2,764	3.5%
Interest income	**$10,095**	$14,759	$(4,664)	(31.6)%
Interest expense	**$(30,684)**	$(23,431)	$(7,253)	(31.0)%
General and administrative expenses[1]	**$(6,706)**	$(6,498)	$(208)	(3.2)%
Condominium marketing expenses	**$(8)**	$(35)	$27	77.1%
Amortization of other assets	**$(373)**	$(378)	$5	1.3%
Net income from joint venture	**$—**	$752	$(752)	(100.0)%
Fair value loss on investment properties and investment properties held for sale	**$(164,099)**	$(119,192)	$(44,907)	(37.7)%
Fair value gain on Exchangeable LP Units	**$8,975**	$29,641	$(20,666)	(69.7)%
Fair value (loss) gain on derivative instruments	**$(6,095)**	$7,148	$(13,243)	(185.3)%
Net loss and comprehensive loss	**$(107,660)**	$(18,763)	$(88,897)	(473.8)%

(1) *For the three months ended March 31, 2025 salaries and benefits expenses includes a fair value expense of $423 (March 31, 2024 - recovery of $390) on unit-based compensation plans. The mark-to-market adjustment on unit-based compensation is added back in the calculation of FFO as 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 March 31, 2025, and 2024:

	AS AT MARCH 31			
(in thousands except for per unit and % amounts)	2025	2024	CHANGE	% CHANGE
Investment properties [1]	**$9,322,162**	$9,303,305	$18,857	0.2%
Unencumbered investment properties [2]	**$8,178,802**	$8,634,755	$(455,953)	(5.3)%
Total Assets [1]	**$10,477,229**	$10,475,397	$1,832	—%
Cost of PUD as a % of GBV [2]	**8.6%**	11.1%	—	(2.5)%
NAV per unit [3]	**$39.99**	$44.84	$(4.85)	(10.8)%
Debt [1]	**$4,475,769**	$3,719,172	$756,597	20.3%
Total indebtedness ratio [2]	**42.9%**	35.9%	—	7.0%
Annualized Adjusted EBITDA [2]	**$378,196**	$386,012	$(7,816)	(2.0)%
Net debt as a multiple of Annualized Adjusted EBITDA [2]	**11.6x**	9.4x	2.2x	—
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - three months trailing [2]	**2.2x**	2.8x	(0.6x)	—
Interest coverage ratio including interest capitalized and excluding financing prepayment costs - twelve months trailing [2]	**2.3x**	2.6x	(0.3x)	—

(1) *This measure is presented on a GAAP basis.*

(2) *This is a non-GAAP measure. Refer to the Non-GAAP Measures section below.*

(3) *Net asset value per unit ("NAV per unit") is calculated as total equity plus the value of the class B limited partnership units of Allied Properties Exchangeable Limited Partnership ("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 IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "GAAP") and non-GAAP measures to assess Allied's performance. Non-GAAP measures do not have any standardized meaning prescribed under IFRS Accounting Standards, and therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS Accounting Standards. Refer to the Non-GAAP Measures section on page 17 of the MD&A as at March 31, 2025, available on www.sedarplus.ca, for an explanation of the composition of the non-GAAP measures used in this press release and their usefulness for readers in assessing Allied's performance. Such explanation is incorporated by reference herein.

The following table summarizes non-GAAP financial measures for the three months ended March 31, 2025, and 2024:

	FOR THE THREE MONTHS ENDED MARCH 31			
(in thousands except for per unit and % amounts) [1]	**2025**	2024	CHANGE	% CHANGE
Adjusted EBITDA	**$94,549**	$96,503	$(1,954)	(2.0)%
Same Asset NOI - rental portfolio	**$76,522**	$75,355	$1,167	1.5%
Same Asset NOI - total portfolio	**$82,784**	$81,127	$1,657	2.0%
FFO	**$71,084**	$81,149	$(10,065)	(12.4)%
FFO per unit (diluted)	**$0.509**	$0.581	$(0.072)	(12.4)%
FFO payout ratio	**88.5%**	77.5%	—	11.0%
AFFO	**$64,825**	$75,409	$(10,584)	(14.0)%
AFFO per unit (diluted)	**$0.464**	$0.540	$(0.076)	(14.1)%
AFFO payout ratio	**97.0%**	83.4%	—	13.6%
All amounts below are excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation:				
FFO	**$71,515**	$80,794	$(9,279)	(11.5)%
FFO per unit (diluted)	**$0.512**	$0.578	$(0.066)	(11.4)%
FFO payout ratio	**87.9%**	77.8%	—	10.1%
AFFO	**$65,256**	$75,054	$(9,798)	(13.1)%
AFFO per unit (diluted)	**$0.467**	$0.537	$(0.070)	(13.0)%
AFFO payout ratio	**96.4%**	83.8%	—	12.6%

The following table reconciles the non-GAAP measures to the most comparable GAAP measures for the three months ended March 31, 2025, and 2024. These terms do not have any standardized meaning prescribed under IFRS Accounting Standards and may not be comparable to similarly titled measures presented by other publicly traded entities.

The following table reconciles Allied's net loss and comprehensive loss to Adjusted EBITDA, a non-GAAP measure, for the three months ended March 31, 2025, and 2024.

	THREE MONTHS ENDED	
	MARCH 31, 2025	MARCH 31, 2024
Net loss and comprehensive loss for the period	**$(107,660)**	$(18,763)
Interest expense	**30,684**	23,431
Amortization of other assets	**373**	437
Amortization of improvement allowances	**9,510**	9,572
Fair value loss on investment properties and investment properties held for sale [(1)]	**164,099**	119,004
Fair value gain on Exchangeable LP Units	**(8,975)**	(29,641)
Fair value loss (gain) on derivative instruments	**6,095**	(7,148)
Mark-to-market adjustment on unit-based compensation	**423**	(389)
Adjusted EBITDA	**$94,549**	$96,503

(1) Includes Allied's proportionate share of the equity accounted investment's fair value gain on investment properties of $nil for the three months ended March 31, 2025 (March 31, 2024 - $188).

The following table reconciles operating income to net operating income, a non-GAAP measure, for the three months ended March 31, 2025, and 2024.

	THREE MONTHS ENDED	
	MARCH 31, 2025	MARCH 31, 2024
Operating income, GAAP basis	**$81,235**	$78,471
Add: investment in joint venture	**—**	610
Operating income, proportionate basis	**$81,235**	$79,081
Amortization of improvement allowances [(1)]	**9,510**	9,572
Amortization of straight-line rent [(1)]	**(987)**	(1,498)
Total NOI	**$89,758**	$87,155

(1) Includes Allied's proportionate share of the equity accounted investment of the following amounts for the three months ended March 31, 2025: amortization improvement allowances of $nil (March 31, 2024 - $179) and amortization of straight-line rent of $nil (March 31, 2024 - $(45)).

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	
	MARCH 31, 2025	MARCH 31, 2024	$	%
Rental Portfolio - Same Asset NOI	**$76,522**	$75,355	$1,167	1.5%
Assets Held for Sale - Same Asset NOI	**3,152**	3,292	(140)	(4.3)
Rental Portfolio and Assets Held for Sale - Same Asset NOI	**$79,674**	$78,647	$1,027	1.3%
Development Portfolio - Same Asset NOI [1]	**$3,110**	2,480	630	25.4
Total Portfolio - Same Asset NOI	**$82,784**	$81,127	$1,657	2.0%
Acquisitions [2]	**5,189**	—	5,189	
Dispositions	**(6)**	3,108	(3,114)	
Lease terminations	**72**	8	64	
Development fees and corporate items	**1,719**	2,912	(1,193)	
Total NOI	**$89,758**	$87,155	$2,603	3.0%

(1) Includes Allied's 50% interest in 19 Duncan prior to April 1, 2024. Allied acquired an incremental 50% interest in 19 Duncan thereafter in 2024.
(2) Includes Allied's 100% ownership of 400 West Georgia acquired in increments starting on April 1, 2024, Allied's incremental 50% interest in 19 Duncan acquired after April 1, 2024, and Allied's 16.7% interest in Calgary House acquired on December 20, 2024.

The following table reconciles Allied's net loss and comprehensive loss to FFO, FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, AFFO, and AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation, which are non-GAAP measures, for the three months ended March 31, 2025, and 2024.

	THREE MONTHS ENDED		
	MARCH 31, 2025	MARCH 31, 2024	CHANGE
Net loss and comprehensive loss	**$(107,660)**	$(18,763)	$(88,897)
Adjustment to fair value of investment properties and investment properties held for sale	**164,099**	119,192	44,907
Adjustment to fair value of Exchangeable LP Units	**(8,975)**	(29,641)	20,666
Adjustment to fair value of derivative instruments	**6,095**	(7,148)	13,243
Incremental leasing costs	**2,601**	2,711	(110)
Amortization of improvement allowances	**9,510**	9,393	117
Amortization of property, plant and equipment [1]	**100**	100	—
Distributions on Exchangeable LP Units	**5,314**	5,314	—
Adjustments relating to joint venture:			
Adjustment to fair value on investment properties	—	(188)	188
Amortization of improvement allowances	—	179	(179)
FFO	$71,084	$81,149	$(10,065)
Condominium marketing costs	8	35	(27)
Mark-to-market adjustment on unit-based compensation	423	(390)	813
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$71,515**	$80,794	$(9,279)

	THREE MONTHS ENDED		
	MARCH 31, 2025	MARCH 31, 2024	CHANGE
FFO	**$71,084**	$81,149	$(10,065)
Amortization of straight-line rent	**(987)**	(1,453)	466
Regular leasing expenditures	**(2,453)**	(1,587)	(866)
Regular and recoverable maintenance capital expenditures	**(998)**	(750)	(248)
Incremental leasing costs (related to regular leasing expenditures)	**(1,821)**	(1,898)	77
Adjustment relating to joint venture:			
Amortization of straight-line rent	**—**	(45)	45
Regular leasing expenditures	**—**	(7)	7
AFFO	**$64,825**	$75,409	$(10,584)
Condominium marketing costs	**8**	35	(27)
Mark-to-market adjustment on unit-based compensation	**423**	(390)	813
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$65,256**	$75,054	$(9,798)
Weighted average number of units [2]			
Basic and Diluted	**139,765,128**	139,765,128	—
Per unit - basic and diluted			
FFO	**$0.509**	$0.581	$(0.072)
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.512**	$0.578	$(0.066)
AFFO	**$0.464**	$0.540	$(0.076)
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**$0.467**	$0.537	$(0.070)
Payout Ratio			
FFO	**88.5%**	77.5%	11.0%
FFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**87.9%**	77.8%	10.1%
AFFO	**97.0%**	83.4%	13.6%
AFFO excluding condominium-related items, financing prepayment costs, and the mark-to-market adjustment on unit-based compensation	**96.4%**	83.8%	12.6%

(1) Property, plant and equipment relates to owner-occupied property.
(2) The weighted average number of units includes Units and Exchangeable LP Units.

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”, “goals”, “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 joint arrangements and partnerships. 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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